

ADAMA AGRICULTURAL SOLUTIONS UK LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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ADAMA AGRICULTURAL SOLUTIONS UK LTD

COMPANY INFORMATION

Director	J.-P Bordes
Company Secretary	M Sabine
Company number	02330985
Registered office	Third Floor East 1410 Arlington Business Park Theale Reading RG7 4SA
Auditor	Deloitte LLP Statutory Auditor Abbots House Abbey Street Reading United Kingdom RG1 3BD

ADAMA AGRICULTURAL SOLUTIONS UK LTD

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ADAMA AGRICULTURAL SOLUTIONS UK LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The director presents the strategic report for ADAMA Agricultural Solutions UK Ltd ("the Company") for the year ended 31 December 2020.

Fair review of the business and key performance indicators

Key financial highlights are as follows:

	2020	2019	2018
	£000	£000	£000
Turnover	43,937	38,925	40,601
Turnover growth	12.88%	(4.13%)	(3.31%)
Gross profit margin	17.50%	17.03%	16.23%
Profit before tax	806	620	760

The director considers revenue, gross profit margin and profit before tax as the main KPIs for the Company which are monitored closely.

Turnover for the year to December 2020 increased by 12.9% in comparison with the prior year, and this was primarily as a result of recovery to the 2020 autumn selling season arising from an early season in OSR (in terms of planting and application) and an increase in winter cereal area vs. autumn 2019 having been depressed due to the extreme wet conditions. In addition, the Company was also able to benefit from a short-term reversal in the DEFRA decision on the revocation of the active ingredient metaldehyde, allowing the business to increase molluscicide sales in comparison to the prior year.

Spring 2020 remained challenging due to the ongoing effect of the autumn 2019 weather on that cropping cycle and consequently high levels of inventory remaining unused in the channel from autumn 2019 into spring 2020.

Gross margin showed a small improvement from the prior year as a result of product mix and input costs. Output prices increased further from 2019 levels only in a minority of instances.

As a supplier to the critical farming industry, the Company was able to continue to trade throughout the various levels of restrictions during the COVID-19 pandemic. In fact, certain costs were constrained by the regulations, allowing a small increase in margin as trade levels performed strongly.

Profit before tax increased from the prior period as the business was able to increase sales whilst administrative costs were contained as an indirect result of the COVID-19 pandemic.

Section 172 statement

The director is aware of their statutory duty under section 172(1) (a) to (f) of the Companies Act 2006 to act in a matter they consider, in good faith, would be most likely to promote the success of the company whilst also taking into account the impact of business decisions on our stakeholders as a whole and, in doing so, to have regard (amongst other matters) to:

- (a) the likely consequences of any decision in the long term;
The director understands the demands of the business and what is required in order for the company to be successful and meet the groups long term strategic goals. Management meet on a regular basis to review and discuss important issues affecting business operations and to formulate a long-term plan to enable the company to be successful in achieving its strategic objectives;
- (b) the interests of the Company's employees;
The director believes that employees are the company's most valuable asset and are vital to the long-term success of the organisation. The director actively and continually works to instil the Company's purpose, values and leadership framework in order to create an inclusive work environment where all employees feel that they are valued. The Company is focused on building and retaining a talented employee base which is critical to the achievement of long-term objectives through focussing on the implementation of talent related programs such as, effective employee recruitment, onboarding and development processes, and the promotion of diversity and inclusion. Employee safety and wellbeing are key objectives within the overall business strategy;

ADAMA AGRICULTURAL SOLUTIONS UK LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

- (c) the need to foster the Company's business relationships with suppliers, customers, and others;
The director understands the need to engage in positive and mutually beneficial relationships with suppliers, customers, and others in order to operate successfully and deliver on strategic objectives. The company engages with a wide range of suppliers and customers with the aim of establishing long-term relationships which benefit all parties. Suppliers are viewed as integral to the business and management seeks to engage with organisations who share the same commitment to ethical business practices and who can help deliver value;
- (d) the impact of the Company's operations on the community and the environment;
The director is aware of the impact operations have on the environment and local community. The Company is committed to limiting the impact of operations on the environment through its long-term strategy;
- (e) the desirability of the Company maintaining a reputation for high standards of business conduct;
The director views integrity as a core value of the organisation with the clear expectation that all business activities are executed in an ethical manner. Commitment to this behaviour is reinforced through the Company's code of conduct which identifies a clear framework and required standards as well as policies on anti-bribery, anti-trust, anti-fraud and anti-corruption, securities, misconduct reporting and data privacy. Employees receive annual training on the aforementioned topics to ensure that standards of business ethics are both met and maintained on an ongoing bases; and
- (f) the need to act fairly as between members of the Company;
the immediate parent company of ADAMA Agricultural Solutions UK Limited is ADAMA Agricultural B.V, and the ultimate parent Company and controlling entity is China National Chemical Corporation ("ChemChina"), a Company incorporated in China.

