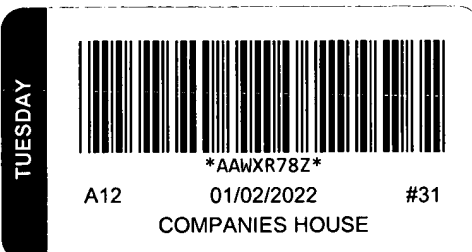


Registered No: 02891838

Olam Food Ingredients UK Limited

Report and Financial Statements

31st December 2020



Olam Food Ingredients UK Limited

Director

G A Manley

Auditors

Ernst & Young LLP
24 Marina Court
Castle Street
Hull HU1 1TJ

Registered Office

Britannia Way
Goole
East Yorkshire DN14 6ES
United Kingdom

Olam Food Ingredients UK Limited

Registered No. 02891838

Strategic report

The directors present their report and accounts for the year ended 31st December 2020.

Principal activity and review of the business

The principal activity of the company is the supply of speciality fats and frying oils to the chocolate, confectionery, biscuits and snack industries.

The result for the company was a pre-tax profit of £2.8m for the year (2019 – £1.7m). Net assets at the end of the year were £25.0m (2019 – £22.8m).

The company monitors a range of key performance indicators. Examples are:

	2020 £'000	2019 £'000
Turnover	19,818	21,743
Operating profit	2,400	1,416
Profit after tax	2,237	1,694
Equity shareholders' funds	25,018	22,781
Average number of employees	42	43

On reviewing the business, even though turnover has reduced due to fluctuating market prices, gross profit has remained stable and gross margin has improved to 40% (2019: 35%). Although the Speciality Fats market continues to remain volatile, we have been able to maintain expected volumes and manage our supply chain successfully. Although Covid-19 has caused some disruption, it has not been as bad as anticipated and we have been able to operate effectively during the pandemic. The Board are confident profits will continue to remain strong for the foreseeable future. There have been no significant events after the balance sheet date.

Principal risks and uncertainties

Reliance on Key Customers

Given the nature of the industry we have a small number of key customers that account for a large proportion of our turnover. This being said we are not reliant on any one customer to the extent that this poses a significant business risk.

Market Conditions

Continuing volatility within the raw material supply chain, both on price and availability continued during 2020 and into 2021. This together with the increased emphasis on sustainable sourcing and supply chain visibility, although not impacting on the business, does present additional and increasing demands on the business.

The United Kingdom's departure from the European Union and its potential impact on business risk have been reviewed by the Board and they are still reasonably confident business should not be impacted significantly.

Dependence on Key Personnel

The business does have a number of key personnel on-site but cover is provided where a member of staff is absent. Also, being part of the larger Olam group means there is a large pool of staff to draw upon, therefore business risk is mitigated in this area.

Olam Food Ingredients UK Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

Health and Safety

We aim to ensure, so far as is reasonably practicable, the health, safety and welfare of our employees while they are at work and of others who may be affected by our undertakings, and compliance with all the relevant legislation.

Covid-19

With regard to the current situation with the COVID-19 pandemic or public health crisis in general, we refer to the going concern information.

Financial risk management

The company's operations expose it to a number of financial risks that include the effects of changes in debt market prices, credit risks, liquidity risk, interest rate risk and foreign exchange risk. The company has in place a risk management programme, including the use of financial instruments, aimed at monitoring and minimizing the risks to the business. The finance department has been delegated the responsibility of monitoring financial risk management. The appropriateness of this policy is reviewed on an annual basis.

Price risk

The company is exposed to commodity price risk as a result of its operations and manages its risk by buying forward where the benefit outweighs the costs. The company has no exposure to equity securities and holds no equity investments.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers.

Liquidity risk

The company maintains a positive cash balance and has no external debt. It also has access to group funds should these be required to ensure the company has sufficient funds available to meet its day-to-day operations and capital plans.

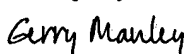
Interest rate cash flow risk

The company has interest bearing assets and liabilities. Assets include cash balances. The company aims to minimize its risk of uncertain funding by borrowing within a spread of maturity periods.

Foreign exchange risk

The company is exposed to foreign exchange movements, which can impact on both cost of goods sold and turnover. The company has policies which require the use of derivatives for currency hedging to be undertaken, to hedge all non-sterling denominated exposures. At the 31st December 2020 the company held forward exchange contracts, the fair value of which was a liability of £144,119 (2019 – liability of £149,200).

