Company Registration No. 961989

Glencore Grain UK Limited

Report and Financial Statements

31 December 2012

Glencore Grain UK Limited

Report and financial statements 2012

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Officers and professional advisers

Report and financial statements 2012

Directors

K L Davies
C J Mahoney
E C B Mostert

Secretary

S P Pujara

Registered Office

Glencore Grain UK Limited
Warren House
Bell Lane
Thame
Oxon OX9 3AL

Independent Auditor

Deloitte LLP
Chartered Accountants
London, United Kingdom

Glencore Grain UK Limited

Directors' report

The directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 December 2012

Principal activities

The Company is a wholly owned subsidiary of Glencore International AG which is owned by Glencore International plc The principal activities of the Company are those of grain merchants and traders These activities continued throughout the year

The Company's subsidiaries have not traded during the year

Business review

2012 proved to be a most challenging year for the UK Agricultural Industry

One of the UK's wettest years on record meant that the grower had to accept low yields and come to terms with presenting the poorest quality product to the market for decades This coincided with high temperatures in the US and the Former Soviet Union, with the ensuing droughts causing the World Market price of grains to rocket Against this backdrop of such dramatic weather events, all grain markets became fiercely volatile

Following the warm mothballing of the Ensus plant on Tees-side and a longer than expected shut-down period, the plant began production in late August, initially using only UK sustainable wheat However, as supply issues arose, the move was made to incorporate imported sustainable maize, much of which was sourced from our sister company in Poland

In the UK our commitment to high quality stores proved to be fruitful as low specification product was brought in for conditioning prior to delivery to our consumers.

The on-going development of our grainman, grainmate and cornXchange systems continues to derive significant benefits for all our customer base and they are still the flagship electronic trading tools of the industry

Glencore Grain continues to be the number one exporter of UK Human Consumption Beans to the Middle East through the deep water facilities in Tilbury and early indications remain very positive for continued business to Egypt in 2013

Despite soaring prices and a poor UK crop in all aspects, Glencore Grain UK Ltd continue to see their role acting as a powerful conduit providing a stable secure source of supply for our consumers together with the financial strength and security for our suppliers and growers

The Directors believe that the results for 2012 reflect a fair analysis of the effort and energy displayed by our staff here in Thame and look forward to continued success in 2013

The following Key Performance Indicators ("KPI's") illustrate the Company's performance over the past year

Key Performance Indicator (KPI)	**2012**	**2011**	**KPI definition**
Sales volume growth (%)	(2 8%)	(21 2%)	Year on year sales volume growth expressed as a percentage
Revenue (£'000's)	353,285	355,731	Revenue refers to annual revenue net of VAT, sales taxes or duty, expressed in thousands of pounds sterling
Gross profit (£'000's)	8,429	6,044	Gross margin is revenue less cost of goods sold and other on-costs, expressed in thousands of pounds sterling
Net profit before tax (£'000's)	3,542	2,194	Annual profit before tax expressed in thousands of pounds sterling

Revenues reflect the decreased volume but the increased commodity prices in the latter part of the year Gross and net profits were however significantly higher than 2011 as we carried forward significantly higher open position profits into 2013

Glencore Grain UK Limited

Directors' report

Principal risks and uncertainties facing the business

Risk management is an integral part of the Company's grain trading activity The principal risks can be categorised as Financial Risk (such as commodity price risk, credit risk and foreign exchange risk) and Operational Risk (uncertainties in the areas of human resources, technology, regulatory etc)

In order to minimise Financial Risk, the Company utilises futures and options commodity contracts and also forward currency contracts The Company also insures itself against credit risk With regard to Operational Risk, the Company continually monitors the various aspects mentioned previously and ensures that effective management is in place to minimise the impact of these events

Details of significant events since the balance sheet date are contained in note 25 to the financial statements

Dividends

The directors do not recommend a final dividend

No interim dividend was paid

Capital structure

Details of issued share capital are given in Note 19

Directors

The directors, who served throughout the year and to the date of signing, were as follows

K L Davies
C J Mahoney
E C B Mostert

Directors' interests

No Directors' interests are disclosed as none of the Directors had any discloseable interests in the shares of the Company or its subsidiaries during the year

Supplier payment policy

The Company's policy is to agree terms of payment with suppliers when agreeing the basis of each transaction, ensure that suppliers are made aware of the terms of payment and abide by these terms Trade creditors of the Group at 31 December 2012 were equivalent to 17 days' purchases (2011 16 days), based on the average daily amount invoiced by suppliers during the year