Principal risks and uncertainties

Currency Risk

The Company's functional currency is USD, consequently business is heavily exposed to the US Dollar for its input costs and is subject to currency risk as the relevant costs are converted into Sterling at the time of billing. The market has also seen an increase in the number of opportunistic pure generic players, and this continues to place significant downward pressure on prices in the generic portfolio. In the longer term this segment may recover as increased regulatory burden reduces the number of competitors

Regulatory Risk

The regulatory environment continues to become more challenging, and regulatory expertise has become a significant driver of future success, both in terms of ability to register new products for sale, and to steward and maintain existing products through the re-registration process. The group continues to invest to improve its capabilities in these key areas.

Credit Risk

The arable sector was strongly supported by the credit rating agencies during the year, with the result that the business was able to maintain the existing levels of credit available to its customers.

Market Risk

The principal medium-term uncertainty for the business remains the change to the UK agricultural operating environment arising as a consequence of the United Kingdom's decision to leave the European Union. DEFRA's response to this in the form of the new Agriculture Bill has passed parliamentary approval, and there is now greater clarity on the revised subsidy schemes available for farmers and growers. Detail of the phased implementation of the new Environmental Land Management Scheme (ELMS) has been published, and farmers are now able to plan how they will adapt their businesses to the requirements of new subsidy system. Overall there will be a net reduction in the level of overall subsidy available to growers to around 75% of historic levels, meaning that some marginal land may be managed in a different way going forward, but the impact of this will be in the medium term as growers adapt.

In addition, the future direction of the UK regulatory environment, and whether the UK will maintain its harmonisation with the EU regulatory system post Brexit remains uncertain. In the medium term it is anticipated that some active substances that are due for imminent regulatory revocation across the EU will be granted a longer period until revocation in the UK as the UK Chemicals Regulation Division (CRD) increases its resources to manage the additional workload. At present there is no indication of any expected permanent policy difference in regulatory approval framework in the UK in the longer term.

ADAMA AGRICULTURAL SOLUTIONS UK LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

During the year, the EU published its 'Farm to Fork' agricultural policy document with targets now set for the overall net reduction in the usage of pesticides by 2030. This is significant for the entire industry, and the ADAMA group is now reformulating its strategy around the production and supply of non-synthetic biological solutions as a strategy for these longer term changes. However, this policy document is a long-term indicator of the direction of travel for the industry with relatively low impact within the UK in the immediate coming years.

COVID-19

The COVID-19 pandemic significantly impacted the UK economy beginning in March 2020 when the UK government implemented various measures to control the spread of the virus. The director's assessment of the current and future impact of the COVID-19 pandemic on business operations can be found in the director's report on page 4.

Subsequent non adjusting events

Subsequent to year end, the COVID-19 pandemic continues to significantly impact the UK and wider global economy, with the pace of economic recovery still uncertain. It is a non-adjusting post balance sheet event and no adjustments have been made to these financial statements in relation to this. The director has considered the impacts of the COVID-19 pandemic on the financial position of the company and believe the impact to date is expected to continue as a going concern for the 12 months following the signing of these financial statements as disclosed in the director's report.


As at the balance sheet date, the Company had an open legal case against DEFRA in relation to legality of the timing of the UK revocation of the active ingredient metaldehyde by the UK regulatory authority CRD, and consequential losses suffered by the ADAMA Group. In June 2021 DEFRA agreed to settle the claim in favour of the Company to the value of £700,000. As the outcome of the claim was uncertain at the balance sheet date, no contingent asset was recognised in the financial statements for the year ended 31 December 2020.

Future Developments

Future growth is expected to come from new introductions to the product portfolio. China National Chemical Corporation (Chemchina) has reiterated its long-term commitment to ADAMA and whilst ADAMA is now part of the Syngenta Group of Companies, under ownership of Chemchina, ADAMA continues with its own distinctive commercial offering and position within the post patent agrochemical arena.

