Company Registration No. 00961989

Glencore Agriculture UK Limited

Report and Financial Statements

31 December 2017

Glencore Agriculture UK Limited

Report and financial statements 2017
Contents

Glencore Agriculture UK Limited

Officers and professional advisers

Report and financial statements 2017

Directors

J D Maw
P M Mouthaan

Secretary

S P Pujara

Registered Office

Warren House
Bell Lane
Thame
Oxon OX9 3AL

Independent Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Strategic report

The Directors present the Strategic Report of the Company for the year ended 31 December 2017.

Principal activity

The principal activity of the Company is that of grain merchanting and trading. This activity was continued throughout the year. The Company's subsidiary has not traded during the year.

Objective

The Company's objective is to meet and whenever possible exceed the expectations of its customers and suppliers, and to optimise returns for shareholders.

Strategy, business model and investment policy

The Company's strategy is to source commodities from growers and other suppliers and ensure their timely delivery to its customers.

The Company's business model aims to establish long lasting trading relations with both its suppliers and customers, and, through the expertise of its experienced and highly skilled staff, to identify market opportunities that will realise benefits to those suppliers and customers and hence the Company itself.

The Company invests where necessary to allow it to enhance its business performance.

Business review

Following on from the comments in our 2016 Business Review regarding acquiring the assets of Mercury Commodities Limited, the Directors can confirm that this transaction completed in April 2017. Key members of staff were retained and the assets transferred to Glencore Agriculture UK Limited as part of our planned expansion into the UK Agricultural commodity import sector. We will continue to look for strategic opportunities to grow and develop this part of our business. There were some one-off costs attributable to the acquisition but the business has now been successfully integrated and has shown a positive contribution during the early part of 2018. The Directors expect this trend to continue for the rest of the year.

Our traditional grain business continued to face headwinds during 2017. Volumes fell in line with lower UK production from the 2017 harvest; this impacted on exports due to lower availability and we also suffered due to the under-utilisation of contracted elevation capacity. Our domestic storage portfolio was also impacted by the smaller crops with contracted space exceeding storage requirements. We are taking necessary steps to ensure this does not adversely impact our future business.

Trading margins continued to be under pressure with lower production, combined with producer income being negatively affected due to surpluses in world markets. The trading environment was particularly difficult and the business struggled to generate revenue streams to cover costs.

During the final months of 2017, a review of the overheads of the trading business was undertaken and restructuring plans were implemented in the early part of 2018. Whilst taking proactive steps to improve the cost structure in the grains business, additional personnel were taken on to grow and enhance the feed product, execution and grain origination teams. The changes implemented over the latter part of 2017 and early 2018 have enabled the business to provide strong customer satisfaction where we have targeted our marketing capability.

Brexit will undoubtedly continue to create uncertainty but we will strive to create a more balanced business by drawing on strengths within the wider Glencore Agriculture Group.

Glencore Agriculture UK Limited

Strategic report

Whilst 2017 was extremely challenging as evidenced in the final result (£3.3m post tax loss), the first half of 2018 has benefited from some of the changes implemented and the Company is in a strong position to meet its financial targets for 2018.

On behalf of the Board of Directors, I would like to thank the staff of Glencore Agriculture UK Limited for their support and work ethic in enabling the business to be back on a good footing for the future.

Results and dividends

The results for the Company are set out in the Statement of Comprehensive Income on page 9.

The total loss for the year after taxation was £3,268k (2016 profit: £30,210k). The 2016 profit included a one-off dividend received from a subsidiary (details of which are given in Notes 10 & 12).

No interim dividend was declared or paid during 2017 (2016: £30,394k paid on 30 June 2016). The Directors do not recommend a final dividend (2016: £nil).

Key performance indicators

	2017	2016	KPI definition
Sales volume growth (%)	(15.6%)	21.1%	Year on year sales volume growth in tonnage, expressed as a percentage
Revenue (£'000's)	261,954	256,356	Revenue refers to annual revenue net of VAT, sales taxes or duty, expressed in thousands of pounds sterling
Gross profit (£'000's)	966	5,073	Gross margin is revenue less cost of goods sold and other on-costs, expressed in thousands of pounds sterling
Net (loss)/profit before tax (£'000's)	(4,039)	30,430	Annual profit before tax expressed in thousands of pounds sterling
Working Capital (£'000s)	3,355	11,324	Trade and other receivables plus Inventory less Trade and other payables

Revenues increased this year in spite of reduced volumes due to a different mix of products traded. Pressure on margins caused the decline in gross profits, which were then insufficient to cover overheads resulting in a net loss. Working capital is monitored daily and is in line with lower volumes, showing a decrease over last year.