Charitable and political contributions

During the year the Group made charitable donations of £2,205 (2011 £950), principally to local charities serving the communities in which the Glencore Grain UK Group operates

Directors' report

Substantial shareholdings

The Company is a wholly owned subsidiary of Glencore International AG which is a subsidiary of Glencore International plc

During the course of the year, 99 million £0 01p shares were issued and subscribed for by Glencore International AG The shareholding of the Company at 31 December 2012 was as below

Shares	Name of holder	Number	Percentage held
Ordinary shares of £0 01	Glencore International AG	99,300,000	100
Deferred shares of £1 00	Glencore International AG	300,000	100

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees

Going concern

The directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that both the Company and the Group have more than adequate resources to continue in operational existence for the foreseeable future The Company meets its day to day working capital requirements through an overdraft facility that is renewed annually As at the date of preparation of this Report and Financial Statements, the renewal process was in progress and the Company has every expectation that renewal will be forthcoming on acceptable terms Although the current economic conditions create uncertainty, particularly over the availability of bank finance in the foreseeable future, the Company's forecasts and projections, taking account of possible changes in trading performance, show that the Company will be able to operate within the level of its current facility

The directors have a reasonable expectation that the Company and Group have 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

Glencore Grain UK Limited

Directors' report

Auditor

Each of the persons who is a director at the date of approval of this annual report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

The Company has elected to dispense with the obligation to appoint auditors annually and accordingly, Deloitte LLP shall be deemed to be re-appointed as auditor for a further term under the provisions of section 485(1) of the Companies Act 2006

By order of the Board

S P Pujara
Secretary

12 July 2013

Glencore Grain UK Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 Group and Company and of the profit or loss of the Group for that period

In preparing these financial statements, International Accounting Standard 1 requires that directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the Company and Group's ability to continue as a going concern

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent auditor's report to the members of Glencore Grain UK Limited

We have audited the financial statements of Glencore Grain UK Limited for the year ended 31 December 2012 which comprise the Group Statement of Comprehensive Income, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Changes in Equity and the related notes 1 to 25 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of. whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2012 and of the Group's profit for the year then ended,
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditor's report to the members of Glencore Grain UK Limited (continued)

Matters on which we are required to report by exception

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

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

James Leigh (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

12 July 2013

Glencore Grain UK Limited

Statement of comprehensive income
Year ended 31 December 2012

	Notes	Group 2012 £'000	Group 2011 £'000
Revenue	3	353,285	355,731
Cost of sales		(344,856)	(349,687)
Gross profit		8,429	6,044
Administrative expenses	5, 6	(4,803)	(3,480)
Operating profit		3,626	2,564
Investment revenues	7	155	7
Finance costs	8	(239)	(377)
Profit before tax		3,542	2,194
Tax	9	(986)	(516)
Profit for the financial year	5	2,556	1,678

Profit for the year is generated entirely from continuing operations

Statement of changes in equity
Year ended 31 December 2012

	Group and parent company		
	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 31 December 2010	303	10,347	10,650
Profit for the year	-	1,678	1,678
Balance at 31 December 2011	303	12,025	12,328
Profit for the year	-	2,556	2,556
Share capital issued	990	-	990
Balance at 31 December 2012	1,293	14,581	15,874

The consolidated statement of changes in equity and Company only statement of changes in equity are identical

Glencore Grain UK Limited
Company Registration No. 961989

Statement of financial position
31 December 2012

	Notes	Group and parent company 2012 £'000	2011 £'000
Non-current assets			
Property, plant and equipment	11	396	421
Investments	12	990	-
Retirement benefit obligations	22	56	236
Deferred tax asset	17	67	116
		1,509	773
Current assets			
Inventories	13	27,696	23,805
Trade and other receivables	14	28,544	23,942
Derivative financial instruments	16	7,528	5,567
Cash and bank balances		143	69
		63,911	53,383
Total assets		65,420	54,156
Current liabilities			
Trade and other payables	18	(46,310)	(38,364)
Bank overdrafts and loans	15	(1,099)	(1,986)
Derivative financial instruments	16	(1,319)	(1,125)
Current tax liability		(818)	(353)
		(49,546)	(41,828)
Net current assets		14,365	11,555
Total liabilities		(49,546)	(41,828)
Net assets		15,874	12,328
Equity			
Share capital	19	1,293	303
Retained earnings		14,581	12,025
Total equity		15,874	12,328

The financial statements were approved by the Board of Directors and authorised for issue on 12 July 2013

