Company Registration No. 00961989

Viterra UK Ltd.
(previously known as Glencore Agriculture UK Ltd.)

Annual Report and Financial Statements

31 December 2020

Viterra UK Ltd.

Annual Report and Financial statements 2020

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Viterra UK ltd.

Officers and professional advisers

Annual Report and Financial statements 2020

Directors

J D Maw
P M Mouthaan
S J Venn (appointed 3 October 2020)

Secretary

S P Pujara

Registered Office

Warren House
Bell Lane
Thame
Oxon OX9 3AL
United Kingdom

Independent Auditor

Deloitte LLP
Statutory Auditor
Hill House
1 Little New Street
London EC4A 1TR
United Kingdom

Strategic report

The Directors present the Strategic Report of the Company for the year ended 31 December 2020. The Company changed its name from Glencore Agriculture UK Ltd. to Viterra UK Limited on 3 December 2020, and then changed its name to Viterra UK Ltd. on 19 December 2020.

Principal activity

The principal activity of the Company is that of grain merchanting and trading. This activity was continued throughout the year. The Company has a dormant subsidiary, which 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.

Results and dividends

The results for the Company are set out in the Statement of Comprehensive Income on page 15.

The total profit for the year after taxation was £3,870k (2019: profit: £830k).

No interim dividend was declared or paid during 2020 (2019: £nil). The Directors do not recommend a final dividend (2019: £nil).

Key performance indicators

	2020	**2019**	**KPI definition**
Sales volume growth	4.0%	10.5%	Year on year sales volume growth in tonnage.
Revenue (£'000's)	342,111	356,163	Revenue refers to annual revenue net of VAT, sales taxes or duty.
Gross profit (£'000's)	10,020	7,398	Gross margin is revenue less cost of goods sold and other on-costs.
Net profit before tax (£'000's)	4,422	1,176	Annual profit before tax.
Return on average total equity	40.5%	11.5%	Pre-tax profit as % of average total equity for the year.
Working Capital (£'000s)	12,071	3,914	Trade and other receivables plus Inventory less Trade and other payables (excluding short term loan to Group company).

The Net profit before tax of £4,422k includes a gain due to closure of pension scheme from future accrual of £1,377k.

Business review

This review covers the 12-month period ending 31 December 2020. On 19 December 2020 the Company changed its name to Viterra UK Ltd., as part of a global rebranding of the Glencore Agricultural Group, now known as Viterra – The Agricultural Network.

The 2020 financial year was dominated by two main events which provided the business with major challenges but also opportunities. These events being the ongoing situation relating to Brexit and at the time, the unknown Covid-19 pandemic. Both had major impacts on currency but also on our supply chains in various degrees.

During March 2020, the first of the three major lockdowns in the UK, GBP fell to 1.14 vs the USD and 1.06 vs the EURO. Currency volatility continued throughout the year depending on news relating to Brexit negotiations and on the perceived performance of the UK economy due to the impact of Covid-19. By the end of the year GBP was trading at 1.34 vs the USD having started the year at 1.30. Against the EURO, GBP traded at 1.11 in December 2020 vs 1.17 at the start of the year. I am pleased to report our hedging strategies served us well during the period.

The weather also played a significant role in price volatility especially in the commodities we trade within the UK. A dry late spring and early summer had a major impact on UK wheat production, resulting in a crop of only 9.5 million metric tonnes (mmt), which was the lowest on record for over 50 years! While there was no significant change in world Wheat, Corn (Maize) and Soyabean production, meaning stocks to usage ratios remained tight for the two latter commodities at 10% and 4% respectively, the world wheat stocks to use ratio was at a comfortable 24%.

The shortfall in UK domestic production meant imports were needed in significant volumes. Wheat and Corn were imported in large volumes and we were able to benefit using our newly acquired storage capacity in Teesport. This facility, which was officially opened in August 2020, increased our storage capacity by approximately 50,000mt giving us a total of 120,000mt in the port and surrounding area. Animal Feed products were also in high demand benefitting our other key facility in Portland, Dorset.

Whilst our domestic grain business faced the challenges of a smaller crop, we were able to increase sales volume by 4% with our import and distribution program. Revenue was down marginally but this was mainly related to commodity prices which remained low for the first half of the year. Benchmark ICE 2020 U.K. wheat futures began the year at approx. £130.00/mt but as the UK production shrunk during the key growing period prices began to rally, only briefly dipping during harvest and then reaching £190.00/mt by year end.

The eagerly planned expansion of our Portland Port storage and handling facility received board approved in late July 2020 with the mobilisation of construction teams and equipment taking place during August. Completion is scheduled for November 2021 and I am happy to report that it remains on schedule despite the pandemic. I must congratulate all involved for their tireless work in keeping the project on track.

As well as the expansion of the storage capacity, the Company has also invested in a new crane which will complement the facility and allow vessel discharge at a rate of up to 12,000mt per 24 hrs, a class leading metric in the UK. Portland Port Ltd (PPL) has already completed dredging of the deep sea berth, allowing the port to handle Panamax vessels. An increase in the berthing capacity allowing the port to handle multiple deep sea vessels at the same time is also under consideration by PPL.