Principal risks

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 any significant events since the balance sheet date are contained in note 25 to the financial statements.

Future prospects

For 2019, the Company has an objective to increase traded volumes by 9% over forecast 2018 volumes. This is an ambitious target and is dependent on a similar harvest outcome for 2018. Some of the newer products are budgeted for 20% increases which will be a challenge in the uncertain post Brexit market of 2019. The investment we have made in our people, products and processes gives us the confidence that we are well positioned to meet our financial targets for 2019.

Strategic report

By order of the Board

S P Pujara
Secretary

28 September 2018

Glencore Agriculture UK Limited

Directors' report

The directors present the financial statements and auditor's report, for the year ended 31 December 2017.

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:

P M Mouthaan	– appointed 3 September 2018
C J Mahoney	– resigned 3 September 2018
E C B Mostert	– resigned 3 September 2018
J D Maw	

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 2017 were equivalent to 20 days' purchases (2016: 11 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 £6,976 (2016: £1,892), principally to local charities serving the communities in which the Glencore Agriculture UK Limited operates.

Substantial shareholdings

The Company is a wholly-owned subsidiary of Plavax Limited, a subsidiary of Glencore Agriculture Pte Ltd (Jersey), a joint venture of which further details are shown at Note 26.

The shareholding of the Company at 31 December 2017 was as below:

Shares	Name of holder	Number	Percentage held
Ordinary shares of £0.01	Plavax Limited	99,300,000	100
Deferred shares of £1.00	Plavax Limited	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.

Directors' report (continued)

Going concern

The directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has 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 reasonably 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 has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Indication of future events

Refer to Strategic Report

Proposed dividends

Refer to Strategic Report

Use of financial instruments

Refer to Strategic 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/she ought to have taken as a director in order to make himself/herself 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

28 September 2018

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 Company and of its profit or loss 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'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 Company's transactions and disclose with reasonable accuracy at any time its financial position 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 Company 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 Company'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 Agriculture UK Limited

Year ended 31 December 2017

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Glencore Agriculture UK Limited (the 'company') which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 26.

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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

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

Year ended 31 December 2017

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 respect of these matters.

Christopher Jones FCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

28 September 2018

Glencore Agriculture UK Ltd

Income statement
For the period ended 31 December 2017

	Notes	2017 £'000	2016 £'000
Revenue	4	261,954	256,356
Cost of sales		(260,988)	(251,283)
Gross profit		966	5,073
Administrative expenses	5, 6	(4,732)	(3,994)
Operating (loss)/profit		(3,766)	1,079
Investment revenues	4, 7	4	29,458
Finance costs	8	(277)	(107)
(Loss)/profit before tax		(4,039)	30,430
Tax credit/(charge)	9	771	(220)
(Loss)/profit for the financial year	5	(3,268)	30,210
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit pension liability		742	645
Tax charge arising on remeasurement		(151)	(127)
Other comprehensive income for the period net of tax		591	518
Total comprehensive (expense)/income for the financial year		(2,677)	30,728

(Loss)/profit for the year is generated entirely from continuing operations.

Statement of changes in equity
Year ended 31 December 2017

	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 31 December 2015	1,293	9,570	10,863
Profit for the year	-	30,210	30,210
Actuarial gains through other comprehensive income, net of tax	-	518	518
Dividend	-	(30,394)	(30,394)
Balance at 31 December 2016	1,293	9,904	11,197
(Loss) for the year	-	(3,268)	(3,268)
Actuarial gains through other comprehensive income, net of tax	-	591	591
Dividend	-	-	-
Balance at 31 December 2017	1,293	7,227	8,520

Glencore Agriculture UK Limited
Company Registration No. 00961989

Statement of financial position as at 31 December 2017

	Notes	2017 £'000	2016 £'000
Non-current assets			
Property, plant and equipment	11	5,026	315
Investments	12	-	-
Deferred tax asset	17	971	362
Derivative financial instruments	16	45	87
		6,042	764
Current assets			
Inventories	13	49,328	27,503
Trade and other receivables	14	34,080	17,900
Derivative financial instruments	16	4,750	4,668
Cash and bank balances		19	6
Current tax receivable		86	34
		88,263	50,111
Total assets		94,305	50,875
Current liabilities			
Trade and other payables	18	(80,053)	(34,079)
Bank overdraft	15	(1,465)	(1,355)
Derivative financial instruments	16	(3,270)	(2,648)
		(84,788)	(38,082)
Net current assets		3,475	12,029
Non-current liabilities			
Retirement benefit liability	22	(928)	(1,543)
Derivative financial instruments	16	(69)	(53)
Total liabilities		(85,785)	(39,678)
Net assets		8,520	11,197
Equity			
Share capital	19	1,293	1,293
Retained earnings		7,227	9,904
Total equity		8,520	11,197

The financial statements were approved by the Board of Directors and authorised for issue on 28 September 2018.