The ADAMA group has reinforced its long-term commitment to post patent chemistry, and the group is making significant capital investments in both production facilities and R&D capability within China and Israel in order to strengthen long term competitiveness. Hence the director has confidence that the ADAMA group will be able to refresh its product portfolio significantly over the coming years.

Approved by the Board and signed on its behalf by:


.....

M Sabine
Company Secretary

30 September 2021

ADAMA AGRICULTURAL SOLUTIONS UK LTD

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The director presents the annual report and audited financial statements for the year ended 31 December 2020.

Principal activity

The principal activity of the Company is that of importers and agents of agro-chemical products.

Future Developments

Details of future developments can be found in the Strategic Report on page 3 and form part of this report by cross-reference.

Events after balance sheet date

Subsequent to year end, the COVID-19 pandemic continues to significantly impact the UK economy. It is a non-adjusting post balance sheet event and no adjustments have been made to these financial statements in relation to this. The director has considered the impacts of the COVID-19 pandemic on the financial position of the company and believes the company will continue as a going concern for the 12 months following the signing of these financial statements as disclosed later in the director's report.

As at the balance sheet date, the Company had an open legal case against DEFRA in relation to legality of the timing of the UK revocation of the active ingredient metaldehyde by the UK regulatory authority CRD, and consequential losses suffered by the ADAMA Group. In June 2021 DEFRA agreed to settle the claim in favour of the Company to the value of £700,000. As the outcome of the claim was uncertain at the balance sheet date, no contingent asset was recognised in the financial statements for the year ended 31 December 2020.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

R King (resigned 22 December 2020)

R Williams (resigned 1 September 2021)

Jean-Philippe Bordes (appointed 1 September 2021)

Financial risk management and objectives

Performance and finance risk management is an integral part of the Company's management processes. Details of Company's risk management are set out in the Strategic report on page 2 and form part of this report by cross reference.

Results and dividends

The results for the year are set out on page 11.

The director does not recommend payment of a final dividend (2019: Nil).

Going Concern

In making a judgement regarding going concern, the director has considered the impact of the COVID-19 pandemic and the end of the Brexit transition period on business operations.

The final impact of the COVID-19 pandemic on the performance of the business in 2020 was negligible, and the director considers this to be the most likely case into 2021 also. The Company is actively managing its response to the outbreak in order to ensure the safety of its employees as well as making every effort to limit the impact on the performance of the Company.

The majority of ADAMA production facilities globally are continuing to operate under COVID-19 restrictions with only very minor impacts on production. The Group has seen increases in the cost of global freight since the beginning of the pandemic, and is absorbing most of these additional costs, which are expected to revert to more usual levels in due course as the global economy recovers. The Company has been able to carry on its business with UK distributors largely unimpacted by the COVID-19 pandemic, and there has been no impact on the levels of demand for agrochemicals as arable farming has been able to continue in much the same way as previously. Overall, the net impact on the Company's operating results has been positive in that restrictions on travel both within the UK and overseas, and the temporary closure of the Company's offices, have resulted in a small net saving to operating costs.

ADAMA AGRICULTURAL SOLUTIONS UK LTD

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Going Concern (continued)

The business took steps to mitigate the risk of disruption due to the impact of Brexit transition at the end of 2020, importing additional inventories for the spring 2021 sales season in the final months of 2020 in order to minimise the possibility of products being unavailable to customers in season as a result of either port or customs clearance delays.

As the majority of the Company's products are physically imported from sister organisations based either in Israel or the European Union, the Brexit transition has resulted in certain products being subject to additional importation tariffs. Direct imports from Israel remain unchanged, with the existing EU rules regarding preferential origin status of goods imported from Israel being adopted into the UK customs framework. Imports from other ADAMA production facilities located within the EU are now subject to additional import tariffs depending on the specifics of individual product's origin status, but the director believes that these additional import costs arising will be partly passed on within the value chain to customers and growers. In addition there is scope to optimise the overall Group's supply chain to minimise direct imports from the European Union. Hence the director believes that there is no long term impact to the overall going concern of the business arising through the Brexit transition.