These strategic investments in storage and handling capacity will allow the UK business to continue its growth in markets that capitalise on the groups existing supply chains whilst allowing the UK business to explore other opportunities for the supply of raw materials to our expanding customer base.

Business review (continued)

Our trading and marketing teams maximised revenues despite the poor domestic cereal production and they were complemented by our expanding operations team, with all our teams under new management. This new management structure was implemented early in 2020 and has so far performed exceptionally well.

I'm very proud of our health and safety record and 2020 was no exception, however we must continue to maintain our high degree of focus in this area as it is our number one priority as a business.

Following extensive consultation with my colleagues in the Glencore Agriculture UK Ltd Pension Scheme, the decision was taken to close the scheme to future accrual from 1 May 2020. This had a positive £1.377m impact on the overall result for 2020. The company will continue to provide funding towards the deficit in the scheme and following the next tri-annual review in 2021 will maintain this stance with a view to bringing the scheme into balance.

The Covid-19 related lockdowns we experienced during 2020 also provided us with a challenge but I am extremely grateful to my colleagues in the way they were able to adapt to new working conditions and environments. IT solutions were quickly put in place and collectively we ensured that the business did not suffer. Our levels of performance were not only maintained but in certain areas improved. As a business we have learnt a lot from working from home and this may lead to a hybrid system in the future. Obviously this will require further investment in IT technology as well as the continual improvement of our operating systems going forward.

Finally on behalf of our shareholders I would like to offer a big thank you to all of my colleagues for their extraordinary efforts during 2020. The business faced many challenges, managed volatility extremely well and has begun to reap the benefits of the strategic plans that were put in place over the previous 4 years. The final result delivered was outstanding and they must be congratulated on their superb performance.

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 forward currency contracts. The Company also insures itself against credit risk. The Company is working closely with its Credit Insurer to ensure an adequate level of credit cover is in place for its key customers. 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.

The UK left the European Union on 31 January 2020 as a result of invoking Article 50 of the Lisbon Treaty ("Brexit"). The long term impact on the Company is still uncertain as legislative changes continue however these are being closely monitored and to date have not had a material impact on our import or export activity. It is unlikely that future changes will have a significant impact on the Company or the nature of the Company's business, as the directors envisage no change in demand for the goods and services provided by the Company.

Climate change

The impact of climate change and the transition to a low-carbon economy are addressed by the Glencore plc Group, which includes the Company. Detailed information is disclosed in the Glencore plc annual report available at www.glencore.com. Further information regarding climate change and Glencore's commitment to the transition to a low-carbon economy is available within both the Sustainability and Media sections of the website.

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

Viterra UK Ltd.

Strategic report (continued)

Section 172(1) statement

During the financial year the directors have complied with their duty to have regard to the matters in section 172 (1) (a)-(f) of the Companies Act 2006. The directors believe that they have acted in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

Stakeholder engagement

The directors consider that the key stakeholders of the Company are those impacted by the inputs and outputs of the Company, specifically these are (in no particular order): customers, suppliers, employees, banks and financial institutions, government organisations and regulators. The Company, through the directors, engages with each stakeholder with the appropriate level of detail and frequency depending on their specific requirements and level of influence and interest. The directors use a variety of methods to do this, as described in the Director's report where, amongst other matters, we describe our Employee involvement and process for engaging with suppliers, customers and others. This has been particularly relevant during the Covid-19 pandemic where cooperation within the industry to ensure safe working practices has been essential.

Principal decisions

Principal decisions are those that are material to the Company and to the above stakeholder groups. During the financial year, the Company has taken a number of operational and strategic decisions that the directors consider are for the benefit of the Company, with a view to promoting its long-term success and sustainability. A specific example is the preparation and review of the annual budget, which drives the Company's long-term strategy. Regular reports are provided to the Viterra Agri Group chief executive officer and chief financial officer, which ensures alignment between the Company and Group in relation to operational and strategic decision making, by the directors. Further information is provided in the Directors' report.

Covid 19

At the time of signing the financial statements, the UK is still dealing with the Corona virus global pandemic. Since the start of the pandemic, we have taken on board the Government guidelines and recommendations. Being a key player in the UK feed and primary food supply industry we have managed to keep our supply chain operational during the lock down periods with the majority of our staff working from home and skeleton staff in the office. Social distancing measures are applied in the office by having staff working in their own office or at dispersed desks in the open plan area with appropriate partitioning.

The business has invested in equipment and resources to ensure that the impact on the business is minimal and together with its staff has demonstrated its adaptability, flexibility and resilience during the pandemic.

We must take this opportunity to thank all staff within the NHS, other key workers in other industries and indeed our own staff for the way they have responded in such difficult circumstances. Further details are provided in Note 25 "Subsequent Events".

Strategic report (continued)

Future prospects

The company is continually looking to build on the foundations laid 4 years ago with the diversification of the business and continues to add new products to its portfolio. As an essential supplier of primary food and feed products it is important that we adapt to the changes and challenges within the market to ensure that we are successful in meeting the demands of our customers and shareholders

Ensuring the capacity of our assets is able to meet the demand but operate efficiently and, above all, safely is one of our key goals. The investment in our own import and storage facility at Portland, together with the addition and expansion of other port facilities will ensure that we can cover the UK feed material market effectively and competitively for the future.

