

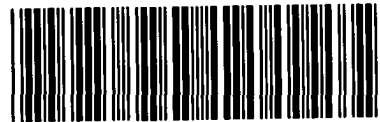
Registration number: 02445197

ADM Milling Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022

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ADM Milling Limited

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ADM Milling Limited

COMPANY INFORMATION

Directors Emmanuel Njok Ayuk
Alistair Graham Cross

Registered office Church Manorway
Erith
Kent
DA8 1DL

Auditors RSM UK Audit LLP
25 Farringdon Street
London
EC4A 4AB

ADM Milling Limited

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their strategic report for the year ended 31 December 2022.

Principal activity

The principal activity of the company is that of the manufacture of foodstuffs.

Fair review of the business

The Directors are satisfied with the performance of the Company in what has been a challenging year for the UK economy in general.

Energy and wheat costs both increased significantly during the year and were impacted by Russia's invasion of Ukraine in February. The company had no choice but to recover these cost increases through higher selling prices, increasing both revenue and gross margin.

A new mill was successfully added to our Corby facility during the year. This allowed us to close our Liverpool facility, reducing ongoing manufacturing costs. Costs associated with the closure of the mill were reported in 2021.

Operating expenses that include distribution costs and administrative expenses were higher by 15% compared to 2021 primarily due to increase in transportation costs and higher ex-gratia payments to employees to assist with the cost of living challenge. Cost of sales has increased by 35% mainly due to increase in commodity and energy prices.

Net current liabilities increased to a £6.9m net liability position in 2022 compared to the prior year (£1.4m in 2021) due to an increase in intercompany creditors. Net assets decreased from £29.2m in 2021 to £27.6m in 2022.

Key performance indicators

The Directors consider the key performance indicators for the business to be Gross profit £25.2m (2021: £21.2m) and operating costs £26.1m (2021: £22.7m). Operating costs include distribution and energy costs. Other financial KPI's include sales volumes and margins per tonne. The Directors are satisfied with the performance in each of these areas.

Principal risks and uncertainties

The Directors have considered and reviewed the provisions included within the Companies Act 2006 relating to financial risk management objectives and policies, including any associated use of financial instruments. As part of the review, the Directors have also considered the exposure of the Company to price risk, credit risk and liquidity risk including interest risk and foreign currency risk, in order that an overall assessment can be made of the Company's assets, liabilities, its financial position and its result for the year.

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

Full details of the Company's financial risk management objectives and policies, including any associated use of financial instruments, are provided in Note 25 of these financial statements.

Section 172(1) statement

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

ADM Milling Limited

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

Section 172(1) statement (continued)

a) Principal decisions taken and Business planning

The Company is part of the Archer Daniels Midland Co (ADM) group of companies (the "Group"). Consequently, the Board of ADM and its Committees have overarching decision making authority for the Group on a number of reserved matters. These include setting the Group's strategy and values, as well as reviewing and approving the Group's operating plans, policies, processes and management of the Group then rests with the Group Board's executive directors and the Group's senior leadership team.

The Directors of the Company have considered the likely consequences of decisions in the long term, and the need to maintain a reputation for high standards of business conduct by ensuring that the Group's strategy, policies and standards are adopted and supported by the Company.

During the year, management have sought to achieve a high degree of customer service whilst maintaining optimal asset utilisation across all facilities and seeking to increase the efficiency and sustainability of operations. The company has made significant investment in the year in existing plant to ensure that it continues to deliver a quality product that complies with increasing food safety requirements.

b) Employees

The Company recognises the importance of engaging with its workforce. Internal communications with all employees continues through the in-house newsletter, emails and internal website which include parent undertaking news releases, financial performance updates, articles around health and wellness, internal work and engagement opportunities, trainings, new policies, initiatives, awareness days and others. In addition, voluntary surveys are sent to staff to get feedback on colleague engagement, satisfaction and wellbeing. The detailed information about employee involvement and disabled persons is provided as part of the Directors' Report on page 4.

c) Business Relationships

The business strategy of the Company is to build and maintain the excellent business relationships that it has worked hard to achieve. This includes both suppliers to the business such as raw material suppliers, and customers of flour, feed and other bakery ingredients. Through the supply of flour products and technical support, the company aims to be the supplier of choice whilst adding value to all parties.

d) Community and Environment

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

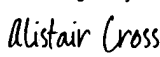
e) Business Conduct

The Directors have a duty to ensure that the Company maintains the highest standards of business conduct. The Company has a robust, global Anti-Corruption program that, together with Code of Conduct, establishes high standards of honesty and integrity for all colleagues and business partners. ADM's Annual Required Training consist of trainings addressing the following topics: Cyber Security, Fraud and Business Integrity, Anti-Trust, Sustainability: Respecting Human Rights, Insider Trading, Diversity & Inclusion.

f) Shareholders

As the Board of Directors, our intention is to behave responsibly towards our shareholder and ensure that our shareholder benefits from the successful delivery of our business plan.

