

# ADM Agriculture Limited (formerly ADM Arkady Limited)

## FINANCIAL STATEMENTS

for the year ended

31 December 2019



Company Registration No. 00904957

# ADM Agriculture Limited

## COMPANY INFORMATION

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### DIRECTORS

G L Atkinson  
G T McGuigan  
D T Sheppard  
M J Thompson  
M P Farrow

### SECRETARY

Eversecretary Limited  
(appointed 24 August 2020)  
Eversheds House  
70 Great Bridgewater Street  
Manchester  
M1 5ES

### COMPANY NUMBER

00904957

### REGISTERED OFFICE

5 Hercules Way  
Leavesden Park  
Watford  
WD25 7GS

### AUDITOR

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

# ADM Agriculture Limited

## STRATEGIC REPORT

For the year ended 31 December 2019

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The Directors present their Strategic Report of ADM Agriculture Limited (Company Registration No. 00904957) for the year ended 31 December 2019.

### PRINCIPAL ACTIVITIES

On 20 February 2019 ADM Arkady Limited completed the acquisition of the remaining 50% stake of Gleadell Agriculture Ltd, bringing its ownership to 100%.

On 1 April 2019 all of the business and assets of Gleadell Agriculture Limited, Dunns (Long Sutton) Ltd and part of the business and assets of Archer Daniels Midland (UK) Limited (merchandising division – ADM UK Direct) were transferred to ADM Arkady Limited to form ADM Agriculture Limited. Since 1 April 2019, ADM Agriculture Limited consists of Feed division (continuation of the already existing commodity trading business) and Grain division (business transferred on 1 April 2019).

The principal activity of the Feed division of the Company is importation and trading of agricultural commodities, which are principally used as animal feedstuffs and secondly as biomass in the energy industry.

The principal activity of the Grain division is merchandising, handling, processing and storage of grain, seed and other human consumption ingredient products.

### REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

With the combination of four business into one, 2019 has been a year of transition and consolidation. As the companies were merged with the existing ADM Arkady Limited in April 2019 and the normal financial years differed between the merged companies, comparatives to previous years are of limited value.

The Directors consider the key performance indicators for the business to be the traded volumes, gross profit and gross profit after interest, which are analysed as follows:

	2019	2018
Sales Volume (Tonnes'000)	4,722	2,448
Gross profit (£'000)	14,185	18,444
Gross profit after interest (£'000)	11,756	17,605

Whilst the results shown are disappointing from a pre-tax profit point of view when compared to the previous outstanding year, the directors are satisfied with how the companies have come together to form one and that 2019, whilst making a small pre-tax loss, was a year of amalgamation and consolidation to build a business for the future that will be a strong partner for its customers and suppliers alike.

Being part of ADM gives our trading partners confidence in our financial strength and worldwide logistical capability.

The UK crop outlook for 2020 harvest is poor compared to 2019 and this will affect the grain available to trade in the second half of the 2020. The directors are confident that the company will perform well in the future with its diverse portfolio making it better placed to deal with low crop years with its financial strength and worldwide connections to service its customers in the future.

The Company will continue to pursue its principal activity.

# ADM Agriculture Limited

## STRATEGIC REPORT (CONTINUED)

### For the year ended 31 December 2019

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#### PRINCIPAL RISKS AND UNCERTAINTIES

The Directors have considered and reviewed the provisions included within the Companies Act 2006, relating to financial risk management objectives and policies, including any associated use of financial instruments.

As part of the review, the Directors have also considered the exposure of the Company to price risk, credit risk and liquidity risk including interest risk and foreign currency risk, in order that an overall assessment can be made of the Company's assets, liabilities, its financial position and its result for the year. Further consideration of these risks are detailed within Note 22. With regard to the current situation with Covid-19 pandemic or public crisis in general, we refer to the going concern and post balance sheet events information.

#### FINANCIAL RISK MANAGEMENT

Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the ADM Group are implemented by the Company's finance department. The department has a policy and procedures manual that sets out specific guidelines on how to manage risk and the circumstances where it would be appropriate to use financial instruments.

Full details of the Company's financial risk management objectives and policies, including any associated use of financial instruments, are provided in Note 22 of these financial statements.

#### SECTION 172 (1) STATEMENT

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 (1)(a-f) of the UK Companies Act 2006 and include a duty to promote the success of the Company, which is summarised below:

a) Principal decisions taken and Business planning

Following the acquisition of the remaining 50% of the Gleadell and Dunn's business and the merging of the ADM Direct business into the existing ADM Arkady business creating ADM Agriculture Ltd, the Board focused on the transition and integration of the companies.

The Board believes that this combined entity is much better placed to meet the needs of its customers, suppliers and other stakeholders as it covers a wider range of products, creates a much stronger business and with the merger the Company has been able to drive efficiencies and will continue to do so.

The Company has a sufficient capital base to achieve its budget. The Board considers any likely consequences of any decisions in the long term with regards to the impact on the Company's regulatory compliance framework and its investment risk framework. The capital and liquidity plan is monitored on the regular basis as a part of risk management framework.

b) Employees

Our Employees are fundamental to the delivery of our plan. The detailed information about employee involvement and disabled persons is provided as part of the Director's Report on page 5.

c) Business Relationships

The business strategy of the Company sets out organic growth of the net trading book revenues through the development of new strategies and improving the performance of existing strategies. The Company is dependent upon external factors such as volatility and volume in the markets the Company trades on. To enable the Company to achieve this strategy, the directors of the Company ensure that the Company's employees develop and maintain strong relationships with all counterparties with which it interacts including farmers, customers and all other suppliers of services and goods to the Company. The Company strives to build long term business relationships that are mutually beneficial for all parties.

d) Community and Environment

Our duty is to provide a safe and secure supply to our customers and act safely to the environment. The Company's approach is to use our resources, expertise and work ethics to create positive change for the people and communities with which we interact.

# ADM Agriculture Limited

## STRATEGIC REPORT (CONTINUED)

For the year ended 31 December 2019

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### SECTION 172 (1) STATEMENT (CONTINUED)

e) Business Conduct


The Directors have a duty to ensure that the Company maintains the highest standards of business conduct. The Company has a robust, global Anti-Corruption program that, together with Code of Conduct, establishes high standards of honesty and integrity for all colleagues and business partners.

f) Shareholders

As the Board of Directors, our intention is to behave responsibly towards our shareholders and treat the shareholder adequately, so the shareholder may benefit from the successful delivery of our business plan.

This report was approved by the board of Directors on 10 November 2020.

Signed on behalf of the board:

DocuSigned by:  
  
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M J Thompson

DIRECTOR

Dated: 10 November 2020

# ADM Agriculture Limited

## DIRECTOR'S REPORT

For the year ended 31 December 2019

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The Directors present their report and financial statements of ADM Agriculture Limited (Company Registration No. 00904957) for the year ended 31 December 2019.

### RESULTS AND DIVIDENDS

The details of the loss for the year are set out in the Income statement on page 9. The loss of £481,099 (2018: profit £11,398,858) has been transferred to reserves.

The Directors do not recommend payment of an ordinary dividend (2018: £Nil).

### GOING CONCERN

The directors have considered the impact of COVID-19 on the Company. The company has operated successfully since the outbreak of COVID-19 and has seen no material impact on its operations and profitability. All necessary precautions have been taken, with the situation and our methods of working through the COVID-19 pandemic under constant review by both the directors of the Company and its ultimate parent company.