The business will continue to evaluate the impact on our sector of the new Agricultural and Environmental policies issued by the government which will reduce Direct Payments over the period 2021-2027.

A focus on transportation costs will help to protect the business against the challenges of rising prices and reduced availability. Together with a continued focus on our working capital, this will help to ensure that our business remains robust and able to withstand the challenges that the business, the sector and the wider economy face in the future.

By order of the Board

J D Maw
29 September 2021

Viterra UK Ltd.

Directors' report

The directors present the financial statements and auditor's report, for the year ended 31 December 2020.

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
J D Maw
S J Venn (appointed 3 October 2020)

Employee involvement

In order to consider the interests of employees in key decisions, regular contact and exchanges of information between directors, managers and staff are maintained through a variety of channels. These mainly take the form of departmental meetings, the formation of project teams, internal and external training, workshops, seminars and performance appraisals. Employees also have access to the Group intranet. An email is sent on an ad-hoc basis to staff, which provides updates on matters affecting the Company. The objective of such engagement is to maintain the best performance possible from the employees for the Company.

The Company seeks to employ the best staff in each of its departments, from trading and operations through to finance. Employees are integral to the success of the Company and performance is recognised accordingly. Please refer to note 6 for further details.

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 company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Engaging with suppliers, customers and others

During the financial year, the directors have endeavoured to foster the Company's mutually beneficial business relationships with suppliers, customers and others in a business relationship with the Company. This was achieved through positive interactions during meetings, written communication, telephone communications and site visits where necessary.

The Company's suppliers are mainly vendors based in the United Kingdom and provide goods and services to enable the Company to carry out its principal activities. The Company's customers are also mainly based in the United Kingdom although the Company is involved in exports to the EU and beyond, including to fellow Group companies.

The directors ensure that the Company acts responsibly, and in compliance with regulations, when sourcing commodities from internal and third-party suppliers.

The Company's supply chains include multinational, regional, national and local suppliers. Suppliers are critical partners to the Company's commitment to deliver value and to operate in a manner that is responsible, transparent and respects the human rights of all.

Viterra UK Ltd.

Directors' report (continued)

Engaging with suppliers, customers and others (continued)

The Group have set out expectations for ethical business practices, safety and health, human rights and environment in supplier standards, which apply to all of the Company's suppliers and which the directors expect to incorporate into the Company's supplier contracts. The Company undertakes due diligence of current and potential suppliers to understand their business practices and their compliance with Viterra's Code of Conduct. Further information is included on the Viterra website, available at www.viterra.com.

Corporate governance

The Company's is part of the Viterra Group ("the Group") and the company's activities are centered around grain merchanting and trading. Our values and Code of Conduct set out our commitment to operating in a transparent and responsible manner. We expect all employees in the group, contractors and suppliers to integrate this commitment into their working practices. Our public sustainability reporting provides an annual update on our progress against our sustainability ambitions, in accordance with the requirements of the Global Reporting Initiative (GRI). Each report gives considerable detail of our approach and performance across our material sustainability topics. Our sustainability reports are available on the Group's website. Viterra Corporate Practice is our governance framework that encompasses our corporate Values, Code of Conduct and corporate and operational policies (to be found at https://www.viterra.com/).

Viterra Corporate Practice represents our commitment to uphold good business practices, to apply Viterra's standards and policies to our activities and to meet or exceed applicable laws and external requirements. It provides clear guidance on the societal, environmental and compliance standards we expect all people who work for Viterra to meet.

Charitable and political contributions

During the year the Company made charitable donations of £1,962 (2019: £1,910), principally to local charities serving the communities in which Viterra UK Ltd operates.

Substantial shareholdings

The Company is a wholly-owned subsidiary of Plavax Limited, a subsidiary of Viterra Ltd, Jersey, (formerly Glencore Agriculture Ltd), a joint venture of which further details are shown at Note 24.

The shareholding of the Company at 31 December 2020 was as below:

Shares	**Name of holder**	**Number**	**Percent age held**
Ordinary shares of £0.01	Plavax Limited	99,300,000	100
Deferred shares of £1.00	Plavax Limited	300,000	100

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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 is funded by a group loan and uses an overdraft facility to meet its day to day working capital requirements. The Company's parent has guaranteed the overdraft facility and has confirmed it will continue to provide financial support for a period of at least 12 months. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, including the impact of Covid-19, 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 principle risks section in the 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 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. Deloitte LLP have expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

By order of the Board

JD Maw
Managing Director
29 September 2021

Viterra UK Ltd.

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). 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 all company financial information. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Viterra UK Ltd.

Independent auditor's report to the members of Viterra UK Ltd.