Approved by the Board on 23 June 2023 and signed on its behalf by:

DocuSigned by:

.....059EE31C80854A0.....
Alistair Graham Cross
Director

ADM Milling Limited

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the audited financial statements of the company for the year ended 31 December 2022.

Results and dividends

The results for the year are set out on page 12.

The Directors do not recommend payment of an ordinary dividend (2021: £Nil)

Directors' of the company

The directors, who held office during the year, were as follows:

Fabian James Dunbar Somerville-Cotton (resigned 5 May 2022)

Emmanuel Njok Ayuk

Alistair Graham Cross

Employment of disabled persons

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

Employee involvement

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

The Employee Consultative Forum met on two occasions during 2022. Members of the forum are elected representatives of the employees from the various different sites and representatives of the management. The purpose of the forum is to enable the employees' representatives and management to consult with each other, to request and receive information and to facilitate clear communication of business performance and direction.

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

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

Business engagement

The directors and senior managers within the business recognise the needs and benefits to fostering partnership relationships with all major stakeholders of the business. This is evidenced by the length of key customer trading relationships and the length of service amongst directors and senior managers.

ADM Milling Limited

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

Environmental report

This report summarises the energy usage, associated emissions, energy efficiency actions and energy performance for ADM Milling, under the government policy Streamlined Energy & Carbon Reporting (SECR), as implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Emissions and energy consumption

Reporting methodology

Scope 1,2 and 3 consumption and CO₂e emission data has been calculated in line with the 2019 UK Government environmental reporting guidance. Emissions Factor Database 2022 version 1 has been used, utilising the published kWh gross calorific value (CV) and kgCO₂e emissions factors relevant for reporting year 01/01/2022 – 31/12/2022.

Summary of greenhouse gas emissions for the year ended 31 December 2022:

Name and description	Unit of measurement	2022	2021
Grid-Supplied Electricity (Scope 2)	tCO ₂ e	13,307	12,953
Gaseous and other fuels (Scope 1)	tCO ₂ e	1,258	1,101
Transportation (Scope 1 and 3)	tCO ₂ e	3,940	4,200
		<u>18,505</u>	<u>18,254</u>

Summary of energy consumption for the year ended 31 December 2022:

Name and description	Unit of measurement	2022	2021
Grid-Supplied Electricity (Scope 2)	kWh	68,814,807	61,002,800
Gaseous and other fuels (Scope 1)	kWh	6,254,133	5,668,248
Transportation (Scope 1 and 3)	kWh	16,349,868	17,736,846
		<u>91,418,808</u>	<u>84,407,894</u>

Intensity ratio

In 2022 an intensity metric of tCO₂e per '000 tonnes of raw material 25.21 (2021: 23.21), and '000 tonnes of production 24.24 (2021: 23.04) has been applied for the annual total emissions of ADM Milling.

Energy efficiency improvements

ADM Milling is committed to year on year improvements in their operational energy efficiency to reduce energy and associated carbon emission.

High Efficiency Mill

We expanded our Corby operations by opening the high efficiency 'B' Mill. This new mill operates with greater overall output whilst consuming less energy, which therefore reduces overall emissions.

ADM Milling Limited

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

Environmental report (continued)

Energy efficiency improvements (continued)

Speed Drive Optimisation

We have implemented and optimised speed drives across our sites, to ensure only the required amount of electricity is being used to power motors, reducing the amount of energy being wasted in our operations.

Energy Savings Survey

Our Edinburgh site undertook an energy saving survey exercise, which uncovered energy saving opportunities amounting to 10%.

Runtime motor upgrades and Continued Rollout of Energy Saving Surveys

In 2023, we are planning to upgrade our low efficiency, high runtime motors to maximise energy savings from our operations and to undertake an energy saving survey exercise at our Tilbury site, with the aim of identifying further energy saving opportunities across our portfolio.

Future developments

The Company continues to face strong competition; however, the Directors believe that the existing management policies will ensure that the Company is in a good position to take advantage of any opportunities which may arise.

Third party indemnity provision for directors

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

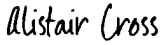
Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Independent auditors

The auditors, RSM UK Audit LLP have indicated their willingness to continue in office.