They were signed on its behalf by:

J D Maw
Director

Glencore Agriculture UK Limited

Cash flow statement
Year ended 31 December 2017

	2017 £'000	2016 £'000
Operating activities		
Operating (loss)/profit	(3,766)	1,079
Depreciation of property, plant and equipment	272	108
Operating cash flows before movements in working capital	(3,494)	1,187
(Increase) in inventories	(21,825)	(6,528)
(Increase) in receivables	(16,221)	(2,917)
Increase in payables	46,739	8,715
Cash generated by operations	5,199	457
Interest paid	(277)	(107)
Income taxes paid	(40)	-
Net cash from operating activities	4,882	350
Investing activities		
Interest received	4	-
Sale of investment	-	1,038
Dividend received	-	29,410
Purchases of property, plant and equipment	(4,983)	(56)
Net cash (used in)/from investing activities	(4,979)	30,392
Financing activities		
Dividend paid	-	(30,394)
Net cash (used in) financing activities	-	(30,394)
Net (decrease)/increase in cash and cash equivalents	(97)	348
Cash and cash equivalents at the beginning of year	(1,349)	(1,697)
Cash and cash equivalents at the end of year	(1,446)	(1,349)

Cash and cash equivalents represent the net of cash of £19,000 (2016: £6,000) and bank overdraft of £1,465,000 (2016: Bank overdraft £1,355,000). There are no other financing liabilities.

1. General information

Glencore Agriculture 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 Company's operations and its principal activities are set out in the Strategic Report and Directors' Report.

The company is a private company limited by shares.

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 Company are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") effective as of 31 December 2017.

The financial statements of the Company are prepared under the historical cost convention except as described 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.

The Company does not prepare consolidated financial statements as it has one dormant subsidiary, which does not have any balances relevant to the Group.

Adoption of new and revised Standards

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2017. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 7 Disclosure Initiative

The Company has adopted the amendments to IAS 7 for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. The Company's liabilities arising from financing activities consist of only borrowings (note 15) and the application of these amendments has had no impact on the Company's financial statements.

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The Company has adopted the amendments to IAS 12 for the first time in the current year. The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilise a deductible temporary difference. The application of these amendments has had no impact on the Company's financial statements as the Company already assesses the sufficiency of future taxable profits in a way that is consistent with these amendments.

Notes to the accounts (continued)
Year ended 31 December 2017

2. **Accounting policies (continued)**

Amendments to IFRSs that are mandatorily effective for the current year (continued)

Annual Improvements to IFRSs 2014–2016 Cycle

The Company has adopted the amendments to IFRS 12 included in the Annual Improvements to IFRSs 2014 - 2016 Cycle for the first time in the current year. The other amendments included in this package are not yet mandatorily effective and they have not been early adopted by the Company.

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRSs that have been issued but are not yet effective and (in some cases) had not yet been adopted by the EU:

IFRS 9	Financial Instruments
Amendments to IFRS 9 (Oct 2017)	Prepayment Features with Negative Compensation
Amendments to IAS 28 (Oct 2017)	Long-term Interests in Associated and Joint Ventures
Annual Improvements to IFRS Standards 2015-2017 Cycle (Dec 2017)	Annual Improvements to IFRSs: 2014-2016 Cycle - IFRS 3, IFRS 11, IAS 12, and IAS 23 Amendments
IFRS 15	Revenue from Contracts with Customers (and the related Clarifications)
IFRS 16	Leases
IFRS 17	Insurance Contracts
Amendments to IFRS 2 (June 2016)	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4 (Sept 2016)	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IAS 40 (Dec 2016)	Transfers of Investment Property
Annual Improvements to IFRSs: 2014 - 2016 Cycle – IFRS 1 and IAS 28 Amendments	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IFRS 28 Investments in Associates and Joint Ventures
Amendments to IFRS 10 and IAS 28 (Sept 2014)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRIC 22	Foreign Currency Transactions and Advanced Consideration
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IAS 19 (February 2018)	Plan Amendment, Curtailment or Settlement

2. Accounting policies (continued)

New and revised IFRSs in issue but not yet effective (continued)

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the company in future periods. IFRS 9 will impact both the measurement and disclosures of financial instruments (see note 24 for the impact of IFRS 9) and IFRS 15 and IFRS 16 may have an impact on revenue recognition, leases on the balance sheet and related disclosures. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 and IFRS 16 and therefore no detailed assessment has been performed in the current year.