On behalf of the Board

DocuSigned by:

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G A Manley
Director

January 28, 2022

Olam Food Ingredients UK Limited

Directors' report

The directors present their report and financial statements for the year ended 31st December 2020.

Dividends

The company has not paid an interim dividend for the year (2019 – Nil). The directors do not recommend a final dividend (2019 – Nil).

Future developments

The company will continue to invest in new plant facilities, and personnel to improve its operational efficiency and to enable further growth.

Financial Instruments

Details of financial instruments are provided in the strategic report.

Directors

The directors who served the company during the year were as follows:

G A Manley

Directors' qualifying third party indemnity provisions

There were no qualifying third party indemnity provisions in force for the benefit of one or more of the directors at any time during the financial year (2019 - Nil).

Political and charitable contributions

The company made charitable contributions during the year totalling £Nil (2019 – £1,000).

Going concern

The financial statements have been prepared on a going concern basis, with the Company's net assets valued at £25.0m (2019: £22.8m).

The directors have prepared forecasts for the Company for the period to 31st January 2023. These forecasts take account of reasonable possible changes in trading performance in all areas of the business.

With regard to the current COVID-19 pandemic, there remains uncertainty on its impact on the Company.

The Directors have considered the impact of the pandemic on the Company's business operations and future prospects. The Company did not feature on the UK government's list of businesses which needed to close, and specific measures have been implemented to increase the workforce resilience, and to ensure adequate protection for our people. The Company's financial forecasts, taking into consideration the current environment, show that the Company is expected to continue to trade profitability and generate positive cash flows giving the Company the ability to continue to operate for the foreseeable future.

The company continues to receive support from its parent company, should this be required, and the Directors have obtained a letter of support from the parent company to this effect. The Directors have considered the parent company's ability to provide such support and conclude that this would be sufficient and available should it be required throughout the going concern assessment period to 31st January 2023.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements and the Company continues to have support from its parent company.

Olam Food Ingredients UK Limited

Directors' report (continued)

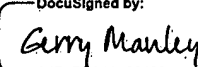
Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

The auditors, Ernst & Young, Chartered Accountants, will continue in office in accordance with section s485 of the Companies Act 2006.

On behalf of the Board

DocuSigned by:

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G A Manley
Director

January 28, 2022

Olam Food Ingredients UK Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, Director's 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 FRS 102 Financial Reporting Standard applicable in the UK (Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

Independent auditors' report

to the members of Olam Food Ingredients UK Limited

Opinion

We have audited the financial statements of Olam Food Ingredients UK Limited for the year ended 31 December 2020 which comprise the Income Statement, Statement of Other Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view 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 United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 the period to 31 January 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Independent auditors' report

to the members of Olam Food Ingredients UK Limited (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 this 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 there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 material misstatements in the strategic report or directors' report.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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.

Independent auditors' report

to the members of Olam Food Ingredients UK Limited (continued)

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.

Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework, FRS 102, Companies Act 2006 and relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, we considered that there are other significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements relating to food safety, health and safety and employee matters.
- We understood how the company is complying with those frameworks by making enquiries of management to understand the policies and procedures in place as well as reviewing corroborative evidence as necessary such as understanding the entity level control framework in place, employee code of conduct and similar policies.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by enquiring with management to understand the policies and procedures in place to detect fraud and by considering the risk of management override. We considered the existence of performance targets and the company's bonus scheme, and the potential influence this may have on management to manipulate reported results. We performed walk throughs of the key processes to gain an understanding of the controls in place to address the risk of fraud either by preventing or detecting and correcting such irregularities. Where the risk was higher, we performed audit procedures to address each identified fraud risk. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. We tested specific transactions back to source documentation or independent confirmation as appropriate.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved reviewing minutes from the Board of Directors, enquiring with key management personnel and testing journals identified by specific risk criteria.

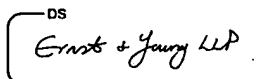
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent auditors' report

to the members of Olam Food Ingredients UK Limited (continued)

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.

DS
Ernst & Young LLP

Matthew Fox (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Hull

January 28, 2022

Olam Food Ingredients UK Limited

Income Statement

for the year ended 31st December 2020

		2020	2019
	Notes	£000	£000
Turnover	2	19,818	21,743
Cost of sales		(11,856)	(14,097)
Gross profit		7,962	7,646
Administrative expenses		(5,590)	(6,230)
Other income		28	-
Operating profit	3	2,400	1,416
Interest receivable and similar income	6	437	259
Profit on ordinary activities before taxation		2,837	1,675
Tax	7	(600)	19
Profit for the financial year		2,237	1,694

Statement of other comprehensive income

for the year ended 31st December 2020

There is no other comprehensive income other than the profit attributable to the shareholders of the company of £2,237,000 in the year ended 31st December 2020 (year ended 2019 – profit of £1,694,000).