They were signed on its behalf by

K L Davies
Director

Glencore Grain UK Limited

Cash flow statement
Year ended 31 December 2012

	Notes	Group and parent company 2012 £'000	2011 £'000
Operating activities			
Operating profit		3,626	2,564
Depreciation of property, plant and equipment		119	109
Operating cash flows before movements in working capital		3,745	2,673
(Increase)/decrease in stock		(3,891)	8,616
(Increase)/decrease in receivables		(6,585)	51,588
Increase/(decrease) in payables		7,870	(61,978)
Cash generated by operations		1,139	899
Interest paid		(239)	(378)
Income taxes paid		-	(1,582)
Net cash from/ (used in) operating activities		900	(1,061)
Investing activities			
Interest received		155	7
Purchases of property, plant and equipment		(94)	(330)
Net cash from/ (used in) investing activities		61	(323)
Net increase/(decrease) in cash and cash equivalents		961	(1,384)
Cash and cash equivalents at the beginning of year		(1,917)	(533)
Cash and cash equivalents at the end of year		(956)	(1,917)

The consolidated cash flow statement and Company only cash flow statements are identical

Cash and cash equivalents represent the net of cash of £143,000 (2011 £69,000) and bank overdraft of £1,099,000 (2011 Bank overdraft £1,986,000)

Glencore Grain UK Limited

Notes to the accounts
Year ended 31 December 2012

1. General information

Glencore Grain UK Limited is a Company registered in England and Wales under the Companies Act 2006 The address of the registered office is given on page 1 The nature of the Group's operations and its principal activities are set out in the Directors' Report

Adoption of new standards and interpretations

The accounting policies adopted in the preparation of the financial statements are consistent with those of the previous financial year except for the adoption of the following new and amended IFRS and IFRIC interpretations as of 1 January 2012 Adoption of these new and amended IFRS and IFRIC interpretations did not have any effect on the financial position or performance of the Company or Group or the disclosures in the financial statements

Standards, amendments and interpretations being relevant and effective in 2012

IAS 12 (amended) 'Deferred Tax Recovery of Underlying Assets'

No new standards or interpretations were early adopted by the Company during the year There are no other standards or interpretations which apply for the first time in the year ended 31 December 2013 which are expected to have a material impact on the Group

Standards issued but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU)

IFRS 7 (amended) – Financial Instruments Disclosures

IFRS 9 - Financial Instruments

IFRS 10 - Consolidated Financial Statements

IFRS 12 - Disclosure of Interests in Other Entities

IFRS 13 - Fair Value Measurement

IAS 1 (amended) – Financial Statement DisclosuresIAS 19 (revised) - Employee Benefits

IAS 27 (revised) - Separate Financial Statements

IAS 32 (amended) – Offsetting Financial Assets and Financial Liabilities

Annual improvements 2009 – 2011 cycle

The directors do not expect that the adoption of the standards listed above except for IAS 19, will have a material impact on the financial statements of the Company in future periods The main amendment proposed in the revised IAS 19 will be to adopt the immediate recognition of all estimated changes in the cost of providing defined benefits and all changes in the value of plan assets This would eliminate the various methods currently in IAS 19, including the 'corridor' method, that allow the deferral of some of those gains or losses

Glencore Grain UK Limited

Notes to the accounts
Year ended 31 December 2012

2. Accounting policies

The principal accounting policies adopted in the presentation of these financial statements are set out below

Basis of preparation

The financial statements of the Group and Company are prepared under the historical cost convention except as described within the summary of significant accounting policies as set out below These policies have been consistently applied in the current and preceding year

The preparation of financial information in conformity with IFRS as adopted by the EU, requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial information and the reported amounts of revenues and expenses during the reporting period It also requires management to exercise its judgement in the process of applying the Group's and Company's accounting policies

Going concern

The directors' assessment of the Company's and Group's going concern status is set out in the Directors' report on page 4

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiaries for the year ended 31 December 2012 The only differences between the Group and Company balance sheets relate to investments in 100% owned subsidiaries (see Note 12) and related amounts due to those subsidiaries, which eliminate on consolidation These amounts have not been reflected on the parent company balance sheet on the grounds of materiality

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured Revenue is measured at the fair value of the consideration received or receivable for the sale of grain, excluding value added tax Revenue is attributable to the Group and the Company's principal activity Title passes when the risk and reward for goods transfers to the Group and the Company

Leasing

Leases are classified into finance or operating leases and treated accordingly

(a) Finance leases

A lease is classified as a finance lease where the Group and the Company obtains substantially all the risks and rewards of ownership of the related asset Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property, plant and equipment and the present value of minimum lease payments Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period The corresponding rental obligations, net of finance charges, are included in other long-term borrowings The interest element of the finance cost is charged to the income statement over the lease period