Going concern

The directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has 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 reasonably 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 has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to 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 Company's principal activity and is recognised on delivery, when title passes and the risks and rewards of ownership are transferred.

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 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 profit or loss over the lease period.

(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 profit or loss on a straight-line basis over the period of the lease.

Notes to the accounts (continued)
Year ended 31 December 2017

2. Accounting policies (continued)

Foreign currencies

(a) Functional and presentation currency

The Company's financial statements are presented in pounds Sterling, which is also 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 profit or loss.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

For defined benefit retirement benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the statement of comprehensive income in the period in which they occur. Remeasurement recorded in the statement of comprehensive income is not recycled. Past service cost is recognised in profit or loss in the period of scheme amendment. Net-interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

– current service cost, past-service cost and gains and losses on curtailments and settlements;

– net-interest expense or income; and

– remeasurement.

The Company presents the first two components of defined benefit costs within cost of sales and administrative expenses in its consolidated income statement. Curtailments gains and losses are accounted for as past-service cost.

The retirement benefit obligation recognised in the consolidated balance sheet represents the deficit or surplus in the Company's defined benefit schemes. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the schemes or reductions in future contributions to the schemes.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Notes to the accounts (continued)
Year ended 31 December 2017

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 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 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 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% per annum
Office, equipment, fixtures and fittings	20-33% per annum

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 administrative expenses.

Inventories

Inventories consist of grain, pulses, soya meal and rapeseed. All commodities are held at fair value. Fair values are determined using the prevailing market spot prices at the reporting date.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company 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.

2. **Accounting policies (continued)**

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 company 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 Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments

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 profit or loss.

3. **Critical accounting judgements and key sources of estimation uncertainty**

In the application of 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.

Key sources of estimation uncertainty

Retirement benefit scheme valuation

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit retirement scheme is calculated annually (as per IAS 19). The actuarial valuation of the defined benefit obligation relies on various actuarial assumptions, which are therefore a key source of estimation and have been assessed at note 22.

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Fair value estimates

As explained in note 16, the fair values of open commodity trading contracts are determined using quoted market values adjusted for specific contract characteristics. 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.

4. Revenue

Continuing operations	**2017 £'000**	**2016 £'000**
Revenue	261,954	256,356
Investment income	4	29,458
	261,958	285,814

5. (Loss)/profit for the year

(Loss)/profit/ for the year has been arrived at after charging/(crediting):

	2017 £'000	**2016 £'000**
Depreciation of property, plant and equipment – owned	272	108
Fair value (loss)/profit on derivative financial instruments	(597)	490
Fair value (decrease)/increase in inventories	(2,285)	4,250
Rentals under operating leases		
- plant and machinery	16	16
- other operating leases	150	48
Auditor's remuneration		
- for the auditing of the financial statements	68	59
- taxation compliance services	10	10
Staff costs (see note 6)	3,131	2,852

6. Directors' and staff costs

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

	2017 Number	2016 Number
Trading activities	19	12
Administrative activities	25	21
	44	33

	2017 £'000	2016 £'000
Their aggregate remuneration comprised:		
Wages and salaries	2,152	1,857
Social security costs	266	223
Other pension costs (see note 22)	713	772
	3,131	2,852

Remuneration of key management personnel

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

	2017 £'000	2016 £'000
Short-term employee benefits	417	192
Post-employment benefits – defined benefit scheme	-	12
Post-employment benefits – money purchase scheme	-	149
	417	353

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

7. Investment revenues

	2017 £'000	2016 £'000
Interest receivable from Group companies	-	-
Interest receivable from third parties	4	-
Dividend income	-	29,410
Gain on sale of investment	-	48
	4	29,458

Notes to the accounts (continued)
Year ended 31 December 2017

8. Finance costs

	2017 £'000	2016 £'000
Interest on bank overdrafts and loans	27	18
Foreign exchange (gains)/losses	(3)	6
Interest payable to Group companies	253	83
	277	107

9. Tax

	2017 £'000	2016 £'000
Current tax (credit)	(715)	222
Current tax adjustment in respect of prior years	(12)	7
	(727)	229
Deferred tax (note 17)	(44)	(9)
	(771)	220

Corporation tax is calculated at 19.25% (2016: 20%) of the estimated assessable profit for the year.