Olam Food Ingredients UK Limited

Statement of changes in equity

	<i>Share capital</i>	<i>Share Premium</i>	<i>Profit and loss account</i>	<i>Total share- holders' funds</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 31st December 2018	1,368	1,012	18,707	21,087
Profit for the year	-	-	1,694	1,694
At 31st December 2019	1,368	1,012	20,401	22,781
Profit for the year	-	-	2,237	2,237
At 31st December 2020	1,368	1,012	22,638	25,018

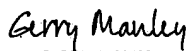
Olam Food Ingredients UK Limited

Statement of financial position

at 31st December 2020

		2020	2019
	Notes	£000	£000
Fixed assets			
Tangible assets	8	4,727	5,187
Current assets			
Stocks	9	2,971	2,981
Debtors	10	17,265	14,792
Cash at bank and in hand		1,574	1,183
		22,810	18,956
Creditors: amounts falling due within one year	11	(1,193)	(1,082)
Net current assets		20,617	17,874
Total assets less current liabilities		25,344	23,061
Creditors: amounts falling due after more than one year			
Provision for liabilities			
Deferred taxation	7(d)	(326)	(280)
Net assets		25,018	22,781
Capital and reserves			
Called up share capital	13	1,368	1,368
Share premium account		1,012	1,012
Profit and loss account		22,638	20,401
Shareholders' funds		25,018	22,781

The financial statements were approved by the Board of Directors on January 28, 2022 and were signed on its behalf by:

DocuSigned by:

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G A Manley
Director

Olam Food Ingredients UK Limited

Notes to the financial statements

at 31st December 2020

1. Accounting policies

Statement of compliance

Olam Food Ingredients UK Limited ("the Company") is a private company limited by shares incorporated in England. The registered office is Britannia Way, Goole, East Yorkshire, DN14 6ES

The financial statements have been prepared in accordance with FRS 102 as it applies to financial statements of The Company for the year ended 31st December 2020.

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of The Company

Going concern

The financial statements have been prepared on a going concern basis, with the Company's net assets valued at £25.0m (2019: £22.8m).

The directors have prepared forecasts for the Company for the period to 31st January 2023. These forecasts take account of reasonable possible changes in trading performance in all areas of the business.

With regard to the current COVID-19 pandemic, there remains uncertainty on its impact on the Company.

The Directors have considered the impact of the pandemic on the Company's business operations and future prospects. The Company did not feature on the UK government's list of businesses which needed to close, and specific measures have been implemented to increase the workforce resilience, and to ensure adequate protection for our people. The Company's financial forecasts, taking into consideration the current environment, show that the Company is expected to continue to trade profitability and generate positive cash flows giving the Company the ability to continue to operate for the foreseeable future.

The company continues to receive support from its parent company, should this be required, and the Directors have obtained a letter of support from the parent company to this effect. The Directors have considered the parent company's ability to provide such support and conclude that this would be sufficient and available should it be required throughout the going concern assessment period to 31st January 2023.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements and the Company continues to have support from its parent company.

Group financial statements

The Company is a wholly owned subsidiary of its immediate parent undertaking, Olam Europe Limited, and is included in the group financial statements of its parent Olam International Limited, which are available from 7 Straits View, Marina One East Tower # 20-01 Singapore 018936. Consequently, the Company has taken advantage of the following disclosure exemptions under FRS 102;

- The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d).
- The requirements of Section 11 Basic Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.48(a)(iii), 11.48(b) and 11.48(c)
- Section 33 Related Party Disclosures paragraph 33.7.

Judgements and key sources of estimation

The preparation of the financial statements requires management to make judgements, estimates and assumptions that effect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of the estimation means that actual outcomes could differ from those estimates. The company has no judgements (apart from those involving estimates) that have a significant effect on the amounts recognised in the financial statements.

Olam Food Ingredients UK Limited

Notes to the financial statements

at 31st December 2020

1. Accounting policies (continued)

Tangible fixed assets

Property, plant and equipment are stated at historical purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for intended use.