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Viterra UK Ltd. (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of changes in equity;
- the statement of financial position;
- the statement of cash flows; and
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law, and international accounting standards in conformity with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 Financial Reporting Council's (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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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Independent auditor's report to the members of Viterra UK Ltd. (continued)

Other information

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

Independent auditor's report to the members of Viterra UK Ltd. (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

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.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and pensions legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included environmental regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- Revenue transactions that occur close to period end and have a significant gross margin impact which contain complex terms and / or may be reversed subsequent to period end, including fair value measurements. In response, we have:
    - tested relevant controls surrounding the completeness and accuracy of trade capture and the revenue and trade cycle;
    - tested general IT controls surrounding major technology applications;
    - agreed, on a sample basis, deliveries occurring on or around 31 December 2020 between the trade book system and the relevant supporting documents to assess whether the IFRS revenue recognition criteria were met for recorded sales;
    - tested the accuracy of trades entered into around the reporting date within the trade book system by tracing and agreeing a sample of trades from their source documents to the trade book system; and
    - tested relevant internal controls over management's fair value measurement processes and performed detailed substantive testing of the related fair value measurements on a sample basis.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Independent auditor's report to the members of Viterra UK Ltd. (continued)

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.

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.

Gordon Whiley

Gordon Whiley (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK
30 September 2021

Viterra UK Ltd.

Statement of Comprehensive Income
For the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Revenue	4	342,111	356,163
Cost of sales		(332,091)	(348,765)
Gross profit		10,020	7,398
Administrative expenses	5, 6	(5,168)	(5,630)
Operating profit		4,852	1,768
Finance income	7	60	-
Finance costs	8	(490)	(592)
Profit before tax		4,422	1,176
Income tax	9	(552)	(346)
Profit for the year	5	3,870	830

Other Comprehensive Income:

Items that will not be reclassified subsequently to profit or loss:

		2020 £'000	2019 £'000
Remeasurement of defined benefit pension liability		(1,387)	(2,409)
Tax credit/(charge) arising on remeasurement		80	426
Other comprehensive expense for the year net of tax		(1,307)	(1,983)
Total comprehensive income/(expense) for the year		2,563	(1,153)

Profit for the year is generated entirely from continuing operations.

Viterra UK Ltd.

Statement of changes in equity
Year ended 31 December 2020

	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 31 December 2018	1,293	9,503	10,796
Profit for the year	-	830	830
Actuarial losses through other comprehensive income, net of tax	-	(1,983)	(1,983)
Balance at 31 December 2019	1,293	8,350	9,643
Profit for the year	-	3,870	3,870
Actuarial losses through other comprehensive income, net of tax	-	(1,307)	(1,307)
Balance at 31 December 2020	1,293	10,913	12,206

Viterra UK Ltd.
Company Registration No. 00961989

Statement of financial position as at 31 December 2020

	Notes	2020 £'000	2019 £'000
Non-current assets			
Property, plant and equipment	11	17,040	7,854
Deferred tax asset	17	949	726
Derivative financial instruments	16	448	189
		18,437	8,769
Current assets			
Inventories	13	48,086	53,071
Trade and other receivables	14	65,255	34,140
Derivative financial instruments	16	10,209	8,543
Cash and bank balances		91	216
		123,641	95,970
Total assets		142,078	104,739
Current liabilities			
Trade and other payables	18	(79,304)	(83,297)
Bank loans and overdrafts	15	(24,261)	-
Current portion of lease liabilities	21	(96)	(94)
Derivative financial instruments	16	(12,718)	(4,923)
Current tax payable		(264)	(335)
		(116,643)	(88,649)
Net current assets		25,435	7,321
Non-current liabilities			
Retirement benefit liability	22	(3,356)	(3,282)
Lease liabilities	21	(9,808)	(3,157)
Derivative financial instruments	16	(65)	(8)
Total liabilities		(129,872)	(95,096)
Net assets		12,206	9,643
Equity			
Share capital	19	1,293	1,293
Retained earnings		10,913	8,350
Total equity		12,206	9,643

The financial statements were approved by the Board of Directors and authorised for issue on 29 September 2021.

They were signed on its behalf by:

J D Maw
Director

Viterra UK Ltd.

Statement of cashflows
Year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Operating activities			
Operating profit		4,852	1,768
Depreciation of property, plant and equipment	11	664	479
Loss on disposal of fixed assets		3	-
Actuarial gains included in operating profit		(1,377)	-
Operating cash flows before movements in working capital		4,142	2,247
Decrease in inventories	13	4,985	13,898
Increase in receivables		(33,040)	(4,767)
Increase / (decrease) in payables		3,859	(9,752)
Cash (used) / generated by operations		(20,054)	1,626
Interest paid		(150)	(574)
Income taxes paid		(765)	(404)
Net cash from operating activities		(20,969)	648
Investing activities			
Purchases of property, plant and equipment	11	(3,232)	(217)
Proceeds from disposal of fixed assets		36	-
Net cash used in investing activities		(3,196)	(217)
Financing activities			
Repayment of borrowings and leasing liabilities (IFRS 16)	11	(221)	-
Net cash used in financing activities		(221)	-
Net (decrease) / increase in cash and cash equivalents		(24,386)	431
Cash and cash equivalents at the beginning of year		216	(215)
Cash and cash equivalents at the end of year		(24,170)	216

Cash and cash equivalents represent the net of cash of £91k (2019: £216k) and bank loans and overdrafts of £24,261k (2019 Nil). There are no other financing liabilities.

