



Cargill Investor Services Limited

Directors' report and financial statements

31 May 2001

Registered number 1598507



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 May 2001.

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss 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 estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records which 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 1985. They 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.

Business Review

The principal activity of the Company is as a broker for customers trading on European, U.S. and other recognised futures markets. The Company also offers brokerage services for customers trading over-the-counter products.

The firm incurred a loss before taxation of £1,096,537 in 2001 compared with a profit on ordinary activities before taxation of £512,662 in 2000. The year under review has been a challenging one for the brokerage industry with the continuing consolidation amongst brokers and as exchanges move from open outcry to screen based trading.

Both of these factors have led to an increasingly competitive environment and one in which the firm, as a brokerage house, has had to re-evaluate and re-engineer its processes and reduce its cost base.

As a result of this, the firm is now better placed to take advantage of the opportunities that exist and the directors believe that this will enable the company to return to profitability.

Dividends

A dividend of £6,000,000 was paid in the year.

Directors and Directors' Interests

The directors who held office during the year were as follows;

D. Corridan (appointed 14th September 2000 and resigned 5 July 2001)
M-H. Cretu (appointed 31st January 2001)
B. Dan (resigned 5th July 2001)
J. Davison (appointed 1st December 2000)
K. Hackert (appointed 5 July 2001)
C. Malo
D.V. Pearse (resigned 17th August 2000)
J C Reynolds (resigned 14th September 2000)
P. A. Simons (resigned 23rd January 2001)
P. J. Tiller (resigned 14th September 2000)
R. Ward (appointed 14th September 2000)
J. R. Waye

No director had a beneficial interest in the shares of the Company during the year. Details of the options granted to certain of the directors to buy shares in Cargill, Incorporated, the ultimate parent undertaking, are given in note 7.

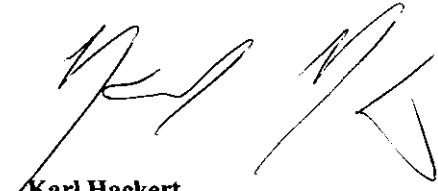
Charitable Contributions

Charitable contributions amounting to £ 3,350 (2000: £3,850) were made during the year.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit PLC as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Karl Hackert
Director

Knowle Hill Park
Fairmile Lane
Cobham
Surrey
KT11 2PD



August 2001

Report of the auditors to the members of Cargill Investor Services Limited

We have audited the financial statements on pages 4 to 15.

Respective responsibilities of Directors and Auditors

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

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

Basis of opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 31 May 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

28 August 2001

Profit and Loss Account
For the year ended 31 May 2001

	Notes	2001 £	2000 £
Turnover	2	27,333,584	32,853,606
Cost of Sales		(16,058,314)	(18,350,925)
Gross Profit		11,275,270	14,502,681
Administrative Expenses		(15,470,786)	(16,809,734)
Trading (loss)		(4,195,516)	(2,307,053)
Interest receivable and similar income	4	15,186,842	14,151,160
Interest payable and similar charges	5	(12,087,863)	(11,331,445)
(Loss)/Profit on ordinary activities before taxation	6	(1,096,537)	512,662
Tax on (loss)/profit on ordinary activities	8	239,591	(420,788)
		(856,946)	91,874
Dividend paid		(6,000,000)	
Retained profit brought forward		19,220,539	19,128,665
Retained profit carried forward		12,363,593	19,220,539

The entire trading result is derived from continuing operations.

There were no recognised gains or losses other than the loss for the period. Accordingly a statement of total recognised gains and losses is not prepared as part of these financial statements

**Balance
Sheet**
as at 31 May 2001

	Notes	2001 £	2000 £
Fixed Assets			
Tangible Assets	9	0	541,436
Investments	10	596,910	596,910
		<hr/>	<hr/>
		596,910	1,138,346
Current Assets			
Debtors	11	128,180,910	154,002,530
Cash at bank and in hand		178,004,489	91,217,170
		<hr/>	<hr/>
		306,185,399	245,219,700
Creditors: amounts falling due in one year	12	(293,418,716)	(226,137,507)
		<hr/>	<hr/>
Net current assets		12,766,683	19,082,193
		<hr/>	<hr/>
Net assets		13,363,593	20,220,539
		<hr/>	<hr/>
Capital and Reserves			
Called up share capital	13	1,000,000	1,000,000
Profit and loss account	20	12,363,593	19,220,539
		<hr/>	<hr/>
Total equity and shareholders' funds		13,363,593	20,220,539
		<hr/>	<hr/>

The Financial statements were approved by the Board of Directors on 20 August 2001, and were signed on its behalf by:


Karl Hackert
Director

The notes on pages 6 to 15 form an integral part of these financial statements

Notes to the financial statements

1. Accounting policies

(a) Basis of Preparation

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

In prior years client collateral was shown under current asset investments, this is now included in other debtors.

