CARGILL FINANCIAL MARKETS PLC

FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2002

Registered Number 2496185

CARGILL FINANCIAL MARKETS PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 May 2002

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DIRECTORS' REPORT

The directors submit their annual report and the audited financial statements for the year ended 31 May 2002.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for that year.

The directors confirm that appropriate accounting policies have been agreed and applied consistently, and reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements for the year ended 31 May 2002. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They have a general responsibility for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BUSINESS REVIEW

The company's principal activity continues to be the proprietary trading of fixed income and equity securities and related financial instruments. The company has had a successful year and has recorded a profit for the financial year of $44,903,000 (2001: restated profit of $47,981,000). The directors look forward to another successful year.

The company is regulated by the Financial Services Authority.

DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The company uses financial instruments both to take on and to hedge risk in the normal course of its trading activities. Instruments traded include sovereign and corporate bonds, equities, exchange traded and over-the-counter (OTC) derivative instruments including swaps, forwards, futures, options and structured notes, and trade finance instruments. A number of these instruments have a risk of loss which exceeds their reported values in the company's balance sheet.

Some of the company's trading strategies are directional in nature whilst other strategies may be entered into to take advantage of perceived differences in the relative value of similar instruments where their prices are expected to converge or diverge.

DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS continued

The nature of the trading business is dynamic. The fixed/floating split and maturity profile of trading instruments is disclosed, but these instruments may be traded at any time in response to market fluctuations and perceived trading opportunities. The company does not impose specific limits on these aspects of its asset and liability profile; rather positions are subject to risk and debt utilisation limits.

Risk management

The Cargill Risk Management and Financial Solutions Platform, of which the company is a part, employs a risk management group with staff in London, Geneva, Minneapolis and Singapore, which is responsible for monitoring risk against limits determined by senior management. Limits are established for market risk, credit exposure and cross-border exposure, with sub-limits by geography and product type where appropriate. The risk management group operates independently of the trading groups and reports to Cargill's global Financial Risk Committee, which is based at the Cargill headquarters in Minneapolis.

Market risk

All financial instruments are subject to market risk, the potential change in value caused by changes in interest rates, foreign exchange rates, credit spreads, liquidity or the market price of another underlying instrument. Taking market risk is fundamental to the trading business. The company's trading and risk management personnel seek to identify all such risks in the portfolio, so that those risks, which are not hedged, are the result of deliberate trading decisions. Market risk limits are set and may only be exceeded with the approval of the Financial Risk Committee.

Interest rate risk

Interest rate risk takes many different forms. In the company's trading activities outright interest rate risk arises from holding fixed rate assets and liabilities whose market value changes in line with prevailing market yields. In addition the company is exposed to other forms of interest rate risk, including yield curve risk (that is the relationship between yields of instruments of different maturity), swap spread risk (between yields of swaps and sovereign bonds of the same currency and maturity) and various basis risks (between yields of similar instruments, different instruments with similar properties, or a derivative product and its underlying instrument).

The company actively manages its interest rate risk through the use of interest rate futures, swaps, options and fixed rate financing. The company has not set explicit guidelines on the proportion of its assets and liabilities, which may be floating rate; this proportion will vary depending on the instruments involved and management's expectation of interest rate movements. The interest rate risk profile of the company as at 31 May 2002 and 31 May 2001 is shown in note 22 (a) and (b).

DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS continued

Currency risk

Currency risk arises from trading instruments denominated in a number of emerging and developed market currencies. Where taking currency exposure is not part of the motivation for a trade, that exposure will be hedged by using forward FX transactions or by funding in the underlying currency of the assets involved. At times the company may enter trades specifically to take on currency exposure, where this is identified as a trading opportunity. The company's currency exposure as at 31 May 2002 and 31 May 2001 is shown in note 22 (c).

Credit risk

Credit risk is the risk of loss due to non-performance by issuers, trading counterparties and other obligors. All trading activity may only take place with approved counterparties. Where trading gives rise to, or may in the future give rise to, a credit exposure there must be a pre-established credit limit. Credit exposures are monitored against limits. For off-balance sheet instruments the company also monitors potential future exposure, that is where an instrument with zero or negative value to the company may give rise to a positive value and consequent credit exposure due to market movements.