1. General information

Viterra UK Ltd., (the 'Company') is a private company limited by shares 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.

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") effective as of 31 December 2020.

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, 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 as they are all immaterial.

Adoption of new and revised Standards

Amendments to IAS 1 and IAS 8 – Definition of material

The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has been featured elsewhere in IFRS Standards, and ensures that the definition of material is consistent across all IFRS Standards. Information is considered material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

These amendments did not have a material impact on the Company.

Revised standards not yet effective

At the date of the authorisation of these financial statements, the following revised IFRS standards, which are applicable to the Company, were issued but not yet effective:

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) – effective for year ends beginning on or after 1 January 2021.

This adoption will not have a material impact on the Company's financial statements.

2. Accounting policies (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 triennially. The Company is funded by a group loan and uses an overdraft facility to meet its day to day working capital requirements. The Company's parent has guaranteed the overdraft facility and has confirmed it will continue to provide financial support for a period of at least 12 months. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, including the impact of Covid-19, 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 derived principally from the sale of goods and in some instances the goods are sold on Cost and Freight (CFR) or Cost, Insurance and Freight (CIF) Incoterms. When goods are sold on a CFR or CIF basis, the Company is responsible for providing these services (shipping and insurance) to the customer, sometimes after the date at which Company has lost control of the goods. Revenue is recognised when the performance obligations have been satisfied, which is once control of the goods and/or services has transferred from Company to the buyer. Revenue is measured based on consideration specified in the contract with a customer and excludes amounts collected on behalf of third parties. The same recognition and presentation principles apply to revenues arising from physical settlement of forward sale contracts that do not meet the own use exemption. Revenue also includes mark-to-market movements on physical forward sales contracts that do not meet the own use exemption.

Revenue related to the sale of goods is recognised when the product is delivered to the destination specified by the customer, which is typically the vehicle on which it is transported, the destination port or the customer's premises and the buyer has gained control through their ability to direct the use of and obtain substantially all the benefits from the asset. Mark-to-market gains and losses on such contracts, prior to physical delivery are presented in revenue.

Revenue related to the provision of shipping and insurance related activities is recognised over time as the service is rendered.

Leasing

As of 1 January 2019, the Company has adopted IFRS 16 Leases. The Company recognises a right-of-use asset and a corresponding lease liability at the lease commencement date if a contract is or contains a lease. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not yet paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses the Groups incremental borrowing rate as the discount rate.

2. Accounting policies (continued)

Leasing (continued)

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

For short term leases (lease term of twelve months or less) and leases of low-value assets, the Company has opted to recognise a lease expense on a straight-line method as permitted by IFRS16. This lease expense is presented within cost of goods sold and selling and administrative expenses in the statement of income.

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.

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.

2. Accounting policies (continued)

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.

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.

Assets under construction are held in the balance sheet at cost less any accumulated impairment losses until in use by the business at which point they are re-categorised and depreciated.

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

2. Accounting policies (continued)

Property, plant and equipment (continued)

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 less costs to sell. 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 statement of financial position 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.

The Company applies the simplified approach to measure the loss allowance for trade receivables classified at amortised cost, using the lifetime expected loss provision. The expected credit losses on these financial assets is estimated using a provision matrix by reference to past default experience and an equivalent credit rating, adjusted as appropriate for current observable data and forward-looking information.

The Company considers an event of default has materialised and the financial asset is credit impaired when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay the Company without taking into account any collateral held by the Company or if the financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

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.

2. Accounting policies (continued)

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 carried at fair value through profit and loss, 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 Company'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.

4. Revenue

Continuing operations	2020 £'000	2019 £'000
Revenue from sales of commodities	329,532	342,025
Haulage and freight	12,579	14,138
	342,111	356,163

Revenue is derived principally from the sale of commodities and is measured based on consideration specified in the contract with the customer together with the movements in fair value of related derivative instruments. Revenue from sales of commodities excludes amounts collected on behalf of third parties. Revenue derived from freight, storage and other services is recognised over time as the service is rendered.

Geographical information	2020 £'000	2019 £'000
UK	285,848	250,775
Europe	56,263	105,388
	342,111	356,163

5. Profit for the year

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

	2020 £'000	2019 £'000
Depreciation of property, plant and equipment – owned	462	343
Depreciation of property, plant and equipment – Right of use assets	202	136
Fair value loss/(profit) on derivative financial instruments	4,433	(3,568)
Fair value (increase)/decrease in inventories	(3,009)	3,839
Gain due to closure of pension scheme from future accrual	(1,377)	-
Auditor's remuneration		
- for the auditing of the financial statements	84	79
- taxation compliance services	10	10
Staff costs (see note 6)	3,433	3,789

Notes to the financial statements (continued)
Year ended 31 December 2020

6. Directors' and staff costs

The average monthly number of employees (including executive directors) was:	**2020 No.**	**2019 No.**
Trading activities	23	23
Administrative activities	26	25
	49	48
	£'000	**£'000**
Their aggregate remuneration comprised:		
Wages and salaries	3,432	2,762
Social security costs	411	311
Gain due to closure of pension scheme from future accrual	(1,377)	-
Other pension costs	967	716
	3,433	3,789

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*.