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report.

The Company is expected to generate positive results for the foreseeable future. The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The parent, in turn, is a party to the funding arrangements of the ultimate holding company, Archer Daniels Midland Company, a company listed on the New York Stock Exchange.

The Company has a binding agreement whereby the Group undertakes to provide a credit facility of EUR 165 million or equivalent. The Group has confirmed that the agreement has no end date and will be in place for as long as it is needed.

Having considered these factors and the Company's financial position, the Directors have a reasonable expectation that the Company will be able 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.

### POST BALANCE SHEET EVENTS

On 31 July 2020, the share capital of Gleadell Agriculture Limited was reduced from £1,430,000 to £1.00 and the share capital of Dunns (Long Sutton) Limited was reduced from £53,333 to £1.00. On 19 August 2020, the Company received a dividend in specie from Gleadell Agriculture Limited in the amount of £14,079,920.60 and from Dunns (Long Sutton) Limited in amount of £6,506,845.49. Both entities are dormant and the Company is planning to dissolve them in the near future.

The Directors have monitored and continue, at the time of approving these financial statements, to monitor the Coronavirus pandemic as it rapidly unfolds to ensure that appropriate action is taken, if required. Fortunately, Coronavirus has not materially affected the operations of ADM Agriculture Limited and the Directors expect 2020 to have similar, if not better results to that of 2019. The Directors view the medium and long-term prospects of the Company with considerable optimism. 2020 will undoubtedly be a unique challenge but ADM Agriculture Limited remains positive, well placed to seize the initiative and grow once the Covid-19 crisis recedes and the world economy starts to recover.

### DIRECTORS

The following Directors have held office since 1 January 2019:

G L Atkinson

G T McGuigan – appointed 1 April 2019

D T Sheppard – appointed 1 April 2019

M J Thompson – appointed 1 April 2019

M P Farrow - appointed 1 April 2019

P W Briggs – resigned 31 October 2019

# ADM Agriculture Limited

## DIRECTOR'S REPORT (CONTINUED)

### For the year ended 31 December 2019

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#### EMPLOYEE INVOLVEMENT

Consultation with the employees or their representatives continues at all levels, with the aim of ensuring their views are taken into account when decisions are made that are likely to affect their interests. Communications with all employees continues through the in-house newsletter and emails, which include parent undertaking news releases and financial performance updates.

The Employee Consultative Forum met on two occasions during 2019. Members of the forum are elected representatives of the employees from the various different sites and representatives of the management. The purpose of the forum is to enable the employees' representatives and management to consult with each other, to request and receive information and to facilitate clear communication of business performance and direction.

The Company operates an equal opportunities policy. Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and the promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

The Company operates a health and safety policy as required under the Health and Safety at Work Act 1974.

#### DISABLED PERSONS

The Company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

#### AUDITOR

The auditor, Ernst & Young LLP, has indicated its willingness to continue in office.

#### STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

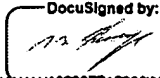
The Directors at the date of approval of this Directors' report confirm that so far as each of them is aware, there is no relevant audit information of which the Company's auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, all the Directors have taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

#### THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

The Company has granted an indemnity to one or more Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

This report was approved by the board of Directors on 10 November 2020.

Signed on behalf of the board:

DocuSigned by:  
  
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M J Thompson  
DIRECTOR

Dated: 10 November 2020

# ADM Agriculture Limited

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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The Directors are responsible for preparing the Strategic Report, 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, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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
- 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 to 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 AUDITOR'S REPORT

### To The Members of ADM Agriculture Limited

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#### OPINION

We have audited the financial statements of ADM Agriculture Limited (the 'Company') for the year ended 31 December 2019 which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes 1 to 31 to the financial statements, 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 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

#### EMPHASIS OF MATTER – EFFECTS OF COVID-19

We draw attention to notes 4 and 30 of the financial statements, which describe the impact on the Company of Covid-19 in its operations and assessment of going concern. Our opinion is not modified in respect of this matter.

#### CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

#### 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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in 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 the directors' report have been prepared in accordance with applicable legal requirements.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### To The Members of ADM Agriculture Limited

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#### 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 and the 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.

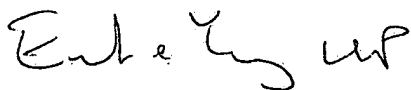
#### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

#### USE OF OUR REPORT

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



RICHARD FROSTICK (Senior Statutory Auditor)

For and on behalf of ERNST & YOUNG LLP, Statutory Auditor  
24 Marina Court,  
Castle Street,  
Hull,  
HU1 1TJ

Dated: 11 November 2020

# ADM Agriculture Limited

## INCOME STATEMENT

For the year ended 31 December 2019

	Notes	2019 £	2018 £
TURNOVER	6	950,309,157	482,854,094
Cost of sales		(936,124,057)	(464,410,497)
GROSS PROFIT		14,185,100	18,443,597
Administrative expense		(12,719,590)	(3,523,116)
Other operating income		570,555	-
OPERATING PROFIT	7	2,036,065	14,920,481
PROFIT BEFORE INTEREST		2,036,065	14,920,481
Interest receivable and similar income	8	335,489	697,407
Interest payable and similar charges	9	(2,763,916)	(1,536,343)
(LOSS)/PROFIT BEFORE TAX		(392,362)	14,081,545
Taxation	12	(88,737)	(2,682,687)
(LOSS)/PROFIT AFTER TAX		(481,099)	11,398,858

On 1 April 2019, all of the business and assets of Gleadell Agriculture Ltd, Dunns (Long Sutton) Ltd and part of the business and assets of Archer Daniels Midland (UK) Limited (merchandising division: ADM UK Direct) were transferred to ADM Arkady Limited to create ADM Agriculture Limited. Further information on the business assets transferred is disclosed in Note 23.

# ADM Agriculture Limited

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	2019 £	2018 £
(Loss)/Profit for the financial year		<u>(481,099)</u>	<u>11,398,858</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	-
TOTAL COMPREHENSIVE (EXPENDITURE)/INCOME FOR THE YEAR		<u><u>(481,099)</u></u>	<u><u>11,398,858</u></u>

# ADM Agriculture Limited

## STATEMENT OF FINANCIAL POSITION

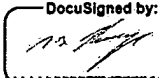
As at 31 December 2019

Company Registration No. 00904957

	Notes	2019 £	2018 £
<b>NON-CURRENT ASSETS</b>			
Intangible assets	13	2,331,000	-
Tangible assets	14	14,731,737	41,706
Investments	15	12,168,500	1,287,500
Deferred asset	16	15,949,650	10,394,502
		<u>45,180,887</u>	<u>11,723,708</u>
<b>CURRENT ASSETS</b>			
Inventories	17	116,086,373	89,016,419
Trade and other receivables	18	134,836,043	46,969,548
Cash and cash equivalents		3,360,843	4,345,149
		<u>254,283,259</u>	<u>140,331,116</u>
CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR	19	(231,946,963)	(90,918,817)
NET CURRENT ASSETS		<u>22,336,296</u>	<u>49,412,299</u>
TOTAL ASSET LESS CURRENT LIABILITIES		<u>67,517,183</u>	<u>61,136,007</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	20	(6,419,922)	-
PROVISION FOR LIABILITIES	21	(1,236,423)	(712,246)
NET ASSETS		<u><u>59,860,838</u></u>	<u><u>60,423,761</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	24	800,000	800,000
Share-based payments reserve	25	473,485	494,151
Profit and loss account		58,587,353	59,129,610
SHAREHOLDERS' FUNDS		<u><u>59,860,838</u></u>	<u><u>60,423,761</u></u>

The financial statements on pages 9 to 34 were approved by the board of Directors on 10 November 2020.