(b) Foreign currencies

Transactions in foreign currencies are recorded using the appropriate month end rate of exchange. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account. Forward foreign currency transactions are recorded at market value.

(c) Tangible fixed assets

Depreciation is provided by the Company to write off cost less the estimated residual value of tangible assets using the direct line method:

Office refurbishment - 8 years

Other fixed assets - 3 - 6 years

(d) Assets held under operating lease arrangements

The rental charges under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

(e) Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it will crystallise.

(f) Pension costs

The Company participates in one of the Cargill Group pension schemes, which provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company

(g) Commission and interest income

The commission and interest earned is accounted for on an accruals basis.

(h) Investments held as fixed assets

Investments other than loans represent unlisted investments comprising membership of exchanges and are shown at cost less any provisions for permanent diminution.

Notes to the financial statements

Continued

2. TURNOVER

Turnover represents commission and brokerage income generated from futures and options trading on world markets.

3. STAFF NUMBERS AND COSTS

The average number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows

	2001 No	2000 No
Management	4	8
Trading personnel	33	41
Clerical / Administrative	59	63
	-----	-----
	96	112
	=====	=====

The aggregate payroll costs of these persons were as follows:

	2001 £	2000 £
Wages and salaries	5,451,832	6,544,251
Social security costs	568,495	812,277
Other pension costs	628,464	569,409
	-----	-----
	6,648,791	7,925,937
	=====	=====

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2001 £	2000 £
Interest receivable and similar income	15,186,842	14,151,160
	=====	=====

Of the above amount **£5,869,241** (2000: £5,655,518) was receivable from group undertakings.

Notes to the financial statements

Continued

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2001	2000
	£	£
Bank loans and overdrafts	175,433	116,751
Other debts including customer accounts (repayable within 5 years)	11,912,430	11,214,694
	<u>12,087,863</u>	<u>11,331,445</u>

Of the above amount **£ 1,819,456** (2000: £4,252,107) was payable to group undertakings.

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit before taxation is stated:

	2001	2000
	£	£
After charging		
Depreciation of tangible fixed assets	0	362,288
Operating lease rentals:		
On hire of plant and machinery	82,568	83,518
Other	(30,501)	206,328
Auditors' remuneration and expenses	30,000	24,000
Auditors' non statutory fees	6,000	6,000
Exchange (Gains) / Losses	(142,233)	(103,942)

Notes to the financial statements

Continued

7. REMUNERATION OF DIRECTORS

	2001 £	2000 £
Directors' emoluments	556,863	606,774

The aggregate of emoluments and amounts receivable under the long-term incentive schemes of the highest paid director was **£183,461** (2000: £291,555). He is a member of a defined benefit scheme, under which the accrued pension to which he would be entitled from normal retirement date if he were to retire at the year end, was **£1,219** (2000 £26,268).

Number of Directors	2001	2000
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Retirement benefits are accruing to the following number of directors under:

- Defined benefit schemes	7	5
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No payments were made to past directors during the year.

The following directors hold options under the share option scheme as described below:

	2001		2000	
	Number of options granted in year	Number of options exercised in year	Number of options granted in year	Number of options exercised in year
J. Waye	4,000	-	800	-
B. Dan	24,000	-	4,000	-
C. Malo	10,000	-	2,500	-
D. Pearse	4,000	-	1,600	-

Certain directors receive options to buy shares in Cargill, Inc. which are exercisable between three and ten years from the date of granting. A provision is made for the difference between the notional market value and the exercise price of options in existence.