Approved by the Board on 23 June 2023 and signed on its behalf by:

DocuSigned by:

.....D59EE31C8085240.....
Alistair Graham Cross
Director

ADM Milling Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors acknowledge their responsibilities for preparing the Strategic Report and 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 Generally Accepted Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 101 "Reduced disclosure framework" have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

ADM Milling Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADM MILLING LIMITED

Opinion

We have audited the financial statements of ADM Milling Limited (the 'Company') for the year ended 31 December 2022, which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' 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 original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors 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 directors are 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.

ADM Milling Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADM MILLING LIMITED (CONTINUED)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

ADM Milling Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADM MILLING LIMITED (CONTINUED)

The extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 101, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, completing disclosure checklists and consulting with a tax specialist.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety in the factory setting as well as food safety regulations. We performed audit procedures to enquire of management whether the company is in compliance with these laws and regulations, inspected accident logs and reviewed the 'Health and safety executive register of prosecution'. We also reviewed the current British Retail Consortium (BRC) global standard for food safety certificate for each mill site.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business as well as testing revenue transactions both during and around the year end.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

ADM Milling Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADM MILLING LIMITED (CONTINUED)

Helen Hunt

.....
HELEN HUNT (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor

25 Farringdon Street
London
EC4A 4AB

03/07/23
Date:.....

ADM Milling Limited

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Revenue	4	319,588,568	239,389,509
Cost of sales		<u>(294,401,711)</u>	<u>(218,200,663)</u>
Gross profit		25,186,857	21,188,846
Distribution costs		(21,770,278)	(18,923,052)
Administrative expenses		(5,443,300)	(4,815,476)
Other operating income		<u>1,134,464</u>	<u>1,008,275</u>
Operating loss	5	<u>(892,257)</u>	<u>(1,541,407)</u>
Finance income	6	904,734	103,963
Finance costs	7	<u>(2,299,258)</u>	<u>(885,674)</u>
Net finance cost		<u>(1,394,524)</u>	<u>(781,711)</u>
Loss before tax		(2,286,781)	(2,323,118)
Income tax receipt/(expense)	11	<u>474,703</u>	<u>(420,723)</u>
Loss for the year		<u><u>(1,812,078)</u></u>	<u><u>(2,743,841)</u></u>

The above results were derived from continuing operations.

The notes on pages 16 to 43 form an integral part of these financial statements.

ADM Milling Limited

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	£	£
Loss for the year	<u>(1,812,078)</u>	<u>(2,743,841)</u>
Total comprehensive (expenditure)/income for the year	<u><u>(1,812,078)</u></u>	<u><u>(2,743,841)</u></u>

The notes on pages 16 to 43 form an integral part of these financial statements.

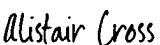
ADM Milling Limited

(REGISTRATION NUMBER: 02445197)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	31 December 2022 £	31 December 2021 £
Fixed assets			
Intangible assets	12	179,412	241,000
Tangible assets	13	38,181,468	33,018,791
Right of use assets	14	<u>7,567,938</u>	<u>7,898,622</u>
		<u>45,928,818</u>	<u>41,158,413</u>
Current assets			
Inventories	15	23,992,274	22,996,289
Trade and other receivables	16	15,754,713	13,297,886
Cash at bank and in hand	17	39,868	78,873
Tax asset		<u>738,451</u>	<u>363,821</u>
		40,525,306	36,736,869
Creditors: Amounts falling due within one year	18	<u>(47,390,226)</u>	<u>(38,101,192)</u>
Net current liabilities		<u>(6,864,920)</u>	<u>(1,364,323)</u>
Total assets less current liabilities		39,063,898	39,794,090
Creditors: Amounts falling due after more than one year	19	(8,625,776)	(8,837,596)
Provisions for liabilities	20	<u>(2,870,095)</u>	<u>(1,765,252)</u>
Net assets		<u>27,568,027</u>	<u>29,191,242</u>
Capital and reserves			
Called up share capital	22	50,000,000	50,000,000
Share-based payments reserve	23	456,997	412,048
Profit and loss account		<u>(22,888,970)</u>	<u>(21,220,806)</u>
Shareholders' funds		<u>27,568,027</u>	<u>29,191,242</u>

The financial statements on pages 12 to 42 were approved by the Board on 23 June 2023 and signed on its behalf by:

DocuSigned by:

 D39EE31C80834A0.....
 Alistair Graham Cross
 Director

The notes on pages 16 to 43 form an integral part of these financial statements.