Signed on its behalf by:

DocuSigned by:  
  
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 M J Thompson  
 DIRECTOR

# ADM Agriculture Limited

## STATEMENT OF CHANGES IN EQUITY

### For the year ended 31 December 2019

	Notes	Called up share capital	Share- based payment reserve	Profit and loss account	Total
		£	£	£	£
1 January 2018		800,000	326,892	47,730,752	48,857,644
Profit for the financial year		-	-	11,398,858	11,398,858
Other comprehensive expenditure		-	-	-	-
Total comprehensive income for the year		-	-	11,398,858	11,398,858
Charge for share-based payments for the year	25	-	166,232	-	166,232
Deferred tax on share-based payments		-	1,027	-	1,027
		-	167,259	-	167,259
31 December 2018		800,000	494,151	59,129,610	60,423,761
Loss for the financial year		-	-	(481,099)	(481,099)
Total comprehensive expenditure for the year		-	-	(481,099)	(481,099)
Charge for share-based payments for the year	25	-	158,515	-	158,515
Impact of ADM recharge		-	-	(259,532)	(259,532)
Transfer to profit and loss account		-	(198,374)	198,374	-
Current tax on share-based payments	12	-	19,193	-	19,193
Deferred tax on share-based payments		-	-	-	-
		-	(20,666)	(61,158)	(81,824)
31 December 2019		800,000	473,485	58,587,353	59,860,838

# ADM Agriculture Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

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### 1 GENERAL INFORMATION

ADM Agriculture Limited is a private company (the 'Company') incorporated by shares and domiciled in the United Kingdom.

The principal activity of the Feed division of the Company is importation and trading of agricultural commodities, which are principally used as animal feedstuffs and secondly as biomass in the energy industry.

The principal activity of the Grain division is merchandising, handling, processing and storage of grain, seed and other human consumption ingredient products.

### 2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE WITH FRS 101

These financial statements have been prepared in accordance with Financial Reporting Standard 101 – 'Reduced Disclosure Framework' ('FRS 101') and with the Companies Act 2006. They have been prepared under the historical cost convention modified to include fair value accounting for certain financial instruments in accordance with applicable accounting standards.

In preparing these financial statements, the Company applies the recognition and measurement requirements of International Financial Reporting Standards as adopted by the EU ("IFRS"), amended where necessary in order to comply with Companies Act 2006.

The Company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare Group financial statements. These financial statements present information about the Company as an individual undertaking and not about its Group. The Company does not produce consolidated financial statements as these are produced by its ultimate parent undertaking, Archer-Daniels-Midland Company (Note 31).

The preparation of financial statements in conformity with FRS101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of paragraphs 45(b) and 46-52 of *IFRS 2 Share-Based Payment*, because the share-based payment arrangement concerns the instruments of another Group entity; on the grounds that equivalent disclosures are included in the consolidated financial statements of its ultimate parent undertaking, Archer Daniels Midland Company;
- (b) The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of *IFRS 3 Business Combinations*; on the grounds that equivalent disclosures are included in the consolidated financial statements of its ultimate parent undertaking, Archer Daniels Midland Company;
- (c) the requirements of paragraphs 91-99 of *IFRS 13 Fair Value Measurement*; on the grounds that equivalent disclosures are included in the consolidated financial statements of its ultimate parent undertaking, Archer Daniels Midland Company;
- (d) the requirement in paragraph 38 of *IAS 1 Presentation of Financial Statements* to present comparative information in respect of:
  - (i) paragraph 79(a)(iv) of *IAS 1*; and
  - (ii) paragraph 73(e) of *IAS 16 Property, Plant and Equipment*;
- (e) the requirements of paragraphs 10(d), 16, 38, 39(c), 111 and 134-136 of *IAS 1 Presentation of Financial Statements*;
- (f) the requirements of *IAS 7 Statement of Cash Flows*;
- (g) the requirements of paragraphs 30 and 31 of *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*;

# ADM Agriculture Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### For the year ended 31 December 2019

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#### 2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE WITH FRS 101 (Continued)

(h) the requirements of paragraph 17 of *IAS 24 Related Party Disclosures*; and the requirements in IAS 24 to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transactions entered into is wholly owned by such a member; and

(i) the requirements of paragraphs 130(f) (ii), 130 (f)(iii), 134(d)-134(f) and 135(c)-135(e) of *IAS 36 Impairment of Assets*, on the grounds that equivalent disclosures are included in the consolidated financial statements of its ultimate parent undertaking, Archer Daniels Midland Company.

#### 3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

##### *New and amended standards and interpretations*

Effective 1 January 2019, the Company adopted IFRS 16 Leases which replaces IAS 17 Leases.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use assets and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets.

The company has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for 2018 reporting period, as permitted under the modified retrospective approach. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The impact of the adoption of the leasing standard and the new accounting policies are disclosed below.

The Company has not adopted early any other standard, interpretation or amendment that has been issued but is not yet effective.

##### *Impact on lessee accounting*

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17 which were off-balance sheet.

IFRS 16 requires a lessee to present right-of-use assets separately from other assets and lease liabilities separately from other liabilities. The separate presentation is required either in the statement of financial position or as disclosure in the notes to the financial statements. In these financial statements, the 'Rights-of-use assets' are included within the 'Tangible assets' line and are disclosed separately in the note 27. The related lease liabilities were presented in 'Amount falling due within one year' and 'Amounts falling due after one year' in the statement of financial position and are disclosed separately in the notes 19,20 and 27.

IFRS 16 requires that the interest expense on lease liabilities and the depreciation charge for the right-of-use asset are presented separately in the statement of profit or loss. The interest expense on lease liabilities is a component of interest payable and depreciation charge for the right-of-use is a component of administrative expenses in the statement of profit or loss and are disclosed separately in the notes 9 and 27.



# ADM Agriculture Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### For the year ended 31 December 2019

#### 3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

##### *Impact on lessee accounting (continued)*

Lease incentives are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts.

For a short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers or office furniture), the company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other expenses in the profit or loss.

The company did not have any lease contracts in the previous year that were classified as finance lease under IAS 17.

Impact on assets, liabilities and equity as at 1 January 2019 was the following:

	IFRS 16 adoption adjustment
	£
Tangible assets (right-of-use assets)	273,045
Total assets	<u>273,045</u>
Creditors: Amounts falling due within one year	158,884
Creditors: Amounts falling due after more than one year	114,161
Total liabilities	<u>273,045</u>
Retained earnings	-
Equity	<u>-</u>

The following table summarises the difference between the operating lease commitments disclosed under IAS 17 at 31 December 2018 in the Company's financial statements and the lease liabilities recognised at 1 January 2019:

	£
Operating lease commitments at 31 December 2018 as disclosed under IAS 17	776,886
Lease not in scope of IFRS 16	(515,355)
Understatement of operating leasing balance by one payment	28,912
Discounted using rate implicit in the lease	(9,404)
Revaluation differences	(7,994)
Lease liabilities recognised as at 1 January 2019	<u>273,045</u>

Weighted average incremental borrowing rate as at 1 January 2019 was 2.67%.