Notes to the accounts
Year ended 31 December 2012

2. Accounting policies (continued)

Leasing (continued)

(b) Operating leases

A lease is classified as an operating lease where a significant portion of the risks and rewards of ownership are retained by the lessor Payments made under operating leases, net of lease incentives or premiums, are charged in the income statement on a straight-line basis over the period of the lease

Foreign currencies

(a) Functional and presentation currency

The Group and the Company's financial statements are presented in UK Sterling, which is also the Group and the Company's functional currency

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement (see below for details of the group's accounting policies in respect of such derivative financial instruments)

Retirement benefit costs

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date

The Group and Company adopt the "corridor" approach of recognising actuarial gains and losses, under the basis set out in IAS 19 This is based on the view that, in the long term, actuarial gains and losses may offset each other and the adoption of a range (referred to as a 'corridor') around the best estimate of the post-employment benefit obligation The minimum requirement of IAS 19 is that, to the extent that the unrecognised gains and losses exceed a corridor of 10 per cent, the excess is recognised in profit or loss over a specified time span, generally the average remaining working lives of the current and former employees participating in the plan The unrecognised cumulative actuarial gains and losses are one component in the calculation of the net defined benefit liability or asset The unrecognised cumulative actuarial gains and losses comprise both those within the 10 per cent corridor that are being deferred indefinitely and that portion outside the corridor that has not yet been recognised in profit or loss at the end of the reporting period

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for, unrecognised past service cost, reduced by the fair value of scheme assets, and then reduced in the application of the corridor approach above Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme

2. **Accounting policies (continued)**

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax

The tax currently payable is based on taxable profit for the year Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible The Group's and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intends to settle its current tax assets and liabilities on a net basis

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost, less any subsequent accumulated depreciation and accumulated impairment losses

Office equipment and fixtures and fittings are stated at cost less accumulated depreciation and any recognised impairment loss

Depreciation is charged so as to write off the cost or valuation of assets less estimated residual value, other than land and assets under construction, over their estimated useful lives, using the straight-line method, on the following bases

Plant and machinery	10%
Office, equipment, fixtures and fittings	20-33%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income

Inventories

Inventories consist of grain, pulses, soya meal and rapeseed The accounting for grain types sold under contracts that meet the definition of derivatives under IAS 39 are held at fair value as the trader broker exemption for derivative contracts in IAS 2 was elected The other types of grains are accounted for at the lower of cost or net realisable value under IAS 2 as these are not derivatives and are outside the scope of IAS 39 Cost includes, where incurred, freight, import duties and cost of discharge where appropriate

Notes to the accounts
Year ended 31 December 2012

2. Accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument

Trade receivables

Trade receivables are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in profit or loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method

Equity instruments

Equity instruments issued by the Group and the Company are recorded at the proceeds received, net of direct issue costs

Derivative financial instruments

The Group and the Company uses derivative financial instruments to hedge exposures to financial risks, such as foreign exchange and commodity price risks arising in the normal course of business All derivative instruments are classified as held for trading and measured at fair value upon initial recognition and re-measured to fair value at each subsequent reporting date Movements in the fair value of derivatives instruments are recognised within the income statement

Notes to the accounts
Year ended 31 December 2012

2. Accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's and the Company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an ongoing basis Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

Revenue recognition

In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in IAS 18 *Revenue* and, in particular, whether the Group and the Company had transferred to the buyer the significant risks and rewards of ownership of the goods

Going concern

As explained above, and in the Director's report, the directors estimate that the Group have more than adequate resources to continue in operational existence, based on the Company's forecasts and projections

Fair value estimates

As explained in note 16, the fair value of commodity trading contracts, the fair values of open commodity trading contracts is determined from quoted market values Management will apply the market price which in their estimation, most accurately reflects the characteristics of the underlying contract, taking into account geographic location of collection or delivery, quality of grain, and other factors

This also applies to the fair valuation of certain commodities held in stock at year end

3. Revenue

Continuing operations	**2012 £'000**	**2011 £'000**
Revenue	353,285	355,731
Investment income	155	7
	353,440	355,738

4. Business and geographical segments

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive Officer to allocate resources to the segments and to assess their performance For a wholly owned subsidiary such as Glencore Grain UK Ltd, which is not itself listed, this disclosure is optional

Consistent with prior years the Group identifies the business as one reportable segment All activity occurs in the UK and relates to entirely to grain trading