Cross-border risk

Cross-border risk arises where the company holds assets and liabilities in different countries, such that the company's ability to transfer assets across national borders or convert one currency to another may be restricted by sovereign action. The company imposes limits on its cross-border exposure to emerging market countries. On occasion the company may purchase or issue financial instruments which specifically mitigate or give rise to cross-border risk.

Liquidity risk

Under certain market conditions the company's ability to liquidate certain of its trading and investment positions may be limited. The company attempts to fund its trading and investment operations in such a way as to match the liquidity profile of its trading and investment assets. The maturity profile of the company's financial liabilities as at 31 May 2002 and 31 May 2001 is shown in note 22 (d) and the undrawn committed borrowing facilities available to the company as at those dates are shown in note 22 (e).

DIVIDENDS

An interim dividend of $24,206,000 (2001: $Nil) was paid, $14,206,000 from the profit and loss account and $10,000,000 from other distributable reserves. A final dividend of $31,794,000 (2001: $Nil) has been proposed for the year.

BRANCH OFFICES

The company operates a branch office in Tokyo, Japan.

DIRECTORS' REPORT

Continued

AUDITORS

KPMG Audit Plc have expressed their willingness to continue in office as auditors. In accordance with Section 385 of the Companies Act 1985, a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

SUPPLIERS

The company aims to pay all of its creditors promptly. It is the company's policy to agree the terms of the payment at the start of business with that supplier, ensure that suppliers are aware of the terms of payment, and to pay in accordance with contractual and other legal obligations.

The company had 26 days purchases outstanding as at 31 May 2002 based on the average difference between invoice date and payment date during the year.

DIRECTORS AND DIRECTORS' INTERESTS

The directors during the year were as follows:

	Appointed	Resigned
J C Reynolds	26 April 1990	31 May 2002
D P L Corridan	30 April 1990	
J K Llewelyn	1 June 1998	
R G Ward	1 February 1999	
C J Kempenaar	30 November 2000	
J G M de Jong	4 December 1997	26 July 2001

According to the register of directors' interests, no director had a beneficial interest in the shares of the company nor of any group companies during the year.

By Order of the Board

R G Ward
Director
26 August 2002

Knowle Hill Park
Fairmile Lane, Cobham
Surrey KT11 2PD

REPORT OF THE INDEPENDENT AUDITORS KPMG AUDIT PLC
TO THE MEMBERS OF CARGILL FINANCIAL MARKETS PLC

We have audited the financial statements on pages 6 to 27

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 1, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and transactions with the company is not disclosed.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in 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 May 2002 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London 26 August 2002

PROFIT AND LOSS ACCOUNT

for the year ended 31 May 2002

	Notes	2002 $000	Restated 2001 $000
Net trading income	3	**86,675**	95,526
Administrative expenses		**(34,395)**	(34,668)
Other operating income		**11,928**	11,648
Profit on ordinary activities before taxation	6	**64,208**	72,506
Taxation on profit on ordinary activities	9	**(19,305)**	(24,525)
Profit for the financial year	16	**44,903**	47,981
Dividend paid		**(14,206)**	-
Dividend proposed		**(31,794)**	-
		(46,000)	-
Retained (loss)/profit for the financial year		**(1,097)**	47,981

The above income and expenditure has been derived from continuing activities.

The prior year charge for taxation has been restated as set out in note 2.

The notes on pages 9 to 27 form an integral part of these financial statements

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 May 2002

	Note	2002 $000	Restated 2001 $000
Profit – recognised gains and losses for the financial year		**44,903**	47,981
Prior year adjustment	2	**4,994**	-
Total gains and losses recognised since last annual report		**49,897**	47,981

The notes on pages 9 to 27 form an integral part of these financial statements.

BALANCE SHEET

at 31 May 2002

	Notes	2002 $000	Restated 2001 $000
Investments	10	**10,310**	10,310
Current assets			
Debtors	11	**2,128,355**	3,198,045
Securities	12	**1,436,990**	1,293,301
Cash at bank and in hand		**1,196**	359
		3,566,541	4,491,705
Creditors: amounts falling due within one year	13	**(3,276,737)**	(4,202,450)
Net current assets		**289,804**	289,255
Creditors: amounts falling due after more than one year	14	**(20,686)**	(9,040)
Net assets		**279,428**	290,525
Capital and reserves			
Called up share capital	15	**261,325**	261,325
Profit and loss account	16	**18,103**	19,200
Other reserves	16	**-**	10,000
Shareholders' funds	17	**279,428**	290,525

Approved by the Board of Directors and signed on its behalf on 26 August 2002.