# ADM Agriculture Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

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### 4 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Company are set out below and have been consistently applied to all the years presented unless otherwise stated.

#### GOING CONCERN

The company has adequate financial resources and the Directors believe that the company is well placed to manage its business risks successfully despite the uncertain economic outlook.

The Directors anticipate that any further adverse impact of Covid-19 on revenue streams (see also Note 30 Post Balance Sheet Event) will not be significant over the next 12 months from the date of signing of these financial statements.

The Directors do not expect the company to require any additional support and are satisfied that the company is in a position to meet its liabilities as they fall due for the foreseeable future (being not less than 12 months from the date of the signing of the accounts). On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the going concern basis continues to be adopted in preparing the annual report and accounts.

#### FOREIGN CURRENCY TRANSLATION

The presentational currency of the Company is British Pounds Sterling, which is also the Company's functional currency. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the income statement.

#### TURNOVER

Turnover represents amounts receivable, net of trade discounts, rebates, Value Added Tax, and other taxes or duty, for goods sold and services provided to customers.

For each contract with a customer, the company: identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration; allocates the transaction price to the separate performance obligations; and recognises turnover when or as each performance obligation is satisfied.

At contract inception, the transaction price is determined, being the amount that the company expects to receive for transferring the promised goods or services. The transaction price is allocated to the performance obligations in the contract based on their relative stand alone selling prices. The company uses the contractually stated price as the stand-alone selling price for each performance obligation.

The revenue recognition rules for different streams of revenue in the Company are described below:

#### Sale of agricultural products

Revenue is recognised at the point when the control of goods is transferred to the customer. For goods sold ex store this will be on issuance of documentation notifying the customer and the holding warehouse that goods are freely available for collection by the customer. For goods sold ex vessel this would be on transfer of documents specified in the contract, typically the bill of lading and invoice. In Grain (merchandising) division, this will be when the goods are delivered to the customer or when the customer collects the goods.

#### Sale of services

Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due.

#### INTANGIBLE ASSETS

##### *Goodwill*

Goodwill is stated at cost less any accumulated impairment losses. The Company reviews goodwill for impairment on an annual basis or whenever there are indications of impairment.

# ADM Agriculture Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### For the year ended 31 December 2019

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#### 4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### INTANGIBLE ASSETS (CONTINUED)

###### *Patents, Trademarks and Computer software*

Patents, trademarks and computer software are valued at cost less accumulated amortisation. Amortisation is calculated to write-off the cost in equal annual instalments over their estimated useful life of 5 years. Patents, trademarks and computer software are reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be appropriate.

Borrowing costs that are directly attributable to the development of intangible assets to bring them up to the required condition for their intended use are capitalised as part of the cost of those assets.

##### TANGIBLE FIXED ASSETS AND DEPRECIATION

Fixed assets are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Buildings	25 years
Plant and machinery	3-10 years
Leasehold fixtures	Over the remaining life of the lease, with a maximum of 10 years, or over the expected useful life if shorter
Computer equipment	Over 4 years by equal annual instalments
Fixtures & fittings	Over 8 years by equal annual instalments
Motor vehicles	4 years

The carrying values of tangible fixed assets are reviewed for impairment in periods when events or changes in circumstances indicate that the carrying value may not be recoverable, and if appropriate, an impairment provision will be made.

Borrowing costs that are directly attributable to the construction of tangible fixed assets to bring them up to the required condition for their intended use are capitalised as part of the cost of those assets.

##### LEASES

###### *Policy applicable from 1 January 2019*

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases for low-value assets. The Company recognises lease liabilities to make lease payments and right-of use assets representing the right to use the underlying assets.

###### Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying assets is available for use). Right-of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The depreciation starts at the commencement date of the lease.

The Company applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired.

The right-of-use assets are presented within 'Tangible assets' in the statement of financial position and are disclosed separately in the note 27.

# ADM Agriculture Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### For the year ended 31 December 2019

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#### 4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### LEASES (Continued)

##### Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liability is presented under “Amounts falling due within one year” and “Amounts falling due after more than one year” in the statement of financial position and is disclosed separately in the notes 19,20 and 27.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the incremental borrowing rate) and by reducing the carrying amount to reflect the lease payments made.

The incremental borrowing rate is used, being the rate that a lessee would have to pay to borrow on a collateralised basis over a similar term an amount equal to the lease payments in a similar economic environment.

##### Lease expenses

The company presents interest expense on the lease liability separately from the depreciation charge for the right-of-use asset. Interest expense on the lease liability is a component of finance costs, which is presented separately in the income statement.

##### *Policy applicable before 1 January 2019 under IAS 17*

In the comparative period, leases were classified as operating leases and were not recognised in the company’s statement of financial position. Payments made under operating leases were recognised in the income statement on a straight-line basis over the term of the lease.

##### INVESTMENTS

Fixed asset investments are stated at cost unless in the opinion of the Directors there has been a permanent diminution in value, in which case investments are written down to the Directors’ valuation. The carrying values of fixed asset investments are reviewed for impairment in periods when events or changes in circumstances indicate that the carrying value may not be recoverable, and if appropriate, an impairment provision will be made.

##### INVENTORIES

Inventories of certain agricultural commodities are stated at market value. Fair value accounting is applied to inventories for which it is possible to reliably measure market prices. Changes in the market values of these inventories are recognised in the income statement.

Merchandisable agricultural commodities are freely traded, have quoted market prices, and may be sold without significant additional processing. The Company estimates fair value for its commodity related assets based on exchange-quoted prices, adjusted for differences in local markets.

Where there are no reliable market prices available for a commodity, inventories are recorded at the lower of cost or net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

# ADM Agriculture Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### For the year ended 31 December 2019

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#### 4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### FINANCIAL INSTRUMENTS

###### *Non-derivative financial instruments*

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables. Financial assets and liabilities are classified, at initial recognition at amortised cost or at FVPL.

###### *Derivative financial instruments*

The Company uses derivative financial instruments such as forward currency contracts and forward commodity contracts to hedge its risks associated with foreign currency and commodity price fluctuations. Such derivative financial instruments have been initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of commodity contracts is determined by reference to a quoted terminal market. Commodities which cannot be related to a quoted terminal market are valued at estimated market value.

##### CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

##### TRADE DEBTORS AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses.

##### TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

##### EMPLOYEE BENEFITS

Company contributions to pension funds due in the financial year are recognised as an expense in the same year. All contributions are paid into money purchase schemes. No further liability accrues to the Company.

##### DEFERRED TAXATION

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exception:

- Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply in the period for which the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. Deferred tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

# ADM Agriculture Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### For the year ended 31 December 2019

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#### 4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### DEFERRED TAXATION (Continued)

Deferred tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, deferred tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise deferred tax is recognised in the income statement.

##### PROVISIONS

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

##### SHARE-BASED PAYMENTS

The fair value of the services received in respect of equity-settled share-based payments is determined by reference to the fair value of the shares or share options on the date of grant to the employee. The cost of the share-based payment, together with a corresponding increase in equity, is recognised in the income statement over the period the service conditions of the grant are met with the amount changing according to the number of awards expected to vest.

The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not recognised for the award is recognised immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value expensed in the income statement.