Notes to the accounts
Year ended 31 December 2012

5. Profit for the year

Profit for the year has been arrived at after charging/(crediting)

	2012 £'000	2011 £'000
Depreciation of property, plant and equipment – owned	119	109
Fair value profit on derivative financial instruments	1,502	3,686
Fair value increase in stock	3,151	10,852
Rentals under operating leases		
- plant and machinery	24	21
- other operating leases	25	65
Auditor's remuneration		
- Group audit fees	62	59
- Tax services	12	20
Staff costs (see note 6)	3,553	2,223

6. Directors' and staff costs

The average monthly number of employees (including executive directors) was

	2012 Number	2011 Number
Trading activities	15	15
Administrative activities	21	22
	36	37

	£'000	£'000
Their aggregate remuneration comprised		
Wages and salaries	2,521	1,745
Social security costs	292	180
Other pension costs (see note 22)	740	298
	3,553	2,223

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*

	2012 £'000	2011 £'000
Short-term employee benefits	253	261
Post-employment benefits	7	26
	260	287

The above table reflects the remuneration of the highest paid director, as other directors receive no remuneration for their services as directors of Glencore Grain UK Ltd

7. Investment revenues

	2012 £'000	2011 £'000
Other interest income	155	7
	155	7

8. Finance costs

	2012 £'000	2011 £'000
Interest on bank overdrafts and loans	6	28
Interest payable to Group companies	233	349
	239	377

9. Tax

	2012 £'000	2011 £'000
Current tax expense	927	462
Deferred tax (note 17)	49	34
Corporation tax adjustment in respect of prior years	10	20
	986	516

Corporation tax is calculated at 24% (2011 26 5%) of the estimated assessable profit for the year

The charge for the year can be reconciled to the profit per the income statement as follows

	2012 £'000	2012 %	2011 £'000	2011 %
Profit before tax	3,542	-	2,194	-
Tax at the UK corporation tax rate of 24% (2011 26 5%)	850	24 0%	581	26 5%
Tax effect of items that are not deductible/(taxable) in determining taxable profit	136	3 8%	(65)	(3 0)%
Tax expenses and effective tax rate for the year	986	27 8%	516	23 5%

10. Dividends

No dividends were proposed or paid in the year (2011 £nil)

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Year ended 31 December 2012

11. Property, plant and equipment

	Plant and machinery £'000	Office equipment fixtures and fittings £'000	Total £'000
Cost			
At 1 January 2011	17	652	669
Additions	300	30	330
Disposals	-	(14)	(14)
Reclassified assets	(17)	17	-
At 31 December 2011	300	685	985
Additions	10	84	94
Disposals	-	(23)	(23)
At 31 December 2012	310	746	1,056
Depreciation			
At 1 January 2011	9	460	469
Charge for the year	18	91	109
Eliminated on disposals	-	(14)	(14)
Reclassified assets	(9)	9	-
At 31 December 2011	18	546	564
Charge for the year	30	89	119
Eliminated on disposals	-	(23)	(23)
At 31 December 2012	48	612	660
Carrying amount			
At 31 December 2011	282	139	421
At 31 December 2012	262	134	396

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Year ended 31 December 2012

12. **Investments**

Company	**2012**	**2011**
	£	**£**
Cost:		
Brought forward 1 January 2012	3	3
Glencore Graın Fınance Bermuda (USD)	64	-
Glencore Graın Fınance Holdıng Bermuda	990,100	-
At 31 December 2012	990,167	3

Detaıls of the Company's subsıdıarıes at 31 December 2012, are as follows

Name	**Place of incorporatıon ownership (or registration) and operatıon**	**Proportion of votıng interest and power held %**	**Method used to account investment**	**Principal Actıvıty**
Ceres UK Lımıted	UK	100	Equıty accountıng	Graın merchant
Graınman Lımıted	UK	100	Equıty accountıng	Web-based tradıng

The above are dormant companıes

Glencore Graın Fınance Bermuda Lımıted	Bermuda	100	Equıty accountıng	Fınancıng company
Glencore Graın Fınance Holdıngs Bermuda Ltd	Bermuda	100	Equıty accountıng	Holdıng company

The above two companıes were set-up as part of a wıder group restructurıng Glencore Graın UK Lımıted have subscrıbed for 100, USD 1 00 shares ın Glencore Graın Fınance Bermuda Lımıted and 990,100, GBP1 00 shares ın Glencore Graın Fınance Holdıngs Bermuda Lımıted

Glencore Internatıonal AG have subscrıbed for 99,000,000 GBP 0 01 shares of Glencore Graın UK Lımıted for whıch a promıssory note has been receıved ın the amount of GBP 990,000 00

