

Cargill Financial Markets Limited

Directors' Report And Financial Statements

31 May 2014



COMPANY INFORMATION

Directors	R D Thurston A I Chohan
Company secretary	R D Thurston
Registered office	Knowle Hill Park Fairmile Lane Cobham Surrey KT11 2PD
Independent auditors	Rees Pollock 35 New Bridge Street London EC4V 6BW
Registered number	02496185

DIRECTORS' REPORT

For the year ended 31 May 2014

The directors present their report and the financial statements for the year ended 31 May 2014.

Results and dividends

The loss for the year, after taxation, amounted to \$24,388,000 (2013 - loss \$57,242,000).

The directors do not recommend the payment of a dividend (2013 - \$nil).

Directors

The directors who served during the year were:

R D Thurston

A I Chohan

Directors' responsibilities statement

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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' REPORT

For the year ended 31 May 2014

Provision of information to auditors

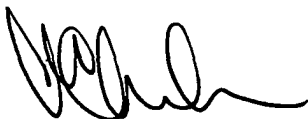
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditor, Rees Pollock, have expressed their willingness to continue in office.

This report was approved by the board on 12 November 2014 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'A I Chohan', with a stylized, flowing script.

A I Chohan
Director

STRATEGIC REPORT

For the year ended 31 May 2014

Business review

By the end of the prior year the company had disposed of its securities to a related party and is no longer undertaking proprietary trading of financial instruments. The principal activity now focuses on its ownership of the shares of Endon Europe Power 5 Limited and its subsidiaries.

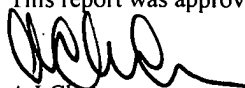
Principal risks and uncertainties

The company operates as part of a larger group and its risk is managed in the context of this wider group. The company continues to have significant intra-group receivables and payables some of which are denominated in non-functional currency. As such, the company is exposed to foreign currency risk. Foreign currency risk is managed through a group approach whereby it is hedged using a combination of forward FX transactions and outright FX trades. Hedge accounting has not been applied.

Financial key performance indicators

Due to the company's principal activities and the nature of its operations, the directors do not separately monitor key performance indicators for the company, as there are no such appropriate key performance indicators.

This report was approved by the board on 12 November 2014 and signed on its behalf.



A I Chohan
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CARGILL FINANCIAL MARKETS LIMITED

We have audited the financial statements of Cargill Financial Markets Limited for the year ended 31 May 2014, set out on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Auditors' 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.

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) ethical standards for auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.

Christopher Dimmick (Senior Statutory Auditor)
for and on behalf of
Rees Pollock, Statutory Auditors

13 November 2014

PROFIT AND LOSS ACCOUNT
For the year ended 31 May 2014

	Note	2014 \$000	2013 \$000
NET TRADING INCOME/(EXPENSE)	2	(570)	215
Foreign exchange (losses)/gains		29	(78)
Administrative expenses		(411)	(901)
		<u> </u>	<u> </u>
OPERATING LOSS	3	(952)	(764)
Impairment of investments		(56,000)	-
Interest receivable and similar income	4	896	1,053
Write back of impairment/(impairment) of loans		31,615	(57,832)
		<u> </u>	<u> </u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(24,441)	(57,543)
Tax on loss on ordinary activities	5	53	301
		<u> </u>	<u> </u>
LOSS FOR THE FINANCIAL YEAR		<u><u>(24,388)</u></u>	<u><u>(57,242)</u></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

The notes on pages 8 to 14 form part of these financial statements.

BALANCE SHEET
As at 31 May 2014

	Note	\$000	2014 \$000	2013 \$000
FIXED ASSETS				
Investments	6		-	-
CURRENT ASSETS				
Debtors	7	1,264,109		1,171,598
Cash at bank		258,104		6,966
		<u>1,522,213</u>		<u>1,178,564</u>
CREDITORS: amounts falling due within one year	9	(650,714)		(589,895)
NET CURRENT ASSETS			<u>871,499</u>	<u>588,669</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>871,499</u>	<u>588,669</u>
CREDITORS: amounts falling due after more than one year	10		(307,218)	-
NET ASSETS			<u><u>564,281</u></u>	<u><u>588,669</u></u>
CAPITAL AND RESERVES				
Called up share capital	11		107,325	107,325
Profit and loss account	12		456,956	481,344
SHAREHOLDERS' FUNDS	13		<u><u>564,281</u></u>	<u><u>588,669</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 November 2014.