The Company has a recharge agreement with a certain Group company in respect of the share-based payment schemes whereby, the Company is charged for the benefit of share-based compensation. The impact of this recharge is reflected in the equity movements (Impact of ADM recharge).

##### STATEMENT OF CASH FLOWS

As described in the basis of preparation, the Company is exempt under FRS 101 Reduced Disclosure Framework from the requirement to prepare a cash flow statement.

##### RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 Reduced Disclosure Framework from the requirement to disclose transactions with fellow group undertakings where 100% of the voting rights are controlled within the Group. There were no other related party transactions during the year other than those in respect of Gleadell Agriculture Limited that are disclosed in note 29).

# ADM Agriculture Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### For the year ended 31 December 2019

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#### 5 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires Directors to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The items in the financial statements where these judgements and estimates have been made include:

##### TANGIBLE FIXED ASSETS

The annual depreciation charge for tangible fixed assets is susceptible to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are updated whenever necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

##### INVESTMENTS

Investments are subject to a fair value review each year. The fair value is determined by reference to the current price offered by certain purchasers to current shareholders. Where the management of the Company believe that it is not possible to disclose a range of estimates within which the fair values are likely to lie due to the shares being in an inactive market, the investments are held at cost.

Investments are impaired when the carrying value of asset or cash generating unit exceeds its recoverable amount; the recoverable amount is determined as whichever is the higher of its fair value less costs to sell and its value in use.

##### SHARE-BASED PAYMENTS

The cost of equity-settled transactions with employees are measured by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

##### TAXATION

Uncertainties exist with respect to the amounts of current tax expected to be paid or recovered due to the interpretation of tax legislation, changes in tax regulations, and the amount and timing of future taxable income, resulting in the establishment of provisions by the Company depending upon reasonable estimate of the outcome to treatment of certain transactions by the responsible tax authority. The amount of current tax provisions is based on factors, such as experience of previous tax assessments and differing interpretations of tax laws by the Company and the tax authority in the country of operation.

The Directors exercise judgement in determining the amount of deferred tax assets that can be recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

##### LEASES

Application of IFRS 16 requires significant judgements and certain key estimations which, among others, include identifying whether a contract includes a lease, determining whether it is reasonably certain that an extension or termination option will be exercised, determination of the appropriate rate to discount the lease payments, assessment of whether a right-of-use asset is impaired.

# ADM Agriculture Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### For the year ended 31 December 2019

#### 6 TURNOVER

The Company generates turnover from the following:

	2019 £	2018 £
<b>TURNOVER BY GEOGRAPHICAL MARKET</b>		
United Kingdom	822,778,872	403,365,025
Rest of Europe	125,882,625	79,489,069
Rest of World	1,647,660	-
	<u>950,309,157</u>	<u>482,854,094</u>

	2019 £	2018 £
<b>TURNOVER BY AREA OF ACTIVITY</b>		
Sale of goods	950,253,686	482,854,094
Rendering of services	55,471	-
	<u>950,309,157</u>	<u>482,854,094</u>

#### 7 OPERATING PROFIT

	2019 £	2018 £
This is stated after charging/(crediting):		
Inventory recognised as an expense	900,112,662	458,859,969
- Including inventory write offs to net realisable value	200,887	525,491
Depreciation of tangible assets		
- Owned tangible assets	859,709	101,345
- Right-of-use assets	435,961	-
Operating lease rentals		
- Land and buildings	-	5,889,472
- Other assets	-	688,898
- Short-term operating leases (IFRS 16)	1,177,920	-
Auditor's remuneration - for audit work	124,500	43,300
Foreign exchange loss/(gain) other than those on financial instruments at fair value included in 'cost of sales'	7,690,073	(480,385)
Financial instruments net loss/(gain) at fair value through the profit and loss account included in 'cost of sales'	11,035,082	(7,639,361)
(Gain)/loss on disposal of fixed assets	<u>(59,125)</u>	<u>-</u>

#### 8 INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £	2018 £
Income from Group undertakings	221,548	697,079
Other interest	113,941	328
	<u>335,489</u>	<u>697,407</u>



# ADM Agriculture Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### For the year ended 31 December 2019

9	INTEREST PAYABLE AND SIMILAR CHARGES	2019 £	2018 £
	On amounts payable to Group undertakings	2,299,197	1,536,343
	Bank borrowings	179,523	-
	Other interest	79,103	-
	Interest expense on lease liabilities	206,093	-
		<u>2,763,916</u>	<u>1,536,343</u>

Other interest receivable and payable balances are the interest charged on the extended line of credit to customers and customer prepayments respectively.

10	EMPLOYEES AND EMPLOYMENT COSTS	2019 Number	2018 Number
	Number of Employees		
	The average monthly number of employees (including Directors) during the year was:		
	Administration	60	24
	Operational	116	-
		<u>176</u>	<u>24</u>
	Employment costs	2019 £	2018 £
	Wages and salaries	7,577,521	1,902,843
	Social security costs	907,773	274,396
	Pension costs - defined contribution scheme (Note 26)	757,644	179,170
	Share-based payments expense (Note 25)	158,515	166,232
		<u>9,401,453</u>	<u>2,522,641</u>

11	DIRECTORS' EMOLUMENTS	2019 £	2018 £
	Emoluments	1,028,541	537,119
	Company contributions to money purchase pension schemes	7,518	-
		<u>1,036,059</u>	<u>537,119</u>
	Number of Directors accruing benefits under money purchase pension schemes	1	-

The highest paid Director received emoluments of £359,774 (2018: £344,370) and company pension contributions of £Nil (2018: £Nil). During the year the Director was also granted Restricted Share Units, at no cost, under the ultimate holding company's compensation plan (see note 25). These shares vest after 3 years.

# ADM Agriculture Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

12 TAXATION	2019 £	2018 £
UK CORPORATION TAX		
UK corporation tax on profit for the period	80,818	2,688,412
Adjustments in respect for prior periods	(505)	128
Total current tax charge	<u>80,313</u>	<u>2,688,540</u>
DEFERRED TAX		
Effects of changes in tax rates and laws	2,914	5,099
Adjustments in respect for prior periods	33,184	-
Deferred tax credit for current year	(27,674)	(10,952)
Total deferred tax charge/(credit)	<u>8,424</u>	<u>(5,853)</u>
TOTAL TAX CHARGE	<u>88,737</u>	<u>2,682,687</u>
Tax represented in Statement of Changes in Equity (SOCE)		
Current tax on share-based payments	(19,193)	-
Deferred tax on share-based payments	-	(1,027)
TOTAL TAX PRESENTED IN SOCE	<u>(19,193)</u>	<u>(1,027)</u>
FACTORS AFFECTING THE TAX CHARGE FOR THE YEAR		
The tax assessed for the year is higher (higher in 2018) than the effective rate of UK corporation tax of 19% (2018 – 19 %) as explained below:		
(Loss)/profit before tax	<u>(392,362)</u>	<u>14,081,545</u>
(Loss)/profit before tax multiplied by the effective rate of UK corporation tax of 19 % (2018 – 19%)	<u>(74,549)</u>	<u>2,675,494</u>
Effects of:		
Fixed asset differences	38,658	-
Non - deductible expenses	34,998	7,065
Non - taxable income	(100,395)	-
Adjustments for prior years - current tax	(505)	128
Adjustments for prior years - deferred tax	33,184	-
Deferred tax differences arising on transfer in	154,433	-
Effects of changes in tax rates and laws	2,913	-
TOTAL TAX CHARGE	<u>88,737</u>	<u>2,682,687</u>

The tax rate for the current year is the same as the prior year.