Depreciation is provided by the Company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold Land – Not depreciated.
Buildings – over 25 years
Plant and machinery – 15 to 25 years
Fixtures & fittings – over 15 years
Computer equipment – over 4 years
Lab equipment – over 4 years
Motor vehicles – over 4 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items. Cost includes expenditure which has been incurred in the normal course of business in bringing the product to its present location and condition.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the statement of financial position date, dividends have been accrued as receivable

Where there are differences between amounts that can be deducted for tax for assets (other than goodwill) and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination a deferred tax liability/(asset) shall be recognised. The amount attributed to goodwill is adjusted by the amount of the deferred tax recognised.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

Revenue recognition

Revenue, principally the sale of goods, is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Other Income

Other Income represents monies claimed from the Coronavirus Job Retention Scheme for employees placed on furlough during the Covid-19 pandemic.

Olam Food Ingredients UK Limited

Notes to the financial statements

at 31st December 2020

1. Accounting policies (continued)***Interest-bearing loans and borrowings***

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in finance revenue in the income statement.

Derivative instruments

The company uses foreign exchange derivatives to manage its foreign exchange rate exposures. Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the income statement.

Pensions

The company operates a defined contribution group personal pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Financial assets and liabilities

Financial assets and liabilities are initially recognised at cost and only derecognised once payment has been received/made in respect of the instruments.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term.

2. Turnover

Turnover represents sales of goods invoiced during the year, net of discounts and value added tax. Revenue is recognised when transfer of the title of goods takes place.

An analysis of turnover by geographical market is given below:

	2020 £000	2019 £000
United Kingdom	18,506	20,272
Europe	1,312	1,471
	<u>19,818</u>	<u>21,743</u>

Olam Food Ingredients UK Limited

Notes to the financial statements

at 31st December 2020

3. Operating profit

This is stated after charging:

	2020 £000	2019 £000
Auditors' remuneration		
— audit fees	30	26
— other fees	9	14
Depreciation of owned fixed assets	721	740
Operating lease rentals	57	43

4. Directors' remuneration

All directors are employees of other group undertakings and were not paid in respect of services provided to the company (2019 – £Nil).

5. Staff costs

	2020 £000	2019 £000
Wages and salaries (including directors' remuneration)	2,080	2,106
Social security costs	231	229
Other pension costs	191	184
	<u>2,502</u>	<u>2,519</u>

The average monthly number of employees (including directors) during the year was made up as follows:

	No.	No.
Directors	1	1
Management, administration and selling	18	18
Production	23	24
	<u>42</u>	<u>43</u>

6. Interest receivable and similar income

	2020 £000	2019 £000
Interest receivable	<u>437</u>	<u>259</u>

Olam Food Ingredients UK Limited

Notes to the financial statements

at 31st December 2020

7. Taxation

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2020 £000	2019 £000
Current tax:		
UK corporation tax at 19% (2019: 19%)	554	274
Adjustment in respect of previous periods	-	(324)
Total current tax	554	(50)
Deferred tax:		
Origination and reversal of temporary differences	13	34
Effect of changes in tax rates	33	(3)
Total deferred tax	46	31
Tax on profit on ordinary activities (note 7 (b))	600	(19)

(b) Factors affecting tax charge in the year

The tax assessed on the profit for the year is different to the standard rate of corporation tax in the UK 19%.
A reconciliation of the tax charge at the standard rate to the tax charge at the effective rate is as follows:

	2020 £000	2019 £000
Profit on ordinary activities before tax	2,837	1,675
Profit on ordinary activities multiplied by the standard rate of tax in the UK 19% (2019: 19%)	539	318
Expenses not deductible for tax purposes	28	30
Effects of group relief/other reliefs	-	(40)
Adjustment from previous periods	-	(324)
Tax rate changes	33	(3)
Total tax charge/(credit) (note 7(a))	600	(19)

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7. Taxation (continued)

(c) Factors that may affect future tax charges

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1st April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1st April 2020 (as enacted by Finance Act 2016 on 15th September 2016).

However, legislation introduced in the Finance Act 2020 (enacted on 22nd July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2019 – 17%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3rd March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1st April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. It is not anticipated that these changes will have a material impact on the company's deferred tax balances.

HMRC has launched an investigation against Olam Europe Limited, the company's immediate parent undertaking, in relation to certain taxation matters including the availability of tax losses being available for relief against profits in Olam Europe Limited and through the use of group relief against the profits of Olam International Limited and Olam Food Ingredients Limited. These losses were utilised in the 2018 and 2019 accounting periods. Olam Europe's Management is of the opinion, having taken advice, that these challenges will ultimately be unsuccessful and that no revisions will be required to the tax submissions for these years. The Directors have considered the impact this investigation may have on the company's tax position and concluded that no revisions are required to be made in these financial statements.