A secondary consequence of the United Kingdom's decision to leave the European Union is that UK growers will no longer receive direct subsidy payments as part of the EU's Common Agricultural Policy (CAP). DEFRA has published a clear framework for the transition from EU subsidy payments to a new UK based subsidy system. Whilst overall the total level of subsidy available to growers will be based upon revised criteria incorporating enhanced levels of environmental stewardship, and after the transition period is completed (5 years) only up to 75% of prior subsidy levels will be available to growers, the director is confident that there will be no major structural change to farming within the UK in that productive arable land will still be farmed, with growers focussing more on overall yield improvement and a general shift away from the smaller farms to larger economic units.

The director does not believe that the long term wider economic impacts of the COVID-19 pandemic or the end of the Brexit transition period will have a significant effect on future operations. As a result, they continue to adopt the going concern basis in preparation of these financial statement.

Supplier payment policy

The Company does not have any specific policy in relation to payment of creditors. However, it is company practice to settle agreed outstanding amounts in accordance with the terms and conditions of supply.

The number of days outstanding between receipt of invoices and date of payment, calculated by reference to the amount owed to trade creditors at the year end as a proportion of the amounts invoiced by third party suppliers during the year, was 8 days (2019: 35 days) in aggregate for the Company. Supplies from group companies are settled in accordance with agreed terms.

Financial instruments and risks

The Company's financial instruments comprise cash and liquid resources and various net working capital items, such as trade debtors and trade creditors. The main purpose of these financial instruments is to fund that part of the Company's operations not financed by way of equity.

It is the Company's policy not to trade in financial or derivative instruments.

The business manages its local working capital requirements on a daily basis.

The business is part of a wider group structure and participates in the ADAMA receivables securitization programme. However, the Company is not reliant on the securitization programme as a source of long term working capital funding. Ultimately, overall working capital requirements are funded by the ADAMA group and, as the director has no reason to believe that any material uncertainty exists around the ability of the ADAMA group to continue as a going concern, the director is confident that this will continue to be the case in the coming 12 months. Consequently, the Company continues to adopt the going concern basis of accounting in preparing the financial statements.

Climate change

Adama Agricultural Solutions UK Ltd is committed to:

- a) The protection of the environment, the prevention of pollution and the improvement of company waste management performance relative to the waste hierarchy;
- b) Compliance with all applicable legal, regulatory and other requirements relating to our environmental aspects; and
- c) Continually improve its environmental management system to enhance environmental performance

ADAMA AGRICULTURAL SOLUTIONS UK LTD

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Streamlined Energy and Carbon Reporting

Annual GHG emissions from activities for which the Company is responsible involving gas combustion, or fuel combustion for transport purposes is 33.60 tCO₂e. Emissions from buying electricity for own use were 3.75 tCO₂e.

The annual energy consumption within the UK and offshore area from energy consumed from activities for which the Company is responsible involving gas combustion or fuel consumption for transport purposes is 133,317 kWh. The annual energy consumed from buying electricity for own use has been 16,096 kWh.

The methodology used to calculate the emissions is based in the "Environmental Reporting Guidelines: including mandatory greenhouse gas emissions reporting guidance" issued by the Department for Business, Energy & Industrial Strategy (BEIS), utilising the conversion factors from the 2020 table within the reporting methodology.

The mandatory disclosure calculations are based upon the reporting year of 1st January 2020 to 31 December 2020. This greenhouse gas reporting year has been established to align with the financial reporting year.

The Company reports its emissions data using an operational control approach to define the organisational boundary which meets the definition requirements of the Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 in respect of those emissions for which the Company is responsible.

All material emission sources have been reported on which the Company considers itself to be responsible for. The Company does not have responsibility for any emission sources that are beyond the boundary of operational control.

Building energy use and business car travel data are considered the relevant greenhouse gas emissions for which the Company is responsible.

The Company's building emissions comprise total mains electricity consumed, using actual kWh data from electricity invoices. An emissions conversion factor has then been applied in line with the Department for Business, Energy and Industrial Strategy (BEIS) guidance.

The Company's transport emissions include business mileage from vehicles leased by the Company. Mileage data has been used, with BEIS conversion factors applied to convert to emissions.

This corresponds to an intensity ratio in terms of "Tonnes of CO₂e per total £m sales revenue" of 0.85.