Reductions of the UK corporation tax rate to 17% from 1 April 2020 were enacted as a part of Finance Bill 2016 (on 6 September 2016) consequently, deferred tax has been recognised at the rate ruling when the timing differences are expected to reverse. In November 2019, the Prime Minister announced that he intended to cancel the future reduction in corporate tax from 19% to 17%. This announcement does not constitute substantive enactment and therefore deferred tax at the balance sheet date continue to be measured at the enacted rate of 17%. However, it is possible that the corporation tax rate remains at 19% after 1 April 2020.

# ADM Agriculture Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### For the year ended 31 December 2019

#### 13 INTANGIBLE ASSETS

	Goodwill £
<b>COST</b>	
At 1 January 2019	-
Transfer of business assets on 1 April 2019 (Note 23)	2,331,000
As at 31 December 2019	<u>2,331,000</u>
<b>AMORTISATION AND IMPAIRMENT</b>	
1 January 2019 and 31 December 2019	<u>-</u>
<b>NET BOOK VALUE</b>	
At 31 December 2019	<u>2,331,000</u>
At 31 December 2018	<u>-</u>

The Company performed its annual impairment test as at December 2019 and 2018. The impairment is considered unnecessary due to the current and forecast performance of the cash generating unit.

#### 14 TANGIBLE FIXED ASSETS

	Note	Land and buildings Leasehold £	Plant & machinery £	Fixtures & fittings £	Other equipment £	Assets under construction £	Total £
<b>COST</b>							
1 January 2019		17,089	-	268,130	279,908	-	565,127
IFRS 16 adoption	27	260,529	-	-	12,516	-	273,045
Transfer of business assets on 1 April 2019	23	5,081,491	1,993,699	319,593	40,682	838,538	8,274,003
Additions		6,991,318	122,963	371,177	-	185,735	7,671,193
Transfers		-	-	794,954	-	(794,954)	-
Disposals		-	-	-	(147,106)	-	(147,106)
Adjustments		-	-	-	-	(43,585)	(43,585)
31 December 2019		<u>12,350,427</u>	<u>2,116,662</u>	<u>1,753,854</u>	<u>186,000</u>	<u>185,734</u>	<u>16,592,677</u>
<b>DEPRECIATION AND IMPAIRMENT</b>							
1 January 2019		17,089	-	250,873	255,459	-	523,421
Transfer of business assets on 1 April 2019	23	7,096	60,249	103,151	2,583	-	173,079
Charge for the year		584,341	530,586	156,145	24,598	-	1,295,670
Transfers		-	-	-	-	-	-
Disposals		-	-	-	(131,230)	-	(131,230)
31 December 2019		<u>608,526</u>	<u>590,835</u>	<u>510,169</u>	<u>151,410</u>	<u>-</u>	<u>1,860,940</u>
<b>NET BOOK VALUE</b>							
31 December 2019		<u>11,741,901</u>	<u>1,525,827</u>	<u>1,243,685</u>	<u>34,590</u>	<u>185,734</u>	<u>14,731,737</u>
31 December 2018		-	-	17,257	24,449	-	41,706

# ADM Agriculture Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### For the year ended 31 December 2019

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#### 14 TANGIBLE FIXED ASSETS (CONTINUED)

Net book value of Land and buildings includes costs of freehold land £182,404 (2018:Nil).

Net book value of right-of-use assets presented in Buildings Leasehold amounts to £6,900,904 (cost £7,296,530 accumulated depreciation £395,626), in Plant and Machinery amounts to £4,545 (cost £28,863 and accumulated depreciation £24,318) and in Other Equipment amounts to £29,064 (cost £45,081 and accumulated depreciation £16,017). Total net book value of right-of-use assets amounts to £6,934,513 (accumulated depreciation: £435,961) (2018: not recognised in fixed assets – see accounting policy on page 14).

Asset under construction includes an adjustment amount of £43,585 relating to IT consultancy services that was expensed to profit and loss accounts during the year 2019.

#### 15 INVESTMENTS

	Shares in Group undertaking £
<b>COST</b>	
1 January 2019	1,287,500
Additions	10,881,000
31 December 2019	<u>12,168,500</u>
 <b>NET BOOK VALUE</b>	
31 December 2019	<u>12,168,500</u>
31 December 2018	<u>1,287,500</u>

The investment comprises 100% of the ordinary share capital of Gleadell Agriculture Ltd, whose registered office is at Lindsey House, Hemswell Cliff, Gainsborough, Lincolnshire DN21 5TH.

On 20 February 2019 the Company completed the acquisition of the remaining 50% stake of Gleadell Agriculture Ltd, bringing its ownership to 100%. The purchase price of the 50% shareholding (357,500 'A' ordinary shares and 357,500 'B' ordinary shares) amounted to £10,881,000.

Until 1 April 2019, the principal activity of the subsidiary was merchandising, handling, processing and storage of grain, seed and other human consumption ingredient products. After the transfer of business assets to ADM Agriculture Ltd on 1 April 2019, Gleadell Agriculture Ltd became dormant.

The value of net assets of Gleadell Agriculture Ltd as at 31 December 2019 exceeded the cost of the investment, therefore no impairment was recognised in these financial statements.

The Directors of the Company intend to dissolve Gleadell Agriculture Ltd in the near future.

# ADM Agriculture Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### For the year ended 31 December 2019

#### 16 NON-CURRENT ASSETS – DEFERRED ASSET

	Deferred asset £
<b>COST</b>	
At 1 January 2019	10,500,000
Additions during the year	<u>6,000,000</u>
At 31 December 2019	16,500,000
<b>AMORTISATION</b>	
At 1 January 2019	105,498
Charge during the year	<u>444,852</u>
At 31 December 2019	550,350
<b>NET BOOK VALUE</b>	
31 December 2019	<u>15,949,650</u>
31 December 2018	<u>10,394,502</u>

On 22 March 2018, the Company entered into 25 year service agreement for the supply of port discharge and storage services. In return for an advance payment, the Company has benefited from free storage charges over the whole term, irrespective of the quantity of goods stored. The advance payment is being amortised over the life of the agreement, with the amortisation value taken to cost of sales. The investment of £10,500,000 has commenced on 1 July 2018 followed by the investment of £6,000,000 with commencement date of 1 July 2019.