A I Chohan
Director

The notes on pages 8 to 14 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

- (i) The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.
- (ii) Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial accounts.
- (iii) Turnover, cost of sales and gross profit do not have any meaningful equivalent in a financial markets business are therefore not included.
- (iv) Trading income comprises the net profit arising from positions held in securities carried at fair value, net interest and net dividends earned by those securities after charging funds costs.
- (v) The directors consider that the financial currency of the company is the US dollar. The financial statements have therefore been prepared in that currency.
- (vi) The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Investments

Investments in subsidiary undertakings are carried at cost less impairment.

1.3 Interest income and expense

Interest income and expense are recognised on an accruals basis using the effective interest rate.

1.4 Other operating expense

Other operating expense comprises management recharges which are recognised on an accruals basis.

1.5 Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date. Gains or losses on translation of trading assets are included within trading gains; gains or losses on all other monetary items are separately recorded in the profit and loss account. The company has selected the US dollar as its functional currency given that the majority of its assets and liabilities are denominated and settled in this currency.

1.6 Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19. A deferred tax asset is recognised to the extent it is regarded as recoverable.

1.7 Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2014

2. NET TRADING INCOME

	2014	2013
	\$000	\$000
Trading gains / (losses)	4	294
Interest income	-	1
Interest expense	(574)	(80)
	<u> </u>	<u> </u>
Total	<u>(570)</u>	<u>215</u>

3. OPERATING LOSS

The operating loss is stated after charging:

	2014	2013
	\$000	\$000
Auditors' remuneration	28	28
	<u> </u>	<u> </u>

During the year, no director received any emoluments (2013 - \$NIL).

4. INTEREST RECEIVABLE

	2014	2013
	\$000	\$000
Interest receivable from group companies	896	1,053
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2014

5. TAXATION

	2014 \$000	2013 \$000
Analysis of tax credit in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	(69)	49
Adjustments in respect of prior periods	-	(360)
Total current tax	<u>(69)</u>	<u>(311)</u>
Deferred tax (see note 8)		
Origination and reversal of timing differences	16	10
Tax on loss on ordinary activities	<u>(53)</u>	<u>(301)</u>

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 22.67% (2013 - 23.83%). The differences are explained below:

	2014 \$000	2013 \$000
Loss on ordinary activities before tax	<u>(24,441)</u>	<u>(57,543)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.67% (2013 - 23.83%)	(5,541)	(13,712)
Effects of:		
Revaluation of tax liability due to foreign exchange differences	6	-
Capital allowances for year in excess of depreciation	(2)	(3)
Expenses not deductible for tax	-	46
Adjustments to tax charge in respect of prior periods	-	(360)
Transfer pricing adjustment	(57)	(59)
Provision for impairment and bad and doubtful debt	5,528	13,777
Movement on foreign exchange	(3)	-
Current tax credit for the year (see note above)	<u>(69)</u>	<u>(311)</u>

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 May 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2014

6. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies \$000
Cost or valuation	
At 1 June 2013	4,692
Additions	56,000
At 31 May 2014	60,692
Impairment	
At 1 June 2013	4,692
Charge for the year	56,000
At 31 May 2014	60,692
Net book value	
At 31 May 2014	-
At 31 May 2013	-

The companies in which the company's interest at the year end is more than 20% are as follows:

Subsidiary undertaking	Country of incorporation	Principal activity	Class and percentage of shares held
Cargill Finance Limited	United Kingdom	Dormant	100% ordinary
Endon Europe Power 5 Limited	United Kingdom	Investment company	100% ordinary
Endon Europe Power 4 Limited *	United Kingdom	Investment company	100% ordinary
Endon Europe Power 6 Limited *	United Kingdom	Investment company	100% ordinary
Endon Europe Power 3 Limited *	United Kingdom	Investment company	100% ordinary & 100% preference
Endon Europe Power 1 Limited *	United Kingdom	Investment company	100% ordinary & 100% preference
Teesside Power Holdings Limited *	United Kingdom	Investment company	100% ordinary
EEP Seven Limited *	United Kingdom	Investment company	100% ordinary

*Held by subsidiary undertaking.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2014

7. DEBTORS

	2014	2013
	\$000	\$000
Amounts owed by group undertakings	638,900	545,700
Tax debtor	69	697
Other debtors	625,000	625,045
Deferred tax asset (see note 8)	140	156
	<u>1,264,109</u>	<u>1,171,598</u>

Included within 'Other debtors' above is a deposit of \$625,000,000 held by and due from another company within the Cargill group.