Notes to the financial statements
Continued

8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
UK taxation		
Corporation tax - current year	368,292	(391,594)
Corporation tax - prior year	154,099	(237,194)
Deferred tax adjustment - current year	(161,948)	228,128
Deferred tax adjustment - prior year	(120,852)	(20,128)
	<u>239,591</u>	<u>(420,788)</u>

9. TANGIBLE FIXED ASSETS

	£
Fixtures and Fittings	
Cost	
1 June 2000	1,301,564
Additions	0
Disposals	(1,301,564)
	<u>0</u>
At 31 May 2001	<u>0</u>
Depreciation	
As at 1 June 2000	760,128
Charge for the year	0
Disposals	(760,128)
	<u>0</u>
At 31 May 2001	<u>0</u>
Net book value	
At 31 May 2001	<u>0</u>
At 31 May 2000	<u>541,436</u>

Notes to the financial statements
Continued

10. INVESTMENTS HELD AS FIXED ASSETS

Investments other than loans	£
Cost	
At 1 June 2000	682,522
Disposal	0
	<hr/>
At 31 May 2001	682,522
	<hr/>
Provisions	
At 1 June 2000	85,612
Provision on disposal	0
	<hr/>
At 31 May 2001	85,612
	<hr/>
Net book value	
At 31 May 2001	596,910
	<hr/>
At 31 May 2000	596,910
	<hr/>

In the opinion of the Directors these investments are worth at least the amounts at which they are stated in the balance sheet.

11. DEBTORS

	2001	2000
Due within one year:	£	£
Trade debtors	34,662,750	40,866,391
Amounts owed by parent and fellow subsidiary undertakings	90,226,692	108,420,489
Other debtors	2,595,781	3,450,664
Deferred tax asset	49,200	332,000
Prepayment and accrued income	646,487	932,986
	<hr/>	<hr/>
	128,180,910	154,002,530
	<hr/>	<hr/>

Amounts owed by trade debtors primarily represent deposits held as initial margin with clearing organisations and other brokers, and the unrealised gain or loss on open positions on futures contracts. These amounts are directly attributable to customers and are reflected in trade creditors.

Notes to the financial statements

Continued

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Bank loans and overdrafts	1,950,500	11,871,073
Trade creditors	231,268,683	192,995,710
Amounts owed to parent and fellow subsidiary undertakings	57,246,348	15,870,589
Other creditors including taxation and social security	0	192,458
Accruals and deferred income	2,953,185	5,207,677
	<u>293,418,716</u>	<u>226,137,507</u>

Amounts owed to trade creditors and parent and fellow subsidiary undertakings include deposits by customers to margin their accounts, and the unrealised gains or losses on open positions on futures contracts.

13. CALLED UP SHARE CAPITAL

	2001 £	2000 £
Authorised, allotted, called up and fully paid Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

Notes to the financial statements

Continued

14. OPERATING LEASE COMMITMENTS

Amounts payable in the year to 31 May 2001 relate to commitments expiring as follows:

	2001	2000
	£	£
Other		
Within one year	<u>31,549</u>	<u>7,224</u>

15. PENSIONS

As explained in the accounting policies set out in note 1, the Company participates in one of the funded Cargill Group pension schemes providing benefits based on final pensionable pay. The assets of the scheme are held in a separate trustee administered fund. Contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Company and amounted to **£628,464** (2000: £569,409). Contributions are based on pension costs across the U.K. group as a whole. The level of contributions is determined by independent actuarial valuation. The most recent valuation was at 5th April 2000.

Details of the actuarial valuation of the Group schemes are contained in the financial statements of Cargill PLC, the Company's immediate holding Company.

Contributions amounting to **£757,106** (2000: £430,185) were payable to the fund and are included in creditors.

Notes to the financial statements

Continued

16. ULTIMATE HOLDING COMPANY AND PARENT UNDERTAKING

The Company is a subsidiary of Cargill Incorporated, a company in the U.S.A.

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

17. RELATED PARTY TRANSACTIONS

The Company is a wholly owned subsidiary of Cargill PLC, for which consolidated financial statements are publicly available. As such, it is exempt from the disclosure requirements of FRS8 in respect of transactions with other group entities.

18. CASH FLOW STATEMENT

Under FRS1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking.

19. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	2001 £	2000 £
(Loss)/Profit for the financial year	(856,946)	91,874
Dividend Paid	(6,000,000)	0
Opening shareholders' funds	20,220,539	20,128,665
	<hr/>	<hr/>
Closing Shareholders' funds	<u>13,363,593</u>	<u>20,220,539</u>

Notes to the financial statements

Continued

20. RESERVES

	Profit & Loss Account £
At 1 June, 2000	19,220,539
Dividend Paid	(6,000,000)
Retained (loss) for the year	(856,946)
	<hr/>
At 31 May 2001	<u>12,363,593</u>

21. CONTINGENT LIABILITIES

No contingent liabilities exist in relation to the year ending 31 May 2001.

22. CAPITAL COMMITMENTS

There were no capital commitments for future projects at 31 May 2001 and 31 May 2000.