Auditor

The person who is director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:



M Sabine

Company Secretary

30 September 2021

ADAMA AGRICULTURAL SOLUTIONS UK LTD

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2020

Statement of director's responsibilities

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is 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 director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ADAMA AGRICULTURAL SOLUTIONS UK LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ADAMA AGRICULTURAL SOLUTIONS UK LTD

Opinion

In our opinion the financial statements of ADAMA Agricultural Solutions UK LTD (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

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

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

We have nothing to report in this regard.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

ADAMA AGRICULTURAL SOLUTIONS UK LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ADAMA AGRICULTURAL SOLUTIONS UK LTD

In preparing the financial statements, the director is 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 director 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty including the regulations around product approvals and revocations by the Department for Environment, Food & Rural Affairs and UK Agricultural Policy (UKAP) licencing.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Revenue cut-off, specifically in relation to customer pre-purchase arrangements: tested on a sample basis all the revenue transactions recorded near year-end and evaluated if they are recorded at the correct period by agreeing them to the underlying supporting evidence.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

ADAMA AGRICULTURAL SOLUTIONS UK LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ADAMA AGRICULTURAL SOLUTIONS UK LTD

Report on other legal and regulatory requirements

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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the director's report.

Matters on which we are required to report by exception

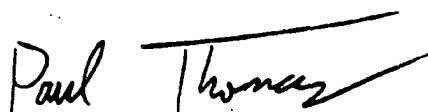
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

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.



Paul Thomas, DPhil, MChem, ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Reading, United Kingdom

30 September 2021

ADAMA AGRICULTURAL SOLUTIONS UK LTD

STATEMENT OF COMPREHENSIVE INCOME

AS AT 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	43,936,803	38,924,802
Cost of sales		<u>(36,246,235)</u>	<u>(32,295,445)</u>
Gross profit		7,690,568	6,629,357
Administrative expenses		<u>(6,788,975)</u>	<u>(5,868,818)</u>
Operating profit	4	901,593	760,539
Interest payable and similar expenses	7	<u>(95,180)</u>	<u>(140,342)</u>
Profit before taxation		806,413	620,197
Tax on profit	8	<u>(115,246)</u>	<u>(48,150)</u>
Profit for the financial year		691,167	572,047
Other Comprehensive Income			
Foreign currency translation		<u>(312,128)</u>	<u>(103,620)</u>
Total Comprehensive Income for the year		<u>379,039</u>	<u>468,427</u>

The statement of comprehensive income has been prepared on the basis of continuing operations.


ADAMA AGRICULTURAL SOLUTIONS UK LTD

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets	9		518,488		669,398
Current assets					
Stocks	11	12,919,353		3,555,043	
Debtors	12	16,080,678		16,080,741	
Cash at bank and in hand		3,506,744		2,052,773	
		32,506,775		21,688,557	
Creditors: amounts falling due within one year	13	(28,466,188)		(18,180,814)	
Net current assets			4,040,587		3,507,743
Total assets less current liabilities			4,559,075		4,177,141
Creditors: amounts falling due after more than one year	14		(202,368)		(199,473)
Net assets			4,356,707		3,977,668
Capital and reserves					
Called up share capital	16		50,100		50,100
Profit and loss account			4,306,607		3,927,568
Total equity			4,356,707		3,977,668

The financial statements were approved by the board of directors and authorised for issue on 30 September 2021 and are signed on its behalf by



.....
Jean-Philippe Bordes
Director
Company Registration No. 02330985

ADAMA AGRICULTURAL SOLUTIONS UK LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Profit and loss reserves	Other comprehensive income	Total
	£	£	£	£
Balance at 1 January 2019	50,100	3,459,141	-	3,509,241
Year ended 31 December 2019:				
Profit for the year	-	572,047	-	572,047
Other comprehensive income for the year	-	-	(103,620)	(103,620)
Total comprehensive income for the year	-	572,047	(103,620)	468,427
Balance at 31 December 2019	50,100	4,031,188	(103,620)	3,977,668
Year ended 31 December 2020:				
Profit for the year	-	691,167	-	691,167
Other comprehensive income for the year	-	-	(312,128)	(312,128)
Total comprehensive income for the year	-	691,167	(312,128)	379,039
Balance at 31 December 2020	50,100	4,722,355	(415,748)	4,356,707

ADAMA AGRICULTURAL SOLUTIONS UK LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

ADAMA Agricultural Solutions UK Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Third Floor East, 1410 Arlington Business Park, Theale, Reading, RG7 4SA.

