

Cerestar UK Limited

Directors' report and financial statements

31 May 2019

Registered number 2141797



Directors' report and financial statements

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Directors' report

Introduction

The directors present their annual report and the audited financial statements for the year ended 31 May 2019.

Principal activities

The company acts as a holding company and funding vehicle for other Cargill, Incorporated affiliates.

Business review and summary results

Summarised results are given below:

	2019	2018
	\$000	\$000
Profit after taxation for the financial year	1,430	919

Proposed dividends

The directors do not recommend the payment of a dividend (2018: *£nil*).

Directors

The directors who served during the year and at the report date were:

S J Hamilton

M J Timewell

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

Velocity V1
Brooklands Drive
Weybridge
Surrey
KT13 0SL

S J Hamilton
Director
30 January 2020



Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 judgements 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; and
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Independent auditor's report to the members of Cerestar UK Limited

Opinion

We have audited the financial statements of Cerestar UK Limited ("the company") for the year ended 31 May 2019 which comprise the Profit and Loss Account, Statement of Total Other Comprehensive Income, Balance Sheet and Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the valuation of assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and its effects are subject to unprecedented levels of uncertainty of consequences, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;



Independent auditor's report to the members of Cerestar UK Limited *(continued)*

- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Gareth Woods

Gareth Woods *(Senior Statutory Auditor)*
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
St Nicholas House
Park Row
Nottingham
NG1 6FQ
5 February 2020

Profit and loss account
for the year ended 31 May 2019

	<i>Note</i>	2019 \$000	2018 \$000
Other operating income		18	2
Administrative expenses		(16)	(8)
Operating profit / (loss)		<u>2</u>	<u>(6)</u>
Other interest receivable and similar income	2	<u>1,771</u>	<u>1,141</u>
Profit before taxation		1,773	1,135
Taxation expense on profit	4	(343)	(216)
Profit for the financial year		<u><u>1,430</u></u>	<u><u>919</u></u>

All of the results are derived from continuing operations.

Statement of total comprehensive income
for the year ended 31 May 2019

	2019 \$000	2018 \$000
Profit for the financial year	<u>1,430</u>	<u>919</u>
Total comprehensive income	<u><u>1,430</u></u>	<u><u>919</u></u>

The notes on pages 8 to 13 form part of the financial statements.

Balance sheet
at 31 May 2019

		2019		2018	
	<i>Note</i>	\$000	\$000	\$000	\$000
Current assets					
Debtors	5	75,109		73,433	
Creditors: amounts falling due within one year	6	<u>(461)</u>		<u>(215)</u>	
Net current assets			74,648		73,218
Net assets			<u>74,648</u>		<u>73,218</u>
Capital and reserves					
Called up share capital	7		250		250
Profit and loss account			74,398		72,968
Shareholder's funds			<u>74,648</u>		<u>73,218</u>

The notes on pages 8 to 13 form part of the financial statements.

These financial statements were approved by the board of directors on 30 January 2020 and were signed on its behalf by:



S.J Hamilton
Director

Registered number 2141797

Statement of changes in equity
for the year ended 31 May 2019

	Called up share capital \$000	Share premium account \$000	Profit and loss account \$000	Total Equity \$000
At 1 June 2018	250	-	72,968	73,218
<i>Total comprehensive income for the year</i>				
Profit for the financial year	-	-	1,430	1,430
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	1,430	1,430
<i>Transactions with owners, recorded directly in equity</i>				
Capital reduction	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-
At 31 May 2019	250	-	74,398	74,648

Statement of changes in equity
for the year ended 31 May 2018

	Called up share capital \$000	Share premium account \$000	Profit and loss account \$000	Total Equity \$000
At 1 June 2017	2,243	-	655,761	658,004
<i>Total comprehensive income for the year</i>				
Profit for the financial year	-	-	919	919
Total comprehensive income for the year	-	-	919	919
<i>Transactions with owners, recorded directly in equity</i>				
Capital reduction	(1,993)	-	(583,712)	(585,705)
Total contributions by and distributions to owners	(1,993)	-	(583,712)	(585,705)
At 31 May 2018	250	-	72,968	73,218

On 06 June 2017 the company re-purchased 87,469,668 ordinary \$0.01 shares for an aggregate consideration of \$257,116,319. On 07 June 2017 the company re-purchased 111,784,411 ordinary \$0.01 shares for an aggregate consideration of \$328,589,292.