R G Ward (Director)

The notes on pages 9 to 27 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied in the preparation of these accounts.

(a) Basis of accounting:

(i) The accounts have been prepared under the historical cost convention, except as noted in (b) below, and in accordance with applicable accounting standards. During the year the company adopted the provisions of the following UK Financial Reporting Standards: FRS 17: Retirement benefits; FRS 18 Accounting policies; and FRS 19 Deferred tax. FRS 17 and FRS 18 require additional disclosures, whilst the adoption of FRS 19 has resulted in a change in accounting policy, as noted below.

(ii) Turnover, cost of sales and gross profit (as prescribed in the Companies Act 1985) do not have any meaningful equivalents in a financial markets business and are therefore not included.

(iii) Trading income comprises the net profit arising from positions held in securities, net interest and net dividends earned by those securities after charging funding costs.

(iv) The directors consider that the functional currency of the company is the US dollar. The financial statements have therefore been prepared in that currency.

(v) The company has taken advantage of the exemption granted under Section 228 of the Companies Act 1985, which permits the company not to prepare group accounts, as the company is a wholly-owned subsidiary of Cargill Holdings, a UK company which produces consolidated financial statements.

(b) Valuation of securities, derivative instruments and financing instruments:

Securities are accounted for on a trade date basis. Trading securities, derivative instruments and financing instruments are valued at the market price ruling at the balance sheet date; resultant profits or losses are taken to the profit and loss account. Where independent prices are not available, market values may be determined by discounting the expected future cash flows using an appropriate interest rate adjusted for the credit risk of the counterparty. In addition, adjustments are made for illiquid positions where appropriate. This policy for recognising profits and losses is at variance with the requirements of the Companies Act 1985, for all amounts to be stated in the balance sheet at the lower of cost and net realisable value. However, the directors consider that this policy is necessary to satisfy the overriding requirement that the accounts show a true and fair view of the results of the company, since the performance of the company in any period is only properly measured by reference to market values. It is not practicable to quantify the effect on the accounts of these departures, since information on original cost, being of no continuing relevance to the business, is not readily available.

(c) Investments:

Investments in subsidiary undertakings are stated at the lower of cost and recoverable amount.

(d) Interest income and expense:

Interest income and expense are recognised on an accruals basis.

1. PRINCIPAL ACCOUNTING POLICIES continued

(e) Foreign exchange:

Transactions denominated in foreign currencies are translated into US dollars and recorded at the rate of exchange ruling at the date of the transaction. Balances denominated in foreign currencies are translated into US dollars at the exchange rates ruling at the balance sheet date. Forward foreign exchange contracts, other than those relating to loans and deposits, are valued at market foreign exchange rates applicable to their respective maturities at the balance sheet date. Forward foreign exchange contracts relating to loans and deposits are valued at market interest rates applicable to their respective maturities at the balance sheet date. Unrealised exchange gains and losses are taken to the profit and loss account for the reasons set out in (b) above. Exchange gains and losses are not separately identified since they are an intrinsic component of net trading income and such disclosure would be meaningless.

(f) Deferred taxation:

Provision is made for deferred taxation, using the liability method, on all timing differences that have originated but not reversed by the balance sheet date. A deferred tax asset is recognised to the extent it is regarded as recoverable

(g) Pensions:

The charge to the profit and loss account in respect of pension and post retirement medical expenses is determined independently by actuarial valuation and spreads the cost over the service lives of the employees. Any difference between the charge to the profit and loss account and the contributions paid to the scheme is included in the balance sheet as an asset or liability.

(h) Cash flow statement:

The company has not prepared a cash flow statement as it is included in the consolidated accounts of Cargill Holdings, a company registered in England and Wales and which publishes a consolidated cash flow statement in its own financial statements.

(i) Operating leases:

Rentals paid under operating leases are charged to the profit and loss account as they fall due.