1.1 Accounting convention

These financial statements have been prepared under the historic cost convention in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the

The functional currency of the Company is US Dollars. Pound sterling is the currency in which the financial statements are presented. Monetary amounts in these financial statements are rounded to the nearest £.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in these separate Company financial statements in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

The financial statements have been prepared using the going concern basis of accounting – see 1.15 for further details.

1.2 Provisions for customer incentive scheme rebates and buying group rewards

The Company issues annual incentive scheme rebates to customers after the end of the period. The incentive scheme rewards the customer for the level of purchases made against defined purchase targets for the period. At the period end the Company is able to estimate with a high level of certainty the carrying value of customer incentive provisions at the balance sheet date.

The Company also rewards agricultural Buying Groups with a purchase rebate on specific products purchased during the period in the form of a specific price discount per unit purchased. At the period end, the exact level of purchases made by the Buying Groups is not quantifiable, and so the Company makes a reasoned estimate of the carrying value of the provision at the balance sheet date. The estimate is based on the level of discounts offered per unit and the forecasted level of purchases made by the Buying Group. Overall the total value of the Buying Group incentives are much lower than customer incentive scheme rebates, and any over or under estimation does not have a material impact on the financial statements for the period

1.3 Turnover

Turnover represents the total invoice value, net of value added tax and trade discounts, of goods sold during the year.

Revenue from goods sold is recognised either:

- a) in the case of direct sales, when the goods are physically delivered to the customer; or
- b) in the case of bill and hold sales, upon receipt of a purchase order from the customer and after virtual transfer of the goods within the warehouse management system of the Company's third party logistics

ADAMA AGRICULTURAL SOLUTIONS UK LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

1.4 Fixed assets

Fixed assets are initially measured at cost net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	25% Straight line
Fixtures and fittings	20- 33% Straight line
Computer equipment	20- 33% Straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.6 Stocks

Stocks are stated at the lower of weighted average historic purchase cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

ADAMA AGRICULTURAL SOLUTIONS UK LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances with original maturities of three months or less, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

ADAMA AGRICULTURAL SOLUTIONS UK LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

ADAMA AGRICULTURAL SOLUTIONS UK LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

1.11 Retirement benefits

The Company contributes to employees' independent pension schemes on a defined contribution basis. The Company holds no pension assets directly. The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 102.

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.13 Foreign exchange

Monetary assets and liabilities are translated at the rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities are translated at the historical exchange rates as at the transaction date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

1.14 Foreign currency translation

Foreign exchange gains and losses resulting from the translation from the functional currency of US Dollars to the presentational currency of pound sterling are recognised in the statement of comprehensive income. There is no tax relating to other comprehensive income. Assets and liabilities are translated using the closing rate at the end of each reporting period. Income and expenses are translated using the average rate for the period.

1.15 Going Concern

In making a judgement regarding going concern, the director has considered the impact of the COVID-19 pandemic and the Brexit transition period on business operations.

The final impact of the COVID-19 pandemic on the performance of the business in 2020 was negligible, and the director considers this to be the case into 2021 also. The Company is actively managing its response to the outbreak in order to ensure the safety of its employees as well as making every effort to limit the impact on the performance of the Company.

The majority of ADAMA production facilities globally are continuing to operate under COVID-19 restrictions with only very minor impacts on production. The Group has seen increases in the cost of global freight since the beginning of the pandemic, and is absorbing most of these additional costs; which are expected to revert to more usual levels in due course as the global economy recovers. The Company has been able to carry on its business with UK distributors largely unimpacted by the COVID-19 pandemic, and there has been no impact on the levels of demand for agrochemicals as arable farming has been able to continue in much the same way as previously. Overall, the net impact on the Company's operating results has been positive in that restrictions on travel both within the UK and overseas, and the temporary closure of the Company's offices, have resulted in a small net saving to operating costs.

As detailed in the Directors Report, the impact of the Brexit transition has not been significant to the business to date, with the changes to the farm subsidy system not anticipated to impact the overall planted area of arable land within the UK going forward. In addition, the majority of the potential additional import costs arising from sourcing of product directly from the European Union are expected to be mitigated via changes to product source in the longer term and/or partially passed on to the market where necessary.

The director does not believe that the long term wider economic impacts of the COVID-19 pandemic or the Brexit transition period will have a significant effect on future operations. As a result, they continue to adopt the going concern basis in preparation of these financial statements.