Notes to the accounts
Year ended 31 December 2012

13. Inventories

	2012 £'000	2011 £'000
Stock contractually sold or hedged	27,696	23,805

There is no material difference between the balance sheet value of stocks and their replacement cost

	2012 £'000	2011 £'000
The carrying amount of inventories held at fair value less costs to sell	27,515	22,887
Inventory valued at lower of cost or net realisable value	181	918
	27,696	23,825

Inventory charged to cost of sales in the year totalled £3,891k (2011 £8,616k)

14. Trade and other receivables

	2012 £'000	2011 £'000
Amount receivable for the sale of goods	26,262	21,283
Prepayments	1,291	2,625
Amount due from Group Company	991	34
	28,544	23,942

The average credit period taken on sales of goods is 22 days (2011 12 days) The directors consider that the carrying amount of trade and other receivables approximates their fair value

Credit risk

The Group's principal financial assets are trade and other receivables and derivative financial assets

The Group's credit risk is primarily attributable to its trade receivables The Company has an insurance policy, hence the amounts presented in the balance sheet are not net of allowances for doubtful receivables There have been no recent defaults Overdue amounts over 31 days represent 1 70% of the total amounts receivable and are all recoverable

The credit risk on liquid funds and derivative financial instruments is mitigated through the use of banks with high credit-ratings assigned by international credit-rating agencies The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers

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15. Bank overdrafts

	2012 £'000	2011 £'000
Bank overdraft	1,099	1,986

The full amount of bank overdraft is repayable on demand All such borrowings are in GBP

	2012 %	2011 %
The weighted average interest rates paid were as follows		
Bank overdrafts	1 50	1 50

The directors estimate that the carrying amounts of bank overdrafts are approximate to their fair value

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16. Derivative financial instruments

Derivative financial instruments that are currently used by the Company include forward foreign exchange contracts, commodity futures, and commodity trading contracts The fair value of derivative financial instruments at the balance sheet date is as follows

	2012 £'000	2011 £'000
Current assets		
Commodity trading contracts	6,349	4,992
Commodity futures	891	575
Forward foreign exchange contracts	288	-
	7,528	5,567
Current liabilities		
Commodity trading contracts	478	81
Commodity futures	691	22
Forward foreign exchange contracts	150	1,022
	1,319	1,125

Commodity price risk
The Company manages its Commodity price risk by hedging a portion of its position on the LIFFE and MATIF futures markets Quoted market values have been used to determine the fair value of commodity trading contracts and commodity futures at the balance sheet date The total amount recognised within the income statement in relation to changes in the fair value of the commodity trading contracts was a profit of £708k (2011 loss of £18,758k) The total amount recognised within the income statement in relation to changes in the fair value of the commodity futures was a loss of £352k (2011 profit of £13,902k) A 10% reduction in prices would have had the effect of increasing the profit on commodity trading contracts by £1,431k (2011, increasing the profit by £2,624k) and increasing the profit on commodity futures by £1,072k (2011, reducing the profit by £937k)

Foreign exchange risk
The Company manages its currency risk by hedging its Sterling position, net of foreign currency contracts

Quoted market values have been used to determine the fair value of forward foreign exchange contracts at the balance sheet date The total amount recognised within the income statement in relation to the changes in the fair value of exchange contracts was a profit of £1,146k (2011 profit of £1,171k) A 10% reduction in foreign exchange rates would have had the effect of reducing the profit by £3,302k (2011, reducing the profit by £439k)

Liquidity risk
Through the use of borrowings, finance leases, and short-term borrowings from related parties, the Company manages its liquidity to ensure that sufficient cash is available to meet all contractual commitments as they fall due and also to ensure that there is sufficient funding to withstand stressed market conditions or an extreme event

Capital risk management
The Company manages its capital to ensure it will be able to continue as a going concern The capital structure of the Company consists of short-term loans and equity comprising share capital and reserves The Company has no current plans for debt financing The Company is not subject to externally imposed capital requirements

Credit risk management
Please refer to note 14

Glencore Grain UK Limited

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Year ended 31 December 2012

16. Derivative financial instruments (continued)

The table below analyses the Company's financial assets which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date The amounts disclosed in the table are the contractual undiscounted cash flows Balances due within 12 months equal their carrying balances as the impact of discounting is not significant

At 31 December 2012	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Derivative instruments	7,249	279	-	-
Trade and other receivables	28,544	-	-	-