	2020 £'000	**2019 £'000**
Short-term employee benefits	398	399
Post-employment benefits	3	-
	401	399

The above table reflects the total remuneration of directors.

7. Finance income

	2020 £'000	**2019 £'000**
Interest received from Group companies	15	-
Interest received other	45	
	60	-

8. Finance costs

	2020 £'000	2019 £'000
Interest on bank overdrafts and loans	26	10
Foreign exchange losses	21	19
Interest expense lease obligations	216	126
Interest expense other	64	17
Interest payable to Group companies	163	420
	490	592

9. Income tax

	2020 £'000	2019 £'000
Current tax charge	695	282
Current tax adjustment in respect of prior years	-	30
	695	312
Deferred tax (note 17)	(143)	34
	552	346

Corporation tax is calculated at 19% (2018: 19%) of the estimated assessable profit for the year. In the March 2021 budget the chancellor confirmed an increase in the corporation tax rate to 25% with effect from 1 April 2023. No adjustment has been made in these financial statements following this announcement.

In addition to the above movements, there is a deferred tax credit of £80k (2019: tax credit £427k) relating to retirement benefits taken to other comprehensive income in the year.

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

	2020 £'000	2020 %	2019 £'000	2019 %
Profit before tax:	4,422		1.176	
Tax at the UK corporation tax rate of 19% (2019: 19%)	840	19.00	223	19.00
Tax effect of items that are not deductible in determining taxable profit	(199)	(4.50)	59	5.02
Effect of change in UK corporation tax rate	(19)	(0.46)	-	-
Losses surrendered by Group companies	(70)	(1.60)	-	-
Current tax adjustment in respect of prior year	-	-	64	5.40
Tax charge and effective tax rate for the year	552	12.49	346	17.12

10. Dividends

No dividends were paid in 2020 (2019: None).

Notes to the financial statements (continued)
Year ended 31 December 2020

11. Property, plant and equipment

	Assets under construct	Right-of-use assets	Long Leasehold	Plant and machinery	Office equipment, fixtures and fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 January 2019	-	-	3,400	1,516	1,218	6,134
Additions	72	3,342	-	94	51	3,559
At 31 December 2019	72	3,342	3,400	1,610	1,269	9,693
Additions	2,734	6,658	-	403	95	9,890
Disposals	-	-	-	(57)	(9)	(66)
At 31 December 2020	2,806	10,000	3,400	1,956	1,355	19,517
Depreciation						
At 1 January 2019	-	-	122	432	806	1,360
Charge for the year	-	136	74	160	109	479
At 31 December 2019	-	-	196	592	915	1,839
Charge for the year	-	202	74	279	109	664
Disposals	-	-	-	(18)	(8)	(26)
At 31 December 2020	-	338	270	853	1,016	2,477
Carrying amount						
At 31 December 2019	72	3,206	3,204	1,018	354	7,854
At 31 December 2020	2,806	9,662	3,130	1,103	339	17,040

Long leasehold comprises the warehouse in Portland acquired in 2017 for which the lease expires in 2063.

12. Investments

	2020	2019
	£	£
Grainman Limited	1	1
At 31 December	1	1

Grainman Limited is a dormant company, incorporated in the United Kingdom. The Company owns 100% of the voting interest and power in Grainman Limited. Its registered address is Warren House, Bell Lane, Thame, Oxon OX9 3AL.

13. Inventories

	2020 £'000	2019 £'000
Stock of commodities held	48,086	53,071

There is no material difference between the balance sheet value of stocks and their replacement cost. Fair value of inventories is a Level 2 fair value measurement (see note 16) using observable market prices obtained from exchanges, traded reference indices or market survey services adjusted for relevant location and quality differentials. There are no significant unobservable inputs in the fair value measurement of such inventories.

14. Trade and other receivables

	2020 £'000	2019 £'000
Amounts receivable for the sale of goods	40,342	32,757
Prepayments	2,947	1,383
Amount receivable from Group Companies	21,966	-
	65,255	34,140

The average credit period taken on sales of goods is 34 days (2019: 30 days). The directors consider that the carrying amount of trade and other receivables approximates their fair value. No provision has been made for expected credit loss due to its immateriality, £7k (2019: £23k).

The amount due from Group Companies is a short term interest bearing loan that was repaid in February 2021.

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 0.3% (2019: 2.0%) 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 loans and overdrafts

	2020 £'000	2019 £'000
Bank loan	24,261	-

The company entered into a short term borrowing facility with the bank on 9 December 2020. This facility is subject to a parent guaranteed by Viterra Limited (Jersey). The loan was repaid in early 2021.

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:

	2020 £'000	2019 £'000
Financial assets		
Commodity trading contracts	8,765	5,965
Forward foreign exchange contracts	1,892	2,767
	10,657	8,732
Financial liabilities		
Commodity trading contracts	11,073	3,692
Forward foreign exchange contracts	1,710	1,239
	12,783	4,931

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 loss of £4,581k (2019: profit £1,872k).