17 INVENTORIES	2019 £	2018 £
Animal feedstuffs, biomass, grain, pulses, seed and oilseeds for re-sale	116,045,084	89,007,718
Bunker stocks	<u>41,289</u>	<u>8,701</u>
	<u>116,086,373</u>	<u>89,016,419</u>

The valuation of stock is analysed as follows:

	2019 £	2018 £
Fair value less costs to sell	70,330,105	42,956,850
Lower of cost and net realisable value	<u>45,756,268</u>	<u>46,059,569</u>
	<u>116,086,373</u>	<u>89,016,419</u>

**ADM Agriculture Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the year ended 31 December 2019

18	TRADE DEBTORS AND OTHER RECEIVABLES	2019 £	2018 £	
	Amounts owed by Group undertakings	38,923,373	173,262	
	Trade debtors	74,491,583	31,763,021	
	Other debtors	1,006,649	1,917,040	
	Financial derivatives at fair value	13,677,609	12,972,476	
	Deferred taxation (Note 21)	-	24,797	
	Prepayments and accrued income	6,736,829	118,952	
		<u>134,836,043</u>	<u>46,969,548</u>	
19	CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR	2019 £	2018 £	
	Bank overdraft	6,928,030	-	
	Trade creditors	67,397,418	4,281,839	
	Amounts owed to Group undertakings	139,647,592	75,421,309	
	Advance payments received from customers	491,869	74,037	
	Lease liabilities	515,918	-	
	Corporation tax	61,625	2,688,412	
	Other creditors	266,787	59,924	
	Financial derivatives at fair value	14,867,648	7,750,869	
	Accruals and deferred income	1,770,076	642,427	
		<u>231,946,963</u>	<u>90,918,817</u>	
20	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2019 £	2018 £	
	Lease liabilities (Note 27 )	<u>6,419,922</u>	<u>-</u>	
		<u>6,419,922</u>	<u>-</u>	
21	PROVISION FOR LIABILITIES			
		Deferred tax liability £	Other provisions £	Total £
	1 January 2019	(24,797)	712,246	687,449
	Transfer of business assets at 1 April 2019 (Note 23)	1,041,000	-	1,041,000
	Charged/(credited) to income statement	8,424	(500,450)	(492,026)
	31 December 2019	<u>1,024,627</u>	<u>211,796</u>	<u>1,236,423</u>

# ADM Agriculture Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

### 21 PROVISION FOR LIABILITIES (Continued)

THE DEFERRED TAX LIABILITY IS MADE UP AS FOLLOWS:	2019	2018
	£	£
Fixed assets	1,308,544	(23,219)
Capital allowances	(599,651)	-
Other temporary differences	315,734	(1,578)
	<u>1,024,627</u>	<u>(24,797)</u>

### 22 FINANCIAL INSTRUMENTS

The main risks facing the Company in the current volatile markets relate to contract execution and debt settlement.

#### Price risk

The Company is exposed to commodity price risk as a result of its operations. In order to reduce price risk caused by market fluctuations, the Company adopts a policy of reviewing its long and short trading positions on a daily basis.

#### Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed continuously by the finance department, and third party credit insurance is effected, where necessary. For the business transferred to the Company from ADM UK's merchandising division on 1 April 2019, the securitisation agreement with another Group undertaking is continued. Within the agreement, another Group undertaking purchases the trade debt without recourse.

#### Liquidity risk

The Company's major short-term funding requirement is provided by another Group undertaking which charges market-rate interest on a floating rate basis, calculated monthly. All funding is effected in currencies matching the underlying requirement.

#### Interest rate risk

The Company's interest bearing liabilities relate to intercompany borrowings whose interest is calculated monthly on a floating rate basis. The Directors consider that a reasonably possible change in interest with other variables held constant will have an immaterial impact on the Company's profitability. As the Company only has short-term funding requirements, the Directors ensure that interest rate agreements are as competitive as possible. Foreign exchange swaps are undertaken where necessary to optimise interest rates payable and receivable in different currencies.

#### Foreign currency risk

In order to reduce the risk of foreign currency exchange rate fluctuations, the Company follows a policy of entering into currency exchange forward contracts to mitigate its foreign currency risk related to transactions denominated in currency other than its functional currency. All committed purchases are hedged in the relevant currency against the sale. All currency positions are reviewed daily by the Directors.

#### Derivatives

In order to meet future trading commitments, the Company has entered into forward contracts for the purchase and sale of commodities and foreign currencies. These contracts are regarded as derivative financial instruments under IFRS 9 and the accounting treatment is set out in the accounting policies.

The fair value gain in respect of forward commodity contracts recorded in the balance sheet within Other receivables is £13,618,877 (2018: £8,638,664). The fair value loss in respect of forward commodity contracts recorded in the balance sheet within other creditors is £10,932,428 (2018: £7,362,389).

The fair value gain in respect of foreign currencies forward contracts recorded in the balance sheet within Other receivables is £463,315 (2018: £4,333,812). The fair value loss in respect of foreign currencies forward contracts recorded in the balance sheet within other creditors is £3,523,295 (2018: £181,831).

# ADM Agriculture Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### For the year ended 31 December 2019

#### 22 FINANCIAL INSTRUMENTS (CONTINUED)

##### Derivatives (Continued)

The fair value gain in respect of future derivative contracts recorded in the balance sheet within other debtors is £58,732 (2018: £0). The fair value loss in respect of future derivative contracts recorded in the balance sheet within other creditors is £875,240 (2018: £206,649).

#### 23 BUSINESS ASSETS TRANSFER

On 1 April 2019, all of the business and assets of Gleadell Agriculture Ltd, Dunns (Long Sutton) Ltd and part of the business and assets of Archer Daniels Midland (UK) Limited (merchandising division: ADM UK Direct) were transferred to ADM Arkady Limited to create ADM Agriculture Limited. The consideration for the sale of business assets totalled £16,221,752 and consisted of the book value of assets (other than agricultural commodities/business contracts). This was discharged by intercompany settlement. Following the SPA agreement dated 1 April 2019, the business contracts and agricultural commodities were valued against the market raw material prices determined on 29 March 2019.

Business assets transferred to ADM Agriculture Ltd as at 1 April 2019 were as follows:

	Notes	As at 1 April 2019 £
Goodwill	13	2,331,000
Tangible assets	14	8,023,676
Right-of-use asset	14	77,248
Other assets		7,470
Non-current assets		<u>10,439,394</u>
Inventories		48,761,740
Trade debtors		59,962,936
Debtors owed from Group undertakings		5,190,121
Other debtors		15,538,578
Cash and cash equivalents		9,220,979
Current assets		<u>138,674,354</u>
Total assets		<u>149,113,748</u>
Trade creditors		61,408,106
Amounts owed to Group undertakings		61,516,910
Corporation tax		1,066,751
Lease liabilities		37,583
Other creditors and accruals		7,784,074
Current liabilities		<u>131,813,424</u>
Interest-bearing loans and borrowings		-
Lease liabilities		37,572
Deferred tax liability	21	1,041,000
Provisions		-
Non-current liabilities and provisions		<u>1,078,572</u>
Total liabilities		<u>132,891,996</u>
Net Assets		<u>16,221,752</u>

Since the acquisition on 1 April 2019 the Grain division has generated sales revenue of £440,185,535 and achieved operating profit of £9,754,839.



# ADM Agriculture Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### For the year ended 31 December 2019

#### 24 SHARE CAPITAL AND OTHER RESERVES

<i>Share capital</i>	2019	2018
ALLOTTED, CALLED UP AND FULLY PAID	£	£
Ordinary shares of £1 each	<u>800,000</u>	<u>800,000</u>
AUTHORISED		
Ordinary shares of £1 each	1,000,000	1,000,000

#### *Profit and loss account*

This reserve records the accumulated distributable profits less dividends paid since the inception of the Company. Movements in the profit and loss reserve are detailed in the Statement of Changes in Equity.

#### 25 SHARE-BASED PAYMENTS

##### INCENTIVE COMPENSATION PLAN

Certain officers and key employees of the Company are entitled to participate in the Archer Daniels Midland Company 2002 Incentive Compensation Plan. Awards of options and restricted shares are made under this scheme. Options are granted at market value on the date of grant, and vest over five years in equal annual tranches and expire ten years after the date of grant. Restricted shares are granted at no cost to the employee and vest after a three year restriction period.