2. PRIOR YEAR ADJUSTMENT

Prior year numbers have been restated for the effects of the implementation of the company's new accounting policy on deferred tax in accordance with FRS 19 (see notes 11, 16 and 17). The company has therefore changed from the partial method of accounting for deferred taxation to the full provision method.

This change in accounting policy has resulted in a prior year adjustment to reserves of $4,994,000 thereby restating opening shareholders' funds from $285,531,000 to $290,525,000.

NOTES TO THE FINANCIAL STATEMENTS

continued

3. NET TRADING INCOME

	2002	2001
	$000	$000
Trading gains	**75,974**	69,636
Interest receivable and similar income	**216,480**	238,657
Interest payable and similar charges		
Interest payable on bank loans and overdrafts	**(93)**	(282)
Interest payable on other loans	**(205,686)**	(212,485)
Net trading profit	**86,675**	95,526

Interest income includes interest receivable from group undertakings of $365,000 (2001: $1,674,000).

Interest expense includes interest payable to group undertakings of $616,000 (2001: $3,409,000).

4. STAFF NUMBERS AND COSTS

The average number of persons employed by the company during the year was 61 (2001:69).

The aggregate payroll costs of these persons were as follows:

	2002	2001
	$000	$000
Wages and salaries	**23,874**	24,650
Social security costs	**2,463**	2,005
Other pension costs	**691**	636
	27,028	27,291

5. DIRECTORS' EMOLUMENTS

The aggregate of emoluments and amounts receivable under the long term incentive scheme of the highest paid director was $3,736,000 (2001: $2,385,000). He is a member of the defined benefit pension scheme. The accrued pension to which he would be entitled from normal retirement date if he were to retire at the year end was $62,000 (2001: $53,000).

	Number of Directors	
	2002	2001
Retirement benefits are accruing to the following number of directors under defined benefit schemes	**2**	2
Retirement benefits are accruing to the following number of directors under both defined benefit schemes and defined contribution schemes	**2**	2

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging:

	2002	2001
	$000	$000
Auditors' remuneration:		
Audit work	**97**	94
Non-audit work	**5**	5
Rentals under operating leases:		
Motor vehicles	**36**	56
Directors' emoluments	**2,677**	3,573
Directors' long term incentive scheme	**1,730**	1,580
Company contributions to director's pension	**25**	
scheme invested on a money purchase basis		159

7. SEGMENTAL ANALYSIS

No segmental analysis is provided as the company has only one distinguishable class of business and operates in a market which is not limited by geographical bounds.

8. OPERATING LEASES

Annual commitments under non-cancellable operating leases for motor vehicles and computer equipment are as follows:

	2002	2001
	$000	$000
Operating leases which expire:		
Within one year	**1**	6
In the second to fifth years inclusive	**18**	5
	19	11

9. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

a) Analysis of tax charge

	2002	Restated 2001
	$000	$000
United Kingdom corporation tax at 30% (2001:30%)		
Current year	**18,421**	864
Adjustments to amounts receivable from group companies in respect of a previous year's tax loss surrendered for group relief	-	(2,732)
Adjustments in respect of prior years	**305**	-
Overseas taxation	**10**	62
Total current tax [note 9 (b)]	**18,736**	(1,806)
Deferred taxation		
Origination and reversal of timing differences	**569**	26,331
	19,305	24,525

Adoption of FRS 19 has resulted in the restated deferred tax number for 2001 being a charge of $26,331,000, originally a credit of $107,000, the net movement being a charge of $26,438,000. This charge substantially represents the reversal of the deferred tax asset arising on the losses, which were utilised in 2001.

b) Factors affecting tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below.