In addition to the above movements, there is a deferred tax charge of £151k (2016: £127k) relating to retirement benefits taken to other comprehensive income in the year

The charge/(credit) for the year can be reconciled to the profit/(loss) per the income statement as follows:

	2017 £'000	2017 %	2016 £'000	2016 %
(Loss)/profit before tax: (see below *)	(4,039)	-	1,020	-
Tax at the UK corporation tax rate of 19.25% (2016: 20%)	(777)	(19.25)%	204	20.0%
Tax effect of items that are not deductible in determining taxable profit/(loss)	18	0.45%	9	0.9%
Effect of change in UK corporation tax rate	-		-	
Current tax adjustment in respect of prior year	(12)	(0.30)%	7	0.7%
Tax charge/(credit) and effective tax rate for the year	(771)	(19.10)%	220	21.6%

* The profit before tax shown above for 2016 excludes the one-off dividend received from Glencore Grain Finance Holdings Bermuda Ltd (Note 7) which would otherwise distort the analysis provided

10. Dividends

No dividends were paid in 2017 (2016: 30.516064257 pence/per share was declared and paid on 30 June 2016). The amount paid in 2016 was broadly the amount received as a dividend from a subsidiary, Glencore Grain Finance Holdings Bermuda Ltd.

Notes to the accounts (continued)
Year ended 31 December 2017

11. Property, plant and equipment

	Long Leasehold £'000	Plant and machinery £'000	Office equipment, fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2016	-	310	919	1,229
Additions	-	-	56	56
Disposals	-	-	(224)	(224)
At 31 December 2016	-	310	751	1,061
Additions	165	9	59	233
Acquisition	3,235	1,168	347	4,750
At 31 December 2017	3,400	1,487	1,157	6,044
Depreciation				
At 1 January 2016	-	140	722	862
Charge for the year	-	31	77	108
Eliminated on disposals	-	-	(224)	(224)
At 31 December 2016	-	171	575	746
Charge for the year	48	109	115	272
At 31 December 2017	48	280	690	1018
Carrying amount				
At 31 December 2016	-	139	176	315
At 31 December 2017	3,352	1,207	467	5,026

Long leasehold comprises the recently acquired warehouse in Portland for which the lease expires in 2063.

Notes to the accounts (continued)
Year ended 31 December 2017

12. Investments

Company	2017 £	2016 £
Grainman Limited	2	2
At 31 December	2	2

Details of the Company's subsidiaries are as follows:

Name	Place of incorporation ownership (or registration) and operation	Proportion of voting interest and power held %	Principal Activity
Grainman Limited	UK	100	Dormant

The above is a dormant company. Its registered address is Warren House, Bell Lane, Thame, Oxon OX9 3AL

13. Inventory

	2017 £'000	2016 £'000
Stock contractually sold or hedged	49,328	27,503

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

Inventory (credited)/charged to cost of sales in the year totalled £(21,825)k (2016: £(6,528)k).

14. Trade and other receivables

	2017 £'000	2016 £'000
Amounts receivable for the sale of goods	32,985	16,330
Prepayments	976	1,570
Amount due from Group Company	119	-
	34,080	17,900

The average credit period taken on sales of goods is 34 days (2016: 25 days). The directors consider that the carrying amount of trade and other receivables approximates their fair value.

Credit risk

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

The Company'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 2.1% 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 Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The Company has entered into guarantee arrangements as detailed in note 20.

15. Bank overdrafts

	2017 £'000	2016 £'000
Bank overdraft	1,465	1,355

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

	2017 %	2016 %
The weighted average interest rates paid were as follows:		
Bank overdrafts	1.25	1.40

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

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:

	2017 £'000	2016 £'000
Current assets		
Commodity trading contracts	4,330	3,473
Commodity futures	-	-
Forward foreign exchange contracts	465	1,282
	4,795	4,755
Current liabilities		
Commodity trading contracts	2,786	2,211
Commodity futures	-	-
Forward foreign exchange contracts	553	490
	3,339	2,701

Commodity price risk

The Company manages its Commodity-price risk by economically hedging a portion of its position on the LIFFE and MATIF futures markets (note that the Company does not apply hedge accounting principles in respect of its economic hedges). Quoted market values, adjusted for specific contract characteristics (e.g. delivery date and contractual quality differentials) 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 profit or loss in relation to changes in the fair value of the commodity trading contracts was a profit of £283k (2016: £336k). The total amount recognised within profit or loss in relation to changes in the fair value of commodity futures was £0k (2016: loss of £1,009k). A 10% reduction in prices would have had the effect of increasing the profit on commodity trading contracts by £4,192k (2016: reducing the profit by £700k) and reducing the profit on commodity futures by £1,344k (2016: increasing the profit by £2,945k).