The vesting period for the options is 5 years with vesting occurring in equal tranches over years 1 to 5. The vesting period for the restricted shares is 3 years. Accelerated vesting terms apply to employees over the age of 53 at the date of grant.

The expense recognisable under IFRS 2 for equity share-based payments in respect of employee services received during the year to 31 December 2019 is £158,515 (2018: £166,232).

At the balance sheet date, the IFRS 2 value of outstanding options amounted to £447,795 (2018: £487,654). Share-based payment reserve net of tax amounted to £473,485 (2018: £494,151).

No share options were granted during the year.

#### 26 PENSION COSTS

Throughout the period, the Company had defined contribution pension and death-in-service schemes for its present directors and all employees who fulfilled the Company's age and length-of-service criteria. Premiums paid by the Company to these schemes amounted to:

	2019	2018
	£	£
Current directors	7,518	-
All employees	<u>750,126</u>	<u>179,170</u>
	757,644	179,170

# ADM Agriculture Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### For the year ended 31 December 2019

#### 27 LEASES

Until the 2018 financial year, leases of property, plant and equipment and vehicles were classified as operating leases. From 1 January 2019, leases are recognised as right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

The Company has entered into various leases on real estate, plant and machinery, and also on vehicles.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Buildings (real state)	Plant and machinery	Other	Total
	£	£	£	£
As at 31 December 2018	-	-	-	-
Effect of IFRS 16 adoption:	260,529	-	12,516	273,045
As at 1 January 2019 (restated)	260,529	-	12,516	273,045
Transfer of business assets at 1 April 2019	44,683		32,565	77,248
Additions	6,991,318	28,863		7,020,181
Depreciation expense	(395,626)	(24,318)	(16,017)	(435,961)
As at 31 December 2019	6,900,904	4,545	29,064	6,934,513

Set out below are the carrying amounts of the lease liabilities and the movements during the period:

	Buildings (real estate)	Plant and machinery	Other	Total
	£	£	£	£
As at 31 December 2018	-	-	-	-
Effect of IFRS 16 adoption:	260,529	-	12,516	273,045
As at 1 January 2019 (restated)	260,529	-	12,516	273,045
Transfer of business assets at 1 April 2019	42,644	-	32,511	75,155
Additions	6,991,318	28,863	-	7,020,181
Adjustments	7,470	-	525	7,995
Accretion of interest	205,355	516	222	206,093
Payments	(605,589)	(24,490)	(16,550)	(646,629)
As at 31 December 2019	6,901,727	4,889	29,224	6,935,840
Current	497,914	4,889	13,115	515,918
Non-current	6,403,813	-	16,109	6,419,922

# ADM Agriculture Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### For the year ended 31 December 2019

#### 27 LEASES (CONTINUED)

The total cash outflow for leases in 2019 was £1,896,216 (2018: £878,938).

Maturity analysis of leases is presented below:

	Buildings (real estate)	Plant and machinery	Other	Total
	£	£	£	£
Payable on demand				
Less than 3 months	167,955	250,898	10,554	429,407
Between 3 and 12 months	507,555	186,550	24,931	719,036
Between 1 and 5 years	2,816,210	-	16,355	2,832,565
Over 5 years	6,821,689	-	-	6,821,689
Total	<u>10,313,409</u>	<u>437,448</u>	<u>51,840</u>	<u>10,802,697</u>

The following are the amounts recognised in the income statement in 2019:

	2019	2018
	£	£
Depreciation expense of right-of-use	435,961	-
Interest expense on lease liabilities	206,093	-
Expense relating to short-term leases (included in cost of sales)	1,177,920	-
Total	<u>1,819,974</u>	<u>-</u>

#### 28 CAPITAL AND OTHER COMMITMENTS

At 31 December, the company had the following capital commitments:

Commitments for minimum lease payments in relation to noncancelable operating leases (under IAS 17) are as follows:

	2019		2018	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Not later than one year	-	-	190,040	289,810
Later than one year and not later than five years	-	-	292,978	4,058
Later than five years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>483,018</u>	<u>293,868</u>

# ADM Agriculture Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### For the year ended 31 December 2019

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#### 29 RELATED PARTY TRANSACTIONS

Until 20 February 2019, the Company was related to Gleadell Agriculture Limited by virtue of a 50% holding in that company. On 20 February 2019, the Company acquired the remaining 50% stake in Gleadell Agriculture Limited bringing its ownership to 100%. The transactions in the period between 1 January 2019 and 20 February 2019 and balances as at 20 February 2019 are disclosed below.

Until 20 February 2019, the Company raised invoices/(credits) to Gleadell Agriculture Limited amounting to (£1,027) (2018: £565,191). At 20 February 2019, Gleadell Agriculture Limited owed £10,387 (2018: £125,469) to the Company. No amount has been written-off or provided against during the year in relation to transactions with this entity.

The Company has taken advantage of the exemptions conferred by paragraph 8(k): Related Party Disclosures of FRS 101 from the requirement to disclose transactions with fellow Group undertakings where 100% of the voting rights are controlled within the Group.

There were no other related party transactions during the year.

#### 30 POST BALANCE SHEET EVENTS

COVID-19 has not materially affected the operations of ADM Agriculture Limited and had no impact on the financial statements. The potential impact on the company's ability to continue as a going concern has been considered in the strategic report.

On 31 July 2020, an application to the Companies house by Special resolution was successfully made for the capital of Gleadell Agriculture Limited to be reduced from £1,430,000 divided into 715,000 A Ordinary Shares of £1.00 each and 715,000 B Ordinary Shares of £1.00 each to £1.00, this being one A Ordinary Share of £1.00, by the cancellation and extinguishment of 714,999 A Ordinary Shares of £1.00 each and 715,000 B Ordinary Shares of £1.00 each. The capital redemption reserve to be reduced from £30,000 to nil.

On 31 July 2020, an application to the Companies house by Special resolution was successfully made for the capital of Dunns (Long Sutton) Limited to be reduced from £53,333 divided into 53,333 Ordinary Shares of £1.00 each to £1.00, this being one Ordinary Share of £1.00, by the cancellation and extinguishment of 53,332 Ordinary Shares of £1.00 each. The share premium account to be reduced from £400,491 to nil. The capital redemption reserve to be reduced from £30,000 to nil.

On 19 August 2020, the Company received a dividend in specie from Gleadell Agriculture Limited in the amount of £14,079,920.60 and from Dunns (Long Sutton) Limited in amount of £6,506,845.49. Both entities are dormant and the Company is planning to dissolve them in the near future.

#### 31 CONTROL

On 27 November 2018 the controlling interest in the company's share capital owned by Alfred C. Toepfer International Netherlands B.V. (ACTI NL), was transferred by ACTI NL to its holding company, Archer Daniels Midland Europe B.V. (ADM EU). On 18 February 2019 ADM EU transferred the shareholding to Archer Daniels Midland (UK) Ltd, registered in England at Church Manorway, Erith, DA8 1DL, who became the company's immediate parent undertaking.

The company's ultimate parent undertaking and controlling party is Archer-Daniels-Midland Company, which is incorporated in Delaware, United States of America. The consolidated financial statements of Archer-Daniels-Midland Company are both the smallest and largest consolidated financial statements drawn up for the groups of which the Company is a member. Copies of the consolidated financial statements are available upon application to the Directors at P O Box 1470, Decatur, Illinois 62525, United States of America.