(d) *Deferred tax*

The deferred tax included in the balance sheet is as follows:

	2020 £000	2019 £000
Provision at start of period	280	249
Deferred tax charge to Income Statement for the period	46	31
	<u>326</u>	<u>280</u>

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8. Tangible fixed assets

	<i>Freehold land and buildings £000</i>	<i>Plant, vehicles and equipment £000</i>	<i>Total £000</i>
Cost:			
At 1 January 2020	825	13,534	14,359
Additions	10	251	261
Disposals	-	-	-
At 31 December 2020	835	13,785	14,620
Accumulated depreciation:			
At 1 January 2020	276	8,896	9,172
Charge for the year	23	698	721
Disposals	-	-	-
At 31 December 2020	299	9,594	9,893
Net book value:			
At 31 December 2020	536	4,191	4,727
At 1 January 2020	549	4,638	5,187

9. Stocks

	<i>2020 £000</i>	<i>2019 £000</i>
Raw materials and consumables	2,826	2,835
Finished goods and goods for resale	145	146
	<u>2,971</u>	<u>2,981</u>

Stocks recognised as an expense in the period were £10.1m (2019 - £11.9m).

The amount of impairment losses in relation to stock recognised in the income statement in the period were £Nil (2019 - £Nil).

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10. Debtors

	2020	2019
	£000	£000
Amounts falling due within one year:		
Trade debtors	2,335	3,470
Prepayments and accrued income	392	539
Taxation	41	-
Other debtors	164	59
Amounts owed by group undertakings	14,333	10,724
	<u>17,265</u>	<u>14,792</u>

The amounts owed by other group undertakings are non-interest bearing and repayable within twelve months. Included in this amount is a loan of £13.3m (2019: £9.5m), repayable on demand.

11. Creditors: amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	756	496
Amounts owed to group undertakings	7	1
Corporation tax	-	35
Derivative financial instruments	144	149
Other taxes and social security costs	63	62
Accruals and deferred income	223	339
	<u>1,193</u>	<u>1,082</u>

12. Derivative financial instruments

The fair value of derivative financial instruments is £144,119 liability (2019: £149,200 liability).

13. Issued share capital

		2020		2019
	No.	£000	No.	£000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1. each	1,368,222	<u>1,368</u>	1,368,222	<u>1,368</u>

14. Pensions

The company operates a group personal pension scheme. The pension cost for the year represents contributions payable by the Company to the fund and amounted to £191,188 (year ended 31st December 2019 – £184,129). There were no outstanding or prepaid contributions at either the beginning or end of the financial period.

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15. Financial instruments

	2020	2019
	£'000	£'000
<i>Financial assets that are debt instruments measured at amortised cost</i>		
Trade debtors	2,335	3,470
Amounts owed by group undertakings	14,333	10,724
Other debtors	164	59
	<u>16,832</u>	<u>14,253</u>
<i>Financial liabilities measured at amortised cost</i>		
Trade creditors	756	496
Amount owed to group undertakings	7	1
	<u>763</u>	<u>497</u>

16. Other financial commitments

At 31st December 2020 the total of future minimum lease commitments under non-cancellable operating leases as set out below:

	2020	2019
	£000	£000
Operating leases which expire:		
Within one year	28	21
In two to five years	<u>-</u>	<u>-</u>

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17. Related party transactions

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Trading balances outstanding at 31st December, are as follows:

	Amounts owed from related parties £'000	Amounts owed to related parties £'000
<i>Parent company</i>		
2020	987	-
2019	1,188	-
<i>Fellow subsidiary(s)</i>		
2020	49	7
2019	-	1

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Non-trading balances outstanding at 31st December, are as follows:

	Amounts owed from related parties £'000	Amounts owed to related parties £'000
<i>Parent company</i>		
2020	13,297	-
2019	9,536	-
<i>Fellow subsidiary(s)</i>		
2020	-	-
2019	-	-

The company has taken advantage of the exemption in FRS 102, Section 33 Related Party Disclosures paragraph 33.7 not to disclose transactions with other group companies which meet the criteria that all subsidiary undertakings which are party to the transactions are wholly owned by the ultimate parent undertaking.

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18. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Olam Europe Limited, a company registered and incorporated in England and Wales.

The smallest parent undertaking for which group financial statements are prepared is Olam International Ltd, a company registered and incorporated in Singapore.