At 31 December 2011	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Derivative instruments	5,456	92	19	-
Trade and other receivables	21,317	-	-	-

The table below analyses the Company's financial liabilities which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date The amounts disclosed in the table are the contractual undiscounted cash flows Balances due within 12 months equal their carrying balances as the impact of discounting is not significant

At 31 December 2012	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Derivative instruments	1,318	-	-	-
Trade and other payables	46,310	-	-	-
Borrowings	1,099	-	-	-

At 31 December 2011	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Derivative instruments	1,103	22	-	-
Trade and other payables	38,364	-	-	-
Borrowings	1,986	-	-	-

16. Derivative financial instruments (continued)

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i e as prices) or indirectly (i e derived from prices), and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

At 31 December 2012	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at FVTPL				
Derivative financial assets	1,180	6,348	-	7,528
Total	**1,180**	**6,348**	**-**	**7,528**
Financial liabilities at FVTPL				
Derivative financial liabilities	841	478	-	1,319
Total	**841**	**478**	**-**	**1,319**

17. Deferred tax

The following are the major deferred tax assets recognised by the Group and movements thereon during the current and prior reporting period

	Total £'000
At 1 January 2011	150
(Debit)/Credit to income	(34)
At 1 January 2012	116
(Debit)/Credit to income	(49)
As 31 December 2012	67

The deferred tax assets consist mainly of temporary differences arising on weight loss provisions on inventory together with fixed asset timing differences

18. Trade and other payables

	2012 £'000	2011 £'000
Trade creditors and accruals (incl other payable)	28,234	25,337
Amounts payable to Group companies	17,442	12,752
Accrued expenses	634	275
	46,310	38,364

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs The average credit period taken for trade purchases is 17 days (2011 11 days)

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The directors consider that the carrying amounts of trade payables are approximate to their fair value Interest is payable on the amount due to Glencore Grain BV at Libor + 1%

19. Share capital

	2012	**2011**
	£'000	**£'000**
Authorised:		
Equity - 300,000 ordinary shares of 1p each	3	3
Non-equity - 300,000 deferred shares of £1 each	300	300
Issued and fully paid:		
Equity – 99,300,000 ordinary shares of 1p each	993	3
Non-equity - 300,000 deferred shares of £1 each	300	300

Rights attaching to deferred shares

i) Dividend rights

The right to receive by way of dividend in respect of any year or other financial period of the Company in which the profits of the Company exceed £150,000,000, after payment in full of dividends on all other classes of shares of the Company, a dividend at the rate of one half the rate of dividend paid on the ordinary shares of the Company in respect of such period

ii) Voting rights

No right to receive notice of or to attend or vote at any general meeting of the Company except only in respect of a resolution varying the rights of such deferred shares

iii) Rights on winding up

No right to receive any payment out of the surplus assets of the Company remaining after paying its liabilities other than the amount paid up on these shares

iv) Redemption rights

There are no redemption rights held on these shares

20. Contingent liabilities

	2012	**2011**
Guarantees	**£'000**	**£'000**
Guarantees in favour of the Rural Payments Agency	250	250
Broker Guarantees	3,000	3,000
Bank Guarantee placed with the Pension Protection Fund	3,000	3,000

Guarantees are lodged with the Rural Payments Agency in order to ensure that certain EU obligations are complied with Guarantees are required for applications for imports and exports licences, advance payment, intervention and set-aside schemes

Guarantees remain in place until the trader provides proof that the obligations have been met Guarantees may be forfeited if any obligations are not met, including those related to time limits In the event of a valid forfeit, the Company is given 30 days to settle before the guarantor is required to pay

Bank guarantees placed with brokers in order to avoid having to meet daily margin requirements

Notes to the accounts
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21. Operating lease arrangements

The Group as lessee

	2012 £'000	2011 £'000
Minimum lease payments under operating leases recognised as an expense in the year	49	89

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2012 £'000	2011 £'000
Within one year	73	78
In the second to fifth years inclusive	232	234
After five years	200	264
	505	576

Operating lease payments represent rentals payable by the Group for its office property and car contract hire The lease on the office property has been re-negotiated and extended for a term of 10 years, rentals are fixed for five years

22. Retirement benefit schemes

Defined benefit schemes

The Group operates a defined benefit scheme for qualifying employees of Glencore Grain UK Limited Under the scheme, the employees are entitled to a retirement pension of 1/60th of final salary for each year of pensionable service on retirement at age 60 No other post-retirement benefits are provided The scheme is a funded scheme

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 December 2009 by Mr Andrew Twells, Fellow of the Institute of Actuaries The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method