Foreign exchange risk

The Company manages its currency risk by hedging its pound 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, prices adjusted to account for the time value of money and counterparty credit considerations, as required. The total amount recognised within profit or loss in relation to the changes in the fair value of exchange contracts was a loss of £880k (2016: profit of £1,163k). A 10% reduction in foreign exchange rates would have had the effect of reducing the profit by £3,595k (2016: increasing the profit by £2,665k).

Liquidity risk

Through the use of a bank overdraft 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.

16. Derivative financial instruments (continued)

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 a bank overdraft 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.
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 discounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 December 2017	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Derivative instruments	4,750	45	-	-
Trade and other receivables	34,080	-	-	-

At 31 December 2016	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Derivative instruments	4,668	87	-	-
Trade and other receivables	17,900	-	-	-

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 2017	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Derivative instruments	3,270	69	-	-
Trade and other payables	80,053	-	-	-
Bank overdraft	1,465	-	-	-

At 31 December 2016	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Derivative instruments	2,648	53	-	-
Trade and other payables	34,079	-	-	-
Bank overdraft	1,355	-	-	-

Notes to the accounts (continued)
Year ended 31 December 2017

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 2017	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial assets at FVTPL				
Derivative financial assets	465	4,330	-	4,795
Total	**465**	**4,330**	**-**	**4,795**
Financial liabilities at FVTPL				
Derivative financial liabilities	553	2,786	-	3,339
Total	**553**	**2,786**	**-**	**3,339**

Level 2: For commodity contract pricing, quoted prices are adjusted for haulage cost to destination.

17. Deferred tax

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

	Total £'000
At 1 January 2016	480
(Debit) to profit or loss	9
Movement to other comprehensive income (retirement benefits)	(127)
At 31 December 2016	362
Credit to profit or loss	760
Movement to other comprehensive income (retirement benefits)	(151)
As 31 December 2017	971

The deferred tax asset consists of temporary differences arising on the deferred pension benefit obligation (2017:£158k, 2016:£309k), together with the weight loss provisions on inventory (2017:£64k, 2016:£38k) and fixed asset timing differences (2017: £33k, 2016:£15k). This year it also comprises a tax credit of £716k based on the 2017 loss.

18. Trade and other payables

	2017 £'000	2016 £'000
Trade payables (incl. trade accruals)	24,153	15,226
Amounts payable to Group companies	54,414	17,406
Accrued expenses	1,486	1,447
	80,053	34,079

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 20 days (2016: 11 days).

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 Agriculture BV at Libor + 1%.

19. Share capital

	2017 £'000	2016 £'000
Authorised:		
Equity – 99,300,000 ordinary shares of 1p each	993	993
Deferred - 300,000 deferred shares of £1 each	300	300
Issued and fully paid:		
Equity – 99,300,000 ordinary shares of 1p each	993	993
Deferred - 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.

Notes to the accounts (continued)
Year ended 31 December 2017

20. Contingent liabilities

Guarantees	2017 £'000	2016 £'000
Bank Guarantee placed with the Pension Protection Fund	3,000	3,000

21. Operating lease arrangements

The Group as lessee

	2017 £'000	2016 £'000
Minimum lease payments under operating leases recognised as an expense in the year	166	64

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:

	2017 £'000	2016 £'000
Within one year	208	61
In the second to fifth years inclusive	744	201
After five years	675	8
	1,627	270

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 ten 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 Agriculture 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 65. 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 2015 by Mr. Jonathan Smart, Fellow of the Institute and Faculty 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. Updated triennial valuations were as follows:

	2015	2012
	£'000	£'000
Present value of defined benefit obligations	18,168	15,689
Fair value of scheme assets	16,066	10,817
Surplus/(deficit)	(2,102)	(4,872)

In light of the results of the triennial valuation at 31 December 2015, the Trustee agreed with the Employer that contributions of 30.4% of Pensionable Salaries will be paid from January 2017 and additional annual contributions of £205,000 will be paid by the Employer by 30 June each year with effect from 1 January 2017. These contributions are expected to eliminate the shortfall by 1 July 2024.

IAS 19 valuations are carried out annually and the key assumptions used for the current and prior years are shown below.