ADAMA AGRICULTURAL SOLUTIONS UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

2 Critical accounting estimates and judgements

In the application of the Company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical accounting judgements and key sources of estimation uncertainty

There are no critical judgements that the director has made in the process of applying the Company's accounting policies, and there are no sources of material estimation uncertainty.

3 Turnover and other revenue

An analysis of the Company's turnover is as follows:

	2020	2019
	£	£
Turnover analysed by class of business		
Sales	42,144,905	37,461,161
Intercompany Recharges	1,791,898	1,463,641
	<u>43,936,803</u>	<u>38,924,802</u>
	2020	2019
	£	£
Turnover analysed by geographical market		
United Kingdom	37,928,331	35,040,357
EIRE	2,532,686	2,184,244
Other European	1,867,012	373,591
Asia	1,608,774	1,326,610
	<u>43,936,803</u>	<u>38,924,802</u>

4 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging:		
Exchange losses	385,785	12,927
Fees payable to the company's auditor for the audit of the company's financial statements	49,345	48,116
Depreciation of owned tangible fixed assets	165,026	107,502
Cost of stock recognised as an expense	34,799,501	29,548,681
Operating lease charges	299,035	315,668
	<u></u>	<u></u>

ADAMA AGRICULTURAL SOLUTIONS UK LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

5 Employees

The average monthly number of persons (including directors) employed by the Company during the year was:

	2020	2019
	Number	Number
Administration	<u>48</u>	<u>47</u>

Their aggregation remuneration comprised:

	2020	2019
	£	£
Wages and salaries	3,374,429	2,839,764
Social security costs	422,837	352,195
Pensions costs	<u>410,881</u>	<u>401,793</u>
	<u>4,208,147</u>	<u>3,593,752</u>

6 Director's remuneration

	2020	2019
	£	£
Remuneration for qualifying services	261,528	178,643
Company pension contributions to defined contribution schemes	<u>12,025</u>	<u>11,874</u>
	<u>273,553</u>	<u>190,517</u>

The number of directors for whom retirement benefits are accruing under defined benefit contribution schemes amounted to 1 (2019: 1). Remuneration for highest paid director totalled £273,553 (2019: £190,517)

The aggregate amount of compensation paid to directors in respect of loss of office during the period was £90,000 (2019: £Nil)

ADAMA AGRICULTURAL SOLUTIONS UK LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

7 Interest payable and similar expenses

	2020 £	2019 £
Other finance costs		
Other interest	95,180	140,342

See note 12 for details of other interest

8 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	174,548	67,118
Prior period tax adjustment	(61,524)	(26,159)
Group tax relief	2,222	7,191
Total current tax	115,246	48,150

The actual charge for the year can be reconciled to the expected charge for the year based on profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	806,413	620,197
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	153,218	117,837
Non deductible expenses	3,497	14,713
Depreciation add back	31,356	20,425
Capital allowances	(11,301)	(78,668)
Adjustment to prior period tax estimate	(61,524)	(26,157)
Total taxation charge for the year	115,246	48,150

In March 2021 the government confirmed an increase to the corporation tax rate from 19% to 25% beginning 1 April 2023. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

ADAMA AGRICULTURAL SOLUTIONS UK LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

9 Fixed assets

	Leasehold improvements	Fixtures and fittings	Computer equipment	Total
Cost				
At 1 January 2020	571,468	321,610	1,594,681	2,487,759
Additions	15,188	1,387	29,138	45,713
Foreign exchange differences	(36,317)	(19,471)	(99,614)	(155,402)
At 31 December 2020	<u>550,339</u>	<u>303,526</u>	<u>1,524,205</u>	<u>2,378,070</u>
Depreciation and impairment				
At 1 January 2020	289,290	170,408	1,358,663	1,818,361
Depreciation charged this year	44,357	27,831	92,838	165,026
Foreign exchange differences	(19,292)	(13,907)	(90,606)	(123,805)
At 31 December 2020	<u>314,355</u>	<u>184,332</u>	<u>1,360,895</u>	<u>1,859,582</u>
Carrying amount				
At 31 December 2020	<u>235,984</u>	<u>119,194</u>	<u>163,310</u>	<u>518,488</u>
At 31 December 2019	<u>282,178</u>	<u>151,202</u>	<u>236,018</u>	<u>669,398</u>