		Valuation at	
	2012 %	2011 %	2010 %
Key assumptions used			
Discount rate	4 1%	4 6%	5 4%
Expected return on scheme assets	6 2%	6 1%	7 1%
Expected rate of salary increases	5 1%	5 0%	5 3%
Future LPI (5% capped) pension increases	3.1%	3 0%	3 0%

22. Retirement benefit schemes (continued)

Amounts recognised in income in respect of these defined benefit schemes are as follows

	2012 £'000	2011 £'000	2010 £'000
Current service cost	381	336	309
Interest cost	608	591	580
Expected return on scheme assets	(505)	(661)	(531)
Net actuarial losses recognised in year	208	32	57
Amortisation of transitional liability	-	-	-
	692	298	415

The actual return on scheme assets was £2,266,000 (2011 £(1,397,000))

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit retirement benefit schemes is as follows

	2012 £'000	2011 £'000	2010 £'000
Present value of defined benefit obligations	16,190	13,059	10,851
Fair value of scheme assets	(10,817)	(8,102)	(9,146)
Deficit in scheme	5,373	4,957	1,705
Unrecognised transitional obligation and unrecognised cost	(5,429)	(5,193)	(1,722)
(Asset)/liability recognised in the balance sheet	(56)	(236)	(17)

Movements in the present value of defined benefit obligations were as follows

	2012 £'000	2011 £'000
At 1 January	(13,059)	(10,851)
Service cost	(381)	(336)
Interest cost	(608)	(591)
Contributions from scheme members	(115)	(118)
Actuarial gains and losses	(2,205)	(1,445)
Benefits paid	178	282
At 31 December	(16,190)	(13,059)

22. Retirement benefit schemes (continued)

Movements in the fair value of scheme assets were as follows

	2012 £'000	2011 £'000
At 1 January	8,102	9,146
Expected return on scheme assets	505	661
Actuarial gains and losses	1,761	(2,058)
Contributions from the sponsoring companies	512	517
Contributions from scheme members	115	118
Benefits paid	(178)	(282)
At 31 December	10,817	8,102

The analysis of the scheme assets and the expected rate of return at the balance sheet date was as follows

	Expected return		Fair value of assets	
	2012 %	2011 %	2012 £'000	2011 £'000
Equity instruments	6 8%	6 7%	9,868	7,208
Other assets	0 5%	0 5%	949	894
	6 2%	6 1%	10,817	8,102

The expected return on assets assumption is a weighted average return of 0 5% for the other assets held and 6 75% for the long-term equity return

The five-year history of experience adjustments is as follows

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Present value of defined benefit obligations	(16,190)	(13,059)	(10,851)	(9,856)	(7,837)
Fair value of scheme assets	10,817	8,102	9,146	7,291	5,003
Deficit in the scheme	(5,373)	(4,957)	(1,705)	(2,565)	(2,834)
Experience adjustments on scheme liabilities					
Amount (£)	(2,205)	(1,445)	(92)	(1,266)	1,295
Percentage of scheme liabilities (%)	13 6%	11 1%	0 9%	12 8%	16 5%
Experience adjustments on scheme assets					
Amount (£)	1,761	(2,058)	481	1,635	(3,122)
Percentage of scheme assets (%)	16 3%	25 4%	5 3%	16 6%	38 0%

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23. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note Transactions between the Group and other Group companies are disclosed below

Trading transactions

During the year, Group companies entered into the following transactions with other Group companies which are related parties

	Sale of goods		Purchase of goods		Amounts owed by related parties		Amounts owed to related parties	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Glencore Polska Sp ZOO	-	853	7,558	-	1	-	-	-
Glencore Grain BV	24,926	23,990	25,462	12,038	-	-	15,362	12,156
Glencore Espana SA	7,729	6,505	-	-	-	-	-	-
Glencore Cereales France SAS	11,719	2,667	-	-	-	34	-	1
Asteri	-	-	-	-	-	-	595	595
GUK Limited	-	-	-	-	-	-	494	-
GIAG Limited	-	-	-	-	990	-	-	-
GGFB	-	-	-	-	-	-	990	-
Glencore Italia SARL	-	-	-	-	-	-	1	-
	44,374	34,015	33,020	12,038	991	34	17,442	12,752

The amounts outstanding are unsecured and will be settled in cash No guarantees have been given or received No provisions have been made for doubtful debts in respect of the amounts owed by related parties

24. Ultimate parent Company and controlling party

The ultimate parent Company and controlling party is Glencore International plc, a Company incorporated in Jersey

25. Events after the balance sheet date

None