A 10% reduction in prices would have had the effect of increasing the profit on commodity trading contracts by £10,553k (2019: increasing profit by £5,402k).

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 £1,346k (2019: profit of £1,696k).

A 10% reduction in foreign exchange rates would have had the effect of increasing the profit by £933k (2019: decreasing the profit by £235k).

16. Derivative financial instruments (continued)

Liquidity risk

Through the use of a bank overdraft, short-term bank loan facility 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 a short term bank loan, 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 2020	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Derivative instruments	10,209	448	-	-
Trade and other receivables	65,255	-	-	-

At 31 December 2019	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Derivative instruments	8,543	189	-	-
Trade and other receivables	34,140	-	-	-

16. Derivative financial instruments (continued)

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 2020	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Derivative instruments	4,923	8	-	-
Trade and other payables	79,304	-	-	-
Bank loans and overdrafts	24,261	-	-	-
At 31 December 2019				
Derivative instruments	12,718	65	-	-
Trade and other payables	83,297	-	-	-
Bank overdraft and overdrafts	-	-	-	-

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 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at FVTPL				
Derivative financial assets	1,892	8,765	-	10,657
Financial liabilities at FVTPL				
Derivative financial liabilities	1,710	11,073	-	12,783
At 31 December 2019				
Financial assets at FVTPL				
Derivative financial assets	2,767	5,965	-	8,732
Financial liabilities at FVTPL				
Derivative financial liabilities	1,239	3,692	-	4,931

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 2019	333
(Debit) to profit or loss	(34)
Movement to other comprehensive income (retirement benefits)	427
At 31 December 2019	726
Credit to profit or loss	143
Movement to other comprehensive income (retirement benefits)	80
As 31 December 2020	949

The deferred tax asset consists of temporary differences arising on the deferred pension benefit obligation (2020:£638k, 2019:£558k), together with the weight loss provisions on inventory (2020: £275k, 2019: £85k) and fixed asset timing differences (2020: £36k, 2019: £83k).

18. Trade and other payables

	2020 £'000	2019 £'000
Trade payables (incl. trade accruals)	32,292	28,763
Amounts payable to fellow subsidiary companies	45,224	53,321
Accrued expenses	1,788	1,213
	79,304	83,297

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 42 days (2019: 35 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 the fellow subsidiary company at Libor + 1%.

19. Share capital

	2020 £'000	2019 £'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.

20. Contingent liabilities

Guarantees	2020 £'000	2019 £'000
Bank Guarantee placed with the Pension Protection Fund	3,000	3,000
Performance related payments to former shareholders of Mercury Commodities Limited	92	31

21. Leases

The Company as lessee

	2020 £'000	2019 £'000
Minimum lease payments under leases recognised as an expense in the year	18	17

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

	2020 £'000	2019 £'000
Within one year	446	214
In the second to fifth years inclusive	1,785	685
After five years	15,912	5,811
	18,143	6,710

Lease payments represent rentals payable by the Company for leasehold land, office property and contract car hire. The lease for the leasehold land expires in 2063, lease on the office property has been re-negotiated and extended for a term of ten years ending February 2022; rentals are fixed for five years.

As at 31 December, the net book value of recognized right-of-use assets was £9,662k (note 11). The amount charged to the statement of comprehensive income in relation to depreciation was £1,202k; in relation to interest of lease liabilities was £216k. Total lease liabilities were £9,904k, of which £96k was current and £9,808k was non-current.

22. Retirement benefit schemes

Defined benefit schemes

Up until 30 April 2020 the Company operated a defined benefit scheme for qualifying employees of Viterra UK ltd. The scheme was closed to futures accrual from 1 May 2020 and all active members have been transferred to a defined contribution pension scheme.

Under the defined benefit 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 full actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 December 2018 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:

	2018 £'000	2015 £'000
Present value of defined benefit obligations	22,838	18,168
Fair value of scheme assets	20,055	16,066
(Deficit)	(2,783)	(2,102)

22. Retirement benefit schemes (continued)

Defined benefit schemes (continued)

In light of the results of the triennial valuation at 31 December 2018 which indicated an initial deficit of £2,783k, the Company decided to cease future accrual after 30 April 2020. This decision reduced the Present value of defined benefit obligations from £22,838k to £21,966 and the deficit to £1,911. An employee consultation was carried out and the decision to cease future accrual was implemented with effect from 1 May 2020.

Trustees agreed with the Employer that contributions of 30.4% of Pensionable Salaries (as last year) would be paid from 1 January to 30 April 2020. Additional annual contributions of £205,000 will be paid by the Employer by 31 October 2020 for the period from 1 January 2019 to 30 April 2020 and £205,000 each year for the period from 1 May 2020 to 30 June 2025 by 31 March each year. These contributions are expected to eliminate the shortfall by 30 June 2025.

Additional contributions will be increased on a "profit share" basis if Company profits are in the range of £1-3 million (5%) and over £3 million (10% on the excess over £3 million).