10 Financial instruments

	2020 £	2019 £
Carrying amount of financial assets		
Financial assets measured at amortised cost	<u>15,810,116</u>	<u>15,832,835</u>
Carrying amount of financial liabilities		
Financial liabilities measured at amortised cost	<u>27,793,398</u>	<u>17,637,740</u>

11 Stocks

	2020 £	2019 £
Finished goods and goods for resale	<u>12,919,353</u>	<u>3,555,043</u>

ADAMA AGRICULTURAL SOLUTIONS UK LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

12 Debtors

	2020 £	2019 £
Amounts falling due within one year		
Trade debtors	15,506,161	15,832,835
Corporation tax recoverable	-	81,653
Amounts owed by group undertakings	303,955	31,034
Prepayments and accrued income	270,562	135,219
	<u>16,080,678</u>	<u>16,080,741</u>

The amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

The Company has an agreement with Donegal Receivables Purchasing Limited. Under this agreement all eligible third party trade debt is sold to Donegal Receivables Purchasing Limited. The sale of trade debt represents an outright sale. The related expenses in connection with the sale of trade debt during the year amount to £95,121 (2019: £140,342)

13 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	175,830	662,096
Amounts owed to group undertakings	24,125,515	13,858,826
Corporation tax	92,589	-
Other taxation and social security	782,569	742,547
Accruals	3,289,685	2,917,345
	<u>28,466,188</u>	<u>18,180,814</u>

The amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

14 Creditors: amounts falling due after more than one year

	2020 £	2019 £
Accruals	<u>202,368</u>	<u>199,473</u>

ADAMA AGRICULTURAL SOLUTIONS UK LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

15 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution	410,881	401,793

16 Share capital

	2020 £	2019 £
Issued and fully paid		
50,100 Ordinary shares of £1 each	50,100	50,100

The Company has one class of ordinary shares which carry no right to fixed income.

17 Operating lease commitments

At the reporting end date the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	251,437	290,651
Between two and five years	635,268	742,744
After five years	422,007	556,575
	1,308,712	1,589,970

18 Related party transactions

The Company has taken advantage of the exemption from disclosure, contained within FRS 102, of the value of transactions with fellow group members.

19 Commitments & Contingencies

The Company has the following contingent liabilities and related arrangements:

- 1) Bank Guarantees amounting to £800,000 withdrawals on demand for the purposes of guaranteeing import duty deferment.
- 2) Subordination of a loan from ADAMA Ltd, formerly Makhteshim Agan Industries Ltd and/or any other group company to the Borrower of not less than £1,500,000 issued on 12th September 2004.
- 3) A negative charging pledge issued on 12th September 2004 in relation to all third party accounts receivables balances.
- 4) A netting off agreement issued on 20th March 2003 that the ADAMA group has 1st Party netting off rights over the assets of the Company.

ADAMA AGRICULTURAL SOLUTIONS UK LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

20 Non-adjusting subsequent events

Subsequent to year end, the COVID-19 pandemic continues to significantly impact the UK and wider global economy, with the pace of economic recovery still uncertain. It is a non-adjusting post balance sheet event and no adjustments have been made to these financial statements in relation to this. The director has considered the impacts of the COVID-19 pandemic on the financial position of the company and believes the impact to date is expected to continue as a going concern for the 12 months following the signing of these financial statements as disclosed in the director's report.

As at the balance sheet date, the Company had an open legal case against DEFRA in relation to legality of the timing of the UK revocation of the active ingredient metaldehyde by the UK regulatory authority CRD, and consequential losses suffered by the ADAMA Group. In June 2021 DEFRA agreed to settle the claim in favour of the Company to the value of £700,000. As the outcome of the claim was uncertain at the balance sheet date, no contingent asset was recognised in the financial statements for the year ended 31 December 2020.

21 Controlling party

The ultimate parent Company and controlling entity is China National Chemical Corporation ("ChemChina"), a Company incorporated in China. This is the parent undertaking the largest group which includes the Company and for which group financial statements are prepared.

The immediate parent company of ADAMA Agricultural Solutions UK Limited is ADAMA Agricultural B.V, a company incorporated in Netherlands and its registered address is Arnhemseweg 87, Leusden, 3832 GK, Netherlands.

Consolidated financial statements are available from www.ADAMA.com in ADAMA Agricultural Solutions Ltd financial statements. This is the parent undertaking the smallest group which includes the Company for which Group financial statements are prepared.