Profit on ordinary activities before taxation	64,208	72,506
Taxation on profit on ordinary activities before taxation at a standard rate of 30% (2001 : 30%)	19,262	21,752
Expenses not deductible for tax	20	9
Capital allowances	(99)	(136)
Timing differences	(762)	205
Utilisation of tax losses	-	(20,966)
Adjustments in respect of prior years	305	-
Overseas taxation	10	62
Amounts receivable for group relief	-	(2,732)
Current tax charge for the year	18,736	(1,806)

10. INVESTMENTS

	2002 $000	2001 $000
Investments in subsidiary undertaking	**10,310**	10,310
(Cargill Finance Limited: wholly-owned subsidiary)		

11. DEBTORS

	2002 $000	Restated 2001 $000
Amounts falling due within one year		
Trade debtors	**89,710**	48,251
Securities purchased with agreement to resell	**1,952,288**	3,073,665
Amounts owed by group undertakings	**39,683**	42,954
Other debtors	**18**	216
Prepayments and accrued income	**32,501**	27,274
Deferred tax	**188**	1,163
	2,114,388	3,193,523
Amounts falling due after more than one year		
Amounts owed by group undertakings	**9,623**	584
Deferred tax	**4,344**	3,938
	2,128,355	3,198,045

Deferred tax has been restated by $4,994,000 following the adoption of FRS 19.

Deferred tax		
Decelerated capital allowances	**296**	407
Short-term timing differences	**188**	1,163
Long term incentive schemes	**4,048**	3,531
	4,532	5,101
Balance brought forward	**5,101**	31,432
Charged to profit and loss account	**(569)**	(26,331)
Balance carried forward	**4,532**	5,101

12. SECURITIES

	2002	2001
	$000	$000
Government bonds	**1,018,494**	943,821
Convertible bonds	**141,448**	95,394
Warrants and options	**1,778**	286
Shares listed on recognised exchanges	**37,496**	15,655
Corporate bonds	**191,273**	221,467
Other corporate debt	**46,501**	16,678
	1,436,990	1,293,301
Included in the above:		
Listed on the London Stock Exchange	**1,096**	1,868
Listed elsewhere	**36,400**	13,787
Unlisted	**1,399,494**	1,277,646
	1,436,990	1,293,301

At 31 May 2002, assets, excluding cash, with a market value, including interest, of $915,126,000 (2001: $1,114,015,000) were pledged as collateral for securities sold with agreement to repurchase. Assets with a market value including interest of $20,518,000 (2001: $16,729,000) had been deposited with third parties as collateral for securities borrowed.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002	2001
	$000	$000
Bank loans	**20,620**	1,267
Trading securities sold short	**1,698,148**	516,845
Securities sold under agreement to repurchase	**1,227,500**	3,557,674
Trade creditors	**173,285**	89,790
Amounts owed to group undertakings	**94,374**	399
Corporation tax payable	**9,290**	896
Other creditors	**63**	52
Accruals and deferred income	**53,457**	35,527
	3,276,737	4,202,450

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002	2001
	$000	$000
Bank loans repayable between one and two years	9,623	583
Accruals and deferred income	11,063	8,457
	20,686	9,040

15. CALLED UP SHARE CAPITAL

	2002	2001
	$000	$000
Authorised:		
50,000 ordinary shares of £1 each (2001: 50,000)	76	76
250,000,000 ordinary shares of US$1 each (2001: 250,000,000)	250,000	250,000
250,000,000 redeemable preferred ordinary shares of US$1 each (2001: 250,000,000)	250,000	250,000
	500,076	500,076
Allotted:		
50,000 ordinary shares of £1 each (2001: 50,000)	76	76
186,305,000 ordinary shares of US$1 each (2001: 186,305,000)	186,305	186,305
75,000,000 redeemable preferred ordinary shares of US$1 each (2001: 75,000,000)	75,000	75,000
	261,381	261,381
Called up and paid:		
50,000 ordinary shares of £1 each, 25 pence paid (2001:50,000)	20	20
186,305,000 fully paid up ordinary shares of US$1 each (2001: 186,305,000)	186,305	186,305
75,000,000 fully paid up redeemable preferred ordinary shares of US$1 each (2001: 75,000,000)	75,000	75,000
	261,325	261,325

15. CALLED UP SHARE CAPITAL continued

The company may redeem the redeemable preferred ordinary shares at any time. Unless otherwise agreed by all the holders of the redeemable preferred ordinary shares at the relevant time, upon winding up, the assets of the company available for distribution shall be applied in paying to the holders of the redeemable preferred ordinary shares in priority to any payment to the holders of ordinary shares a sum equal to the capital paid up on those redeemable preferred ordinary shares