		Valuation at	
	2017	2016	2015
	%	%	%
Key assumptions used:			
Discount rate	2.6%	2.8%	4.0%
Expected return on scheme assets	2.6%	2.8%	4.0%
Expected rate of salary increases	4.4%	4.5%	4.7%
Future LPI (5% capped) pension increases	3.4%	3.3%	3.1%

Sensitivity of the value placed on liabilities:

	2017	2016
	£'000	£'000
Discount rate +1%	(4,370)	(4,103)
Discount rate -1%	5,954	5,622
Salary increases +1%	843	761
Salary increases -1%	(781)	(653)
RPI and CPI inflation +1%	626	2,738
RPI and CPI inflation -1%	(634)	(2,494)

22. Retirement benefit schemes (continued)

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

	2017 £'000	2016 £'000	2015 £'000
Current service cost	446	477	422
Interest on liabilities	617	735	660
Interest on assets	(580)	(649)	(568)
	483	563	514

The actual return on scheme assets was £2,148,000 (2016: £4,678,000).

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:

	2017 £'000	2016 £'000	2015 £'000
Present value of defined benefit obligations	23,365	22,613	18,244
Fair value of scheme assets	(22,437)	(21,070)	(16,066)
Liability recognised in the balance sheet	928	1,543	2,178

22. Retirement benefit schemes (continued)

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

	2017 £'000	2016 £'000
At 1 January	(22,613)	(18,244)
Service cost	(446)	(477)
Interest cost	(617)	(735)
Contributions from scheme members	(93)	(97)
Actuarial gains and losses	(826)	(3,384)
Benefits paid	1,230	324
At 31 December	(23,365)	(22,613)

Movements in the fair value of scheme assets were as follows:

	2017 £'000	2016 £'000
At 1 January	21,070	16,066
Expected return on scheme assets – Interest on assets	580	649
Actuarial gains and losses	1,568	4,029
Contributions from the sponsoring companies	519	553
Contributions from scheme members	93	97
Benefits paid	(1,230)	(324)
Expenses paid	(163)	-
At 31 December	22,437	21,070

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	
	2017 %	2016 %	2017 £'000	2016 £'000
Equity instruments	2.6%	3.8%	12,598	14,537
Government bonds	2.6%	1.0%	8,089	4,702
Corporate bonds	2.6%	1.0%	1,115	991
Real Estate/Property	2.6%	1.0%	872	807
Cash	-	-	174	69
Scheme liabilities	-	-	(411)	(36)
	2.6%	3.0%	22,437	21,070

Scheme liabilities comprises of accrued expenses of the scheme such as investment management charges, audit fees etc. In 2017, there was an outstanding transfer payment included in scheme liabilities.

All above investments (except Real Estate/Property and Scheme Liabilities) have daily quoted prices.

Notes to the accounts (continued)
Year ended 31 December 2017

22. Retirement benefit schemes (continued)

The five-year history of experience adjustments is as follows:

	2017 £'000	2016 £'000	2015 £'000	2014 £'000	2013 £'000
Present value of defined benefit obligations	(23,365)	(22,613)	(18,244)	(18,008)	(15,903)
Fair value of scheme assets	22437	21,070	16,066	15,230	14,786
Deficit in the scheme	(928)	(1,543)	(2,178)	(2,778)	(1,117)
Experience adjustments on scheme liabilities					
Amount (£)	(826)	(3,384)	512	(1042)	1,389
Percentage of scheme liabilities (%)	3.5%	14.9%	2.8%	5.8%	8.7%
Experience adjustments on scheme assets					
Amount (£)	1,568	4,029	41	(767)	3,041
Percentage of scheme assets (%)	7.0%	19.1%	0.3%	5.0%	20.6%

Through its defined benefit plan, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The plans hold a significant proportion of equities, which are expected to outperform bonds in the long term while contributing volatility and risk in the short term. Management believe that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element long-term strategy to manage the plans efficiently.

Change in bond yields: A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk: Some of the plan's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities, although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation.

Life expectancy: The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liability.

Salary increases: Some of the plans' benefit obligations related to active members are linked to their salaries. Higher salary increases will therefore tend to lead to higher plan liabilities.

23. Related party transactions

Transactions between the Company and its related parties, being other entities within the Glencore Group, are disclosed below.