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

	Valuation at	
	2020	**2019**
	%	**%**
Key assumptions used:		
Discount rate	1.4%	2.1%
Expected return on scheme assets	1.4%	2.1%
Expected rate of salary increases	2.8%	4.2%
Future LPI (5% capped) pension increases	2.8%	3.2%

Mortality assumptions are based on the latest available standard mortality tables for the individual countries concerned. As at 31 December 2020, these tables imply expected future life expectancy, for employees aged 65, 90.1 years for males (2019: 90.1) and 91.5 years for females (2019: 91.5).

Sensitivity of the value placed on liabilities:

	2020	**2019**
	£'000	**£'000**
Discount rate +1%	5,305	4,982
Discount rate -1%	(7,195)	(6,757)
Salary increases +1%	-	(1,606)
Salary increases -1%	-	1,362
RPI and CPI inflation +1%	(3,313)	(2,760)
RPI and CPI inflation -1%	3,313	3,045
Life expectancy – increase in longevity by one year	(896)	(827)

22. Retirement benefit schemes (continued)

Defined benefit schemes (continued)

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

	2020 £'000	2019 £'000
Current service cost	219	425
Interest on liabilities	550	618
Interest on assets	(486)	(602)
	283	441

The actual return on scheme assets was £1,783k (2019: £2,869k).

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

	2020 £'000	2019 £'000
Present value of defined benefit obligations	28,630	26,418
Fair value of scheme assets	(25,274)	(23,137)
Liability recognised in the balance sheet	(3,356)	(3,281)

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

	2020 £'000	2019 £'000
At 1 January	(26,418)	(20,828)
Service cost	(219)	(425)
Interest cost	(550)	(618)
Contributions from scheme members	(30)	(92)
Actuarial gains and losses	(2,683)	(4,676)
Plan amendments: future accrual closure	1,030	-
Benefits paid	240	221
At 31 December	(28,630)	(26,418)

22. Retirement benefit schemes (continued)

Defined benefit schemes (continued)

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

	2020 £'000	2019 £'000
At 1 January	23,137	20,055
Expected return on scheme assets – Interest on assets	486	602
Actuarial gains and losses	1,296	2,267
Contributions from the sponsoring company	647	515
Contributions from scheme members	30	92
Benefits paid	(240)	(221)
Expenses paid	(82)	(173)
At 31 December	25,274	23,137

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	
	2020 %	2019 %	2020 £'000	2019 £'000
Equity instruments	2.1%	3.0%	12,619	11,939
Government bonds	0.5%	1.0%	1,871	7,940
Corporate bonds	1.25%	1.7%	9,329	1,914
Real Estate/Property	1.5%	1.8%	934	966
Cash	-	-	521	378
	1.4%	2.1%	25,274	23,137

Scheme liabilities comprises of accrued expenses of the scheme such as investment management charges, audit fees etc.

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

22. Retirement benefit schemes (continued)

Defined benefit schemes (continued)

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

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Present value of defined benefit obligations	(28,630)	(26,418)	(20,828)	(23,365)	(22,613)
Fair value of scheme assets	25,274	23,137	20,055	22437	21,070
Deficit in the scheme	(3,356)	(3,281)	(773)	(928)	(1,543)
Experience adjustments on scheme liabilities					
Amount (£)	(2,683)	(4,676)	1,775	(826)	(3,384)
Percentage of scheme liabilities (%)	9.4%	17.7%	(8.5)%	3.5%	14.9%
Experience adjustments on scheme assets					
Amount (£)	1,296	2,267	(1,459)	1,568	4,029
Percentage of scheme assets (%)	5.1%	9.8%	(7.3)%	7.0%	19.1%

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 plan's 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.

23. Related party transactions

Transactions between the Company and its related parties, being other entities within the Viterra group and Glencore International AG, are disclosed below.

	Sale of goods		Purchases		Amounts owed by related parties		Amounts owed to related parties	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Viterra BV	30,894	28,685	61,076	116,390	21,966	-	44,381	53,321
Viterra Espana SA	-	3,603	-	-			-	-
Viterra Chartering BV	-	-	142	-	-	-	140	-
Viterra Polska SP. ZO.O	-	-	1,817	1,346	-	-	703	-
	30,894	32,288	63,035	117,736	21,966	-	45,224	53,321

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. Ultimate parent Company and controlling party

Viterra UK Ltd. is wholly owned by Plavax Limited, a subsidiary of Viterra Limited (previously Glencore Agriculture Ltd). Both Plavax Limited and Viterra Limited are incorporated in Jersey. Viterra 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:

Plavax Limited, 26 New Street, St Helier, JE2 3RA, Jersey

Viterra Limited, 3rd Floor, 44 Esplanade, St Helier, JE4 9QG, Jersey

25. Subsequent events

At the date of signing the financial statements, the United Kingdom is in the grip of the global Covid 19 pandemic. It is difficult to assess the full impact of this unprecedented crisis in the longer term however currently Covid 19 is not having a material impact on our business and we are operating "normally", albeit with a proportion of our staff are working from home. This pandemic is not considered to represent a significant risk to our use of the going concern assumption.

Recent updates from our industry and the economy as a whole indicate that haulage capacity and related cost will continue to be a challenge in the coming months. A reduction in the haulage workforce has led to a shortage of competitively priced transport and the business is focused on ensuring that the impact of this is minimized as far as possible.