Notes

(forming part of the financial statements)

1 Accounting policies

Statement of compliance

Cerestar UK Limited is a private limited liability company incorporated and registered in England in the United Kingdom. The registered number is 2141797 and the registered office is Velocity 1, Brooklands Drive, Weybridge, Surrey KT13 0SL.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*"). The presentation currency of these financial statements is US Dollars. All amounts in the financial statements have been rounded to the nearest US\$1,000.

The company's ultimate parent undertaking, Cargill, Incorporated includes the company in its consolidated financial statements. The consolidated financial statements of Cargill, Incorporated are prepared in accordance with US GAAP and are available to the public and may be obtained from the address stated in note 9. In these financial statements, the company is considered to be a qualifying entity and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Cargill, Incorporated include the equivalent disclosures, the company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments*; and,
- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

There are no judgements, made by the directors, in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year.

Notes (continued)

1 Accounting policies (continued)

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention. 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.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred taxation, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by new UK GAAP.

Deferred tax

A deferred tax asset is recognised to the extent it is regarded as recoverable. Provision is made at rates of taxation anticipated to be in force when the timing differences are expected to reverse.

Fixed asset investments

Investments in subsidiary undertakings are recorded cost less any accumulated provision for impairment.

Basic financial instruments

Trade and other debtors / creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

Notes *(continued)*

2 Other interest receivable and similar income

	2019	2018
	\$000	\$000
Receivable from group companies	<u>1,771</u>	<u>1,141</u>

3 Expenses and auditor's remuneration

	2019	2018
	\$000	\$000
Profit on ordinary activities before taxation is stated after expensing:		
Auditor's remuneration	<u>3</u>	<u>3</u>

The company had no employees during the year (2018: none). The directors' emoluments were borne by other group undertakings. The qualifying services that they provide to the company are incidental and it is not practicable to allocate any of their remuneration to the company.

Notes (continued)

4 Taxation

Analysis of tax charge in the year	2019	2018
	\$000	\$000
<i>Current tax</i>		
UK corporation tax at 19.00% (2018: 19.00%)	338	216
Adjustments in respect of prior years	<u>5</u>	<u>-</u>
Tax expense on profit	<u><u>343</u></u>	<u><u>216</u></u>
Reconciliation of effective tax rate		
Profit after taxation	1,430	919
Taxation expense	<u>343</u>	<u>216</u>
Profit before taxation	<u><u>1,773</u></u>	<u><u>1,135</u></u>
Profit multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	337	216
<i>Effects of:</i>		
Other tax adjustments	1	-
Adjustments in respect of prior years	<u>5</u>	<u>-</u>
Total tax expense for the year	<u><u>343</u></u>	<u><u>216</u></u>

Factors that may affect future current and total tax charges

Recent budgets have announced changes to the main rate of UK corporation tax. The current rate of 19.00% was enacted on 26 October 2015 and applied from 1 April 2017.

A further reduction to the main rate of corporation tax to 17% will apply from 1 April 2020 and was substantively enacted on 15 September 2016.

This reduces the company's future current tax rate accordingly.

Notes (continued)

5 Debtors

	2019	2018
	\$000	\$000
<i>Amounts owed by group undertakings:</i>		
Interest receivable	5	4
Short term loans	75,104	73,429
	75,109	73,433
	75,109	73,433

6 Creditors: amounts falling due within one year

	2019	2018
	\$000	\$000
Amounts owed to group undertakings trade creditors	124	1
Other creditors including taxation and social security	337	214
	461	215
	461	215
<i>Other creditors including taxation and social security comprise:</i>		
Corporation tax	337	214
	337	214
	337	214

7 Called up share capital

	2019	2018
	Number	Number
<i>Allotted, called up and fully paid</i>		
Ordinary shares of \$0.01 each	25,000,002	25,000,002
	\$	\$
In reporting currency of US dollars	250,000	250,000
	250,000	250,000

Notes *(continued)*

8 Related party transactions

The company is exempt from disclosing transactions with other wholly owned group companies under Section 33.1A of FRS 102.

9 Ultimate holding company and parent undertaking

The immediate parent undertaking of Cerestar UK Limited is Cerestar Holding B.V., a company incorporated in the Netherlands whose registered address is Evert van de Beekstraat 378, 1118CZ Schipol. Cargill, Incorporated is the ultimate parent undertaking of Cerestar UK Limited and is regarded by the directors as being the company's ultimate controlling party.

The smallest and largest group into which the accounts of the company are consolidated is Cargill, Incorporated, a company incorporated in the USA and registered office is Corporation Trust, 1209 Orange Street, Wilmington, Delaware 19801, USA. The consolidated financial statements of this group are lodged at Companies House, Crown Way, Cardiff, CF4 3UZ.