16. RESERVES

	Profit and loss account $000	Other reserves $000	Total $000
Brought forward at 1 June 2001			
- as previously reported	14,206	10,000	24,206
Prior year adjustment (note 2)	4,994	-	4,994
Reserves brought forward as restated	19,200	10,000	29,200
Profit for the financial year	44,903	-	44,903
Dividend paid/declared	(46,000)	(10,000)	(56,000)
Carried forward at 31 May 2002	18,103	-	18,103

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2002 $000	Restated 2001 $000
Profit for the financial year	44,903	47,981
Dividend paid/declared	(56,000)	-
Retained (loss)/profit for the financial year	(11,097)	47,981
Issue of equity shares	-	305
Opening shareholders' funds (see note below)	290,525	242,239
Closing shareholders' funds	279,428	290,525

Originally $285,531,000 before prior year adjustment of $4,994,000

18. PENSIONS

The company is a member of the Cargill Pension Plan, a funded defined benefit pension scheme for the benefit of employees within the Cargill Holdings group. The assets of the scheme are held in separate trustee administered funds. Particulars of the actuarial valuation of the Cargill Pension Plan are contained within the financial statements of Cargill Holdings.

The charge to the profit and loss account is based on providing for the cost of pensions on a systematic basis over the periods benefiting from the scheme members' services and amounts to $691,000 (2001: $636,000).
An accrual of $431,000 (2001: $390,000) is included in the balance sheet relating to the Cargill Pension Plan.

FRS 17 Retirement benefits:
Whilst the company continues to account for pensions costs in accordance with Statement of Standard Accounting Practice 24 'Accounting for Pensions Costs', under the recently issued Financial Reporting Standard: FRS 17 'Retirement benefits' transitional disclosures are required. The full transitional disclosures are included within the financial statements of the company's immediate parent Cargill Holdings.

As the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 when the standard is fully adopted, the scheme will be accounted for as if it were a defined contribution scheme.

Based on the latest actuarial indications, there exists a deficit on the scheme of $65,868,000. The group has no plans to recover any part of this deficit directly from the company, although contribution rates are likely to be reviewed.
The latest full actuarial valuation was carried out at 5 April 2000 and was updated for FRS 17 purposes to 31 May 2002 by a qualified independent actuary.

19. COMMITMENTS

At 31 May 2002, the company had entered in the normal course of its business into interest rate swaps, financial futures and option contracts and forward contracts for the purchase and sale of foreign currencies and securities.

20. RELATED PARTY TRANSACTIONS

FRS 8 grants a partial exemption to subsidiary undertakings from its requirements, provided that 90% or more of the voting rights of the company are controlled within the group, and the subsidiary is included in publicly available consolidated financial statements.

The directors of the company have taken advantage of this exemption which permits non-disclosure of transactions with entities that are part of the Cargill, Incorporated group, as it is a wholly owned subsidiary of Cargill Holdings, another company in the group, which produces publicly available consolidated financial statements.

21. ULTIMATE HOLDING COMPANY AND PARENT UNDERTAKING

The company's immediate parent is Cargill Holdings and its ultimate parent is Cargill, Incorporated, a company incorporated in the USA.

The largest group in which the results of the company are consolidated is that headed by Cargill, Incorporated whose consolidated financial statements are not available to the public. The smallest group in which the results of the company are consolidated is that headed by Cargill Holdings registered in England and Wales, whose consolidated financial statements are available to the public and may be obtained from the Registrar of Companies, Crown Way, Cardiff.

22. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

A discussion of the company's objectives and policies with regard to derivatives and other financial instruments is given in the directors' report on pages 1 to 3. The company has taken advantage of the exemption available for short-term debtors and creditors, therefore where these amounts have no material interest rate or currency risk associated with them they have been excluded from the following tables apart from note 22 (c).

In addition to the financial liabilities included in notes (a), (d) and (f) below the company has in issue $75,000,000 redeemable preferred ordinary shares, the details of which are given in note 15. These shares do not attract interest. It is not practicable to estimate the fair value of the shares because the redemption date is unknown.

As it is the company's policy to manage its interest rate exposures on its financial instruments and the related funding and hedges, including swaps, futures and other derivatives, on a net basis, the interest rate profiles of the financial assets and liabilities are reported on that basis.

The amounts shown in the tables below take into account the effect of any interest rate swaps, futures contracts and other derivatives entered into to manage these interest rate exposures.

22. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS continued

(a) Interest rate profile of financial liabilities

The interest rate profile of the financial liabilities of the company as at 31 May 2002 was:

Currency	Total $000	Floating rate financial liabilities $000	Fixed rate financial liabilities $000	Financial liabilities on which no interest is paid $000
Euro	1,432,657	1,107,908	320,052	4,697
Sterling	1,114,422	1,106,806	2,888	4,728
Japanese yen	367,869	72,661	279,614	15,594
US dollar	65,851	24,650	25,123	16,078
Other	19,805	-	1,612	18,193
Total	3,000,604	2,312,025	629,289	59,290

	Fixed rate financial liabilities		Financial liabilities on which no interest is paid
Currency	Weighted average interest rate %	Weighted average period for which rate is fixed Years	Weighted average period until maturity Years
Euro	2.69	5.33	4.22
Sterling	5.58	2.85	-
Japanese yen	0.90	5.46	4.69
US dollar	5.25	8.75	7.68
Other	6.70	2.54	-
Total	3.73	4.24	5.77

Financial liabilities with no maturity date on which no interest is paid have been excluded from the weighted average period until maturity calculation. These amount to $56,972,000 (2001: $14,858,000).

The floating rate financial liabilities bear interest at rates determined by reference to LIBOR.

22. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS continued

The interest rate profile of the financial liabilities of the company as at 31 May 2001 was:

Currency	Total $000	Floating rate financial liabilities $000	Fixed rate financial liabilities $000	Financial liabilities on which no interest is paid $000
Euro	2,427,336	2,298,630	124,949	3,757
Sterling	778,169	767,936	9,279	954
Japanese yen	1,161,796	1,155,728	-	6,068
US dollar	63,799	24,320	34,270	5,209
Swedish krona	320,975	313,313	7,624	38
Other	48,410	25,534	22,817	59
Total	4,800,485	4,585,461	198,939	16,085

	Fixed rate financial liabilities		Financial liabilities on which no interest is paid
Currency	Weighted average interest rate %	Weighted average period for which rate is fixed Years	Weighted average period until maturity Years
Euro	6.57	4.09	4.89
Sterling	6.07	10.39	2.50
Japanese yen	-	-	1.31
US dollar	9.12	6.29	2.56
Swedish krona	4.37	4.85	-
Other	8.39	2.17	-
Total	5.26	5.74	2.64

22. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS continued

(b) Interest rate profile of financial assets

The interest rate profile of the financial assets of the company as at 31 May 2002 was:

Currency	Total $000	Floating rate financial assets $000	Fixed rate financial assets $000	Financial assets on which no interest is paid $000
Euro	1,683,054	1,334,833	290,428	57,793
Sterling	1,459,444	1,420,087	32,491	6,866
Japanese yen	654,780	572,936	57,544	24,300
US dollar	275,806	162,427	81,958	31,421
Other	76,572	14,459	22,463	39,650
Total	4,149,656	3,504,742	484,884	160,030

	Fixed rate assets		Financial assets on which no interest is paid
Currency	Weighted average interest rate %	Weighted average period for which rate is fixed Years	Weighted average period until maturity Years
Euro	5.81	23.76	2.31
Sterling	9.11	1.77	7.32
Japanese yen	1.41	6.91	7.86
US dollar	4.93	5.16	14.67
Other	8.35	5.09	1.44
Total	5.35	18.51	4.79

Financial assets with no maturity date on which no interest is paid have been excluded from the weighted average period until maturity calculation. These amount to $45,010,000 (2001: $55,703,000).

The floating rate financial assets bear interest at rates determined by reference to LIBOR.

22. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS continued

The interest rate profile of the financial assets of the company as at 31 May 2001 was:

Currency	Total $000	Floating rate financial assets $000	Fixed rate financial assets $000	Financial assets on which no interest is paid $000
Euro	2,446,662	2,333,093	81,971	31,598
Sterling	817,539	779,885	31,809	5,845
Japanese yen	692,809	685,448	3,774	3,587
US dollar	202,634	113,556	74,665	14,413
Danish krone	322,732	304,304	18,382	46
Other	104,563	48,343	49,504	6,716
Total	4,586,939	4,264,629	260,105	62,205

	Fixed rate assets		Financial assets on which no interest is paid
Currency	Weighted average interest rate %	Weighted average period for which rate is fixed Years	Weighted average period until maturity Years
Euro	5.81	11.69	20.40
Sterling	7.53	9.13	-
Japanese yen	1.51	7.72	4.15
US dollar	5.11	5.46	22.70
Danish krone	5.00	3.65	-
Other	10.78	5.32	0.54
Total	4.03	9.13	20.06

22. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS continued

(c) Currency exposures

The table below shows the company's currency exposure. Such exposures comprise the monetary assets and monetary liabilities of the company that are not denominated in US dollars.

	2002	2001
	$000	$000
	Net assets/ (liabilities)	Net assets/ (liabilities)
Australian dollar	**(14,790)**	61
Swiss franc	**1,469**	219
Danish krone	**(999)**	(2,057)
Euro	**5,246**	(20,673)
Sterling	**21,255**	4,803
Japanese yen	**(6,225)**	(815)
Russian rouble	**13,730**	563
Slovak koruna	**4**	9,236
Hungarian forint	**-**	6,079
Swedish krona	**80**	1,675
Polish zloty	**247**	4,403
Other	**(229)**	(271)
	19,788	3,223

The amounts shown in the table above take into account the effect of any currency swaps, forward contracts and other derivatives entered into to manage these currency exposures.

22. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS continued

(d) Maturity of financial liabilities

The maturity profile of the company's financial liabilities at 31 May 2002 and 31 May 2001 was as follows:

	2002 $000	2001 $000
In one year or less or on demand	**846**	425,668
In more than one year but not more than two	**281,807**	262,672
In more than two years but not more than five	**1,024,990**	505,642
In more than five years	**1,692,961**	3,606,503
	3,000,604	4,800,485

(e) Borrowing facilities

The company has various borrowing facilities available to it. The undrawn committed facilities available at 31 May 2002 and 31 May 2001 in respect of which all conditions precedent had been met at that date were as follows:

Facilities available to the company only

	2002 $000	2001 $000
Expiring in one year or less	**136,133**	1,147,111
Expiring in more than one year but not more than two years	-	75
Expiring in more than two years	**2,174,717**	510,832
Subordinated loan facility provided by Cargill Global Funding PLC	**350,000**	350,000
	2,660,850	2,008,018

Facilities available jointly to the company and other group companies

	2002 $000	2001 $000
Expiring in one year or less	**60,000**	425,000
Expiring in more than two years	**485,000**	379,712
	545,000	804,712

22. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS continued

(f) Fair values of financial assets and liabilities

All financial assets and liabilities are carried in the financial statements at fair value.

	Fair value and book value 2002 $000	Fair value and Book value 2001 $000
Financial instruments held to finance the company's operations:		
Cash at bank	**1,196**	359
Securities purchased with agreement to resell	**1,952,288**	3,073,665
Securities sold with agreement to repurchase	**(1,227,500)**	(3,557,674)
Bank loans	**(29,708)**	-
Financial instruments held for trading:		
Government bonds	**(608,830)**	498,577
Corporate bonds	**172,479**	163,200
Other corporate debt	**46,483**	16,678
Convertible bonds	**141,448**	95,394
Listed shares	**(14,318)**	2,942
Stock loan collateral	**24,147**	8,087
Other including net unrealised (losses) / gains on derivative instruments	**(2,890)**	309
	454,795	301,537
Financial assets	**3,439,884**	4,385,980
Financial liabilities	**(2,985,089)**	(4,084,443)
	454,795	301,537

22. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS continued

(g) Gains and losses on financial assets and financial liabilities held for trading

The net gain / (loss) from trading in financial assets and financial liabilities shown in the profit and loss account for the periods to 31 May 2002 and 31 May 2001 can be analysed as follows:

	2002	2001
	$000	$000
Futures	**4,795**	(20,427)
Shares	**20,933**	38,687
Warrants and options	**1,844**	(5,402)
Convertible bonds	**(1,636)**	(4,275)
Foreign exchange trades	**17,098**	3,230
Interest rate swaps	**(22,153)**	(10,349)
Bonds and debt	**44,064**	65,461
Other	**11,029**	2,711
	75,974	69,636