	Sale of goods		Purchase of goods		Amounts owed by related parties		Amounts owed to related parties	
	2017	2016	2017	2016	2017	2016	2017	2016
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Glencore Agriculture BV	10,377	50,878	85,219	16,818	-	-	54,414	17,327
Glencore Espana SA	5,229	10,983	-	-	105	-	-	79
Glencore Internal AG	-	-	-	-	14			
Glencore Cereales France SAS	-	607	-	-	-	-	-	-
Glencore Italia SARL	-	656	-	-	-	-	-	-
	15,606	63,124	85,219	16,818	119	-	54,414	17,406

Transactions were made on terms equivalent to those that prevail in arm's length transactions. 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. IFRS 9

IFRS 9 will supersede IAS 39 "Financial Instruments: Recognition and Measurement" and covers classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting. The Company has undertaken a comprehensive analysis of the impact of the new standard based on the financial instruments it holds and the way in which they are used. As a result of the analysis, it is anticipated that there will be no material impact on the face of the statement of financial position or in the statement of income, however, there will be presentational changes in some of our note disclosures, as well as additional disclosures around classification and measurement of financial instruments which are summarised as follows:

Expected credit loss model

The new standard introduces an expected loss impairment model for financial assets held at amortised cost, which means that anticipated as opposed to impending credit losses will be recognised resulting in the likely earlier recognition of impairment. This change is not expected to have a material impact on the Company's results, given the low exposure to counterparty default risk as a result of the credit risk management processes that are in place.

24. IFRS 9 (continued)

Hedge accounting

The new standard introduces a less prescriptive basis to adopt hedge accounting. This change is not expected to materially impact the amounts recognised in relation to existing hedging arrangements. Classification and measurement IFRS 9 modifies the classification and measurement of certain classes of financial assets and liabilities and will require the Company to reassess classification of financial assets from four to three primary categories (amortised cost, fair value through profit and loss, fair value through other comprehensive income), reflecting the business model in which assets are managed and their cash flow characteristics. These modifications will result in presentational changes to the additional detail provided primarily in the trade and other receivable (note 14) and trade and other payable (note 18) note disclosures to reflect the business model and cash flow characteristics of these assets and liabilities and group them into their respective IFRS 9 category or other IFRS classification. A summary of the expected presentational changes on our 31 December 2017 balances is as follows:

£'000	Notes	Current	IFRS 9 Presentational changes Held at amortised cost	Held at fair value through profit and loss	Non-financial instruments	Total
Financial assets:						
Amount receivable for the sale of goods	14	32,985	32,985	-	-	**32,985**
Prepayments	14	976	-	-	976	**976**
Amount due from Group Companies	14	119	-	-	119	**119**
Financial liabilities:						
Trade payables (incl trade accruals)	18	(24,153)	(24,153)	-	-	**(24,153)**
Amounts payable to Group Companies	18	(54,414)	-	-	(54,414)	**(54,414)**
Other payables and accrued liabilities	18	(1,486)	-	-	(1,486)	**(1,486)**
Overdraft	15	(1,465)	(1,465)	-	-	**(1,465)**

25. Acquisition

On 24 April 2017, the Company acquired the business, staff and assets of Mercury Commodities Limited. This followed a review of the Company's business as mentioned in last year's strategic report. The acquisition will provide access to the one of the key animal feed demand regions in the UK and will complement the growing feed business in the North West of England.

The total consideration comprised:	**£'000**
Fixed assets at valuation:	4,750
Inventory at market valuation:	3,838
Forward contracts at market valuation	793
Total cash consideration	**9,381**

The major asset acquired was the warehouse facility at Portland, Dorset along with portside and warehouse materials handling equipment. No business liabilities were assumed apart from forward commodity contracts which were all taken on at market value on the data of transfer.

Notes to the accounts (continued)
Year ended 31 December 2017

26. Ultimate parent Company and controlling party

On 12 January 2017, Plavax Limited (parent company of Glencore Agriculture UK Limited) changed its name to Belfurt Limited.

On 31 March 2017, Belfurt Limited sold its entire holding in Glencore Agriculture UK Limited to Plavax Limited, an existing subsidiary of Glencore Agriculture Ltd. Both Plavax Limited and Glencore Agriculture Limited are incorporated in Jersey. Glencore Agriculture Limited is a Joint Venture between Glencore International AG, and two Canadian Pension Funds, Canada Pension Plan Investment Board and British Columbia Investment Management Corporation.

Their respective addresses are as below:

Belfurt Limited, Warren House, Bell Lane, Thame, OXON OX9 3AL

Plavax Limited, 22 Grenville Street, St Helier, JE4 8PX, Jersey

Glencore Agriculture Ltd (Jersey), 22 Grenville Street, St Helier, JE4 8PX, Jersey 27.