8. DEFERRED TAX ASSET

	2014	2013
	\$000	\$000
At beginning of year	156	166
Deferred tax (charge)/credit for the year	(16)	(10)
At end of year	<u>140</u>	<u>156</u>

The deferred tax asset is made up as follows:

	2014	2013
	\$000	\$000
Decelerated capital allowances	10	13
Withholding tax	130	143
	<u>140</u>	<u>156</u>

9. CREDITORS:

Amounts falling due within one year

	2014	2013
	\$000	\$000
Amounts owed to group undertakings	650,610	589,748
Accruals and deferred income	104	147
	<u>650,714</u>	<u>589,895</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2014

10. CREDITORS:**Amounts falling due after more than one year**

	2014	2013
	\$000	\$000
Amounts owed to group undertakings	307,218	-

11. SHARE CAPITAL

	2014	2013
	\$000	\$000
Allotted, called up and fully paid		
107,305,000 Ordinary \$ shares of \$1 each	107,305	107,305
Allotted, called up and partly paid		
50,000 Ordinary £ shares of £1 each, 25 pence paid	20	20

12. RESERVES

	Profit and loss account \$000
At 1 June 2013	481,344
Loss for the financial year	(24,388)
At 31 May 2014	456,956

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014	2013
	\$000	\$000
Opening shareholders' funds	588,669	645,911
Loss for the financial year	(24,388)	(57,242)
Closing shareholders' funds	564,281	588,669

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2014

14. CONTINGENT LIABILITIES

In 2008, Teesside Power Holdings Ltd ("TPHL") sold 69% and other persons sold 31% of Teesside Power Ltd ("TPL"). As part of the sale, TPHL and the other sellers provided a tax indemnity to the buyers in relation to pre-sale contingent tax liabilities of TPL. Cargill Financial Markets Limited ("CFM") guaranteed TPHL's obligations. The tax treatment by TPL of certain transactions undertaken in 2006 and 2007 has been the subject of ongoing enquiries by HMRC. In August 2013, HMRC issued closure notices including proposed adjustments to TPL's taxable income for those two years. The Sellers have appealed against the closure notices and the issue is likely to be referred to the tax tribunal to decide the matter. If the issue is ultimately decided in favour of HMRC, TPHL's liability under the tax deed would be approximately GBP 51 million. On the basis of consultations with leading UK tax counsel and other UK tax advisers the Directors' opinion is that it does not have a present obligation under the tax deed nor is it probable that an actual liability will arise. Accordingly, no provision has been made in these accounts.

15. OTHER FINANCIAL COMMITMENTS

(a) As at 31 May 2014, the company had entered in the normal course of its business into forward contracts for the purchase and sale of foreign currencies and securities.

(b) As at 31 May 2014, the company has no commitments under non-cancellable operating leases.

(c) The company had no capital commitments at the end of the financial year for which no provision has been made (2013 - \$nil).

(d) The company has, in the normal course of business, granted guarantees and warranties to certain subsidiary undertakings in respect of tax and other indemnities granted by those subsidiaries under third party sales agreements.

16. RELATED PARTY TRANSACTIONS

Under Financial Reporting Standard 8 Related party disclosures, the company is exempt from related party disclosure requirements on transactions with Cargill, Incorporated group companies because 100% of its voting rights are controlled within this group, and the consolidated financial statements of the group, in which the company is included, are publicly available.

17. ULTIMATE HOLDING COMPANY

The company's immediate parent undertaking is Cargill Holdings, a company incorporated in the United Kingdom and registered in England & Wales.

The company's ultimate parent undertaking is Cargill, Inc., a company incorporated in the USA and is regarded by the directors as being the company's ultimate controlling party. Cargill, Inc., heads the smallest and largest group of companies for which consolidated accounts including the company's position and results are available. Copies of the consolidated accounts can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.