ADM Milling Limited

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital £	Share-based payments reserve £	Retained earnings £	Total £
At 1 January 2021	50,000,000	373,599	(18,493,056)	31,880,543
Loss for the year	-	-	(2,743,841)	(2,743,841)
Total comprehensive (expenditure)/ income	-	-	(2,743,841)	(2,743,841)
Charge for share-based payments for the year	-	157,353	-	157,353
Impact of ADM recharge	-	-	(140,004)	(140,004)
Transfer to profit and loss account	-	(156,095)	156,095	-
Current tax on share-based payments	-	(3,296)	-	(3,296)
Deferred tax on share-based payments	-	40,487	-	40,487
At 31 December 2021	<u>50,000,000</u>	<u>412,048</u>	<u>(21,220,806)</u>	<u>29,191,242</u>
	Share capital £	Share-based payments reserve £	Retained earnings £	Total £
At 1 January 2022	50,000,000	412,048	(21,220,806)	29,191,242
Loss for the year	-	-	(1,812,078)	(1,812,078)
Total comprehensive (expenditure)/ income	-	-	(1,812,078)	(1,812,078)
Charge for share-based payments for the year	-	230,982	-	230,982
Transfer to profit and loss account	-	(143,914)	143,914	-
Current tax on share-based payments	-	(43,887)	-	(43,887)
Deferred tax on share-based payments	-	1,768	-	1,768
At 31 December 2022	<u>50,000,000</u>	<u>456,997</u>	<u>(22,888,970)</u>	<u>27,568,027</u>

The notes on pages 16 to 43 form an integral part of these financial statements.

ADM Milling Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 General information

The Company is a private company limited by share capital, incorporated and domiciled in the United Kingdom.

The address of its registered office is ADM International Limited, Church Manorway, Erith, Kent, DA8 1DL.

These financial statements were authorised for issue by the Board on 23 June 2023.

ADM Milling Limited manufactures foodstuffs and sells mainly to customers in the UK.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

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

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Summary of disclosure exemptions

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

(a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-Based Payment, because the share-based payment arrangement concerns the instruments of another group entity; on the grounds that equivalent disclosures are included in the consolidated financial statements of its ultimate parent undertaking, Archer-Daniels-Midland Company.

(b) the requirements of IFRS 7 Financial Instruments: Disclosures on the grounds that equivalent disclosures are included in the consolidated financial statements of its ultimate parent undertaking, Archer-Daniels-Midland Company.

(c) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement; on the grounds that equivalent disclosures are included in the consolidated financial statements of its ultimate parent undertaking, Archer-Daniels-Midland Company.

(d) the requirement in paragraph 38 (a-d) of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a)(iv) of IAS 1; (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment.

(e) the requirements of paragraphs 10(d), 16, 38, 39(c), 111 and 134-136 of IAS 1 Presentation of Financial Statements;

(f) the requirements of IAS 7 Statement of Cash Flows;

ADM Milling Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(CONTINUED)

2 Accounting policies (continued)

Summary of disclosure exemptions (continued)

(g) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

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

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

(j) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;

Going concern

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

The Directors do not expect the company to require any additional support and are satisfied that the company is in a position to meet its liabilities as they fall due over the period to 31 July 2023, however a confirmation letter in relation to support from a group company has been obtained for this period. On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Accordingly the going concern basis continues to be adopted in preparing the annual report and accounts.

Changes in accounting policy

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2022 that have a material impact on the company's financial statements.

ADM Milling Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(CONTINUED)

2 Accounting policies (continued)

Revenue recognition

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

For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration; allocates the transaction price to the separate performance obligations; and recognises turnover when or as each performance obligation is satisfied. Customer contracts contain a single performance obligation being the provision of flour and wheat feed. Revenue from the satisfaction of this performance obligation is recognised upon delivery and collection respectively, as this is the point at which control of the goods has transferred to the customer. In general, the payment terms agreed in the contract with the customer amount to 60 days.

At contract inception, the transaction price is determined, being the amount that the company expects to receive for transferring the promised goods or services. The transaction price is allocated to the performance obligations in the contract based on their relative stand along selling prices. The company uses the contractually stated price as the stand-alone selling price for each performance obligation. The transaction price for some contracts includes variable consideration in the form of a rebate. The variable consideration is estimated using the expected value method and the total transaction price adjusted for the variable consideration. There is no constraint on variable consideration. Variable consideration included in the transaction price is updated at the end of each reporting period to reflect changes during the period and circumstances at the period end.

Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and the date of payment is one year or less. The Company does not receive any long-term advances from its customers.

Deferred and accrued income

Where the payment schedule within a customer contract does not match the transfer of goods and services, the company will recognise either accrued or deferred income.

Foreign currency transactions and balances

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

Deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

ADM Milling Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(CONTINUED)

2 Accounting policies (continued)

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

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

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

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

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

Tangible fixed assets and depreciation

Fixed assets are stated at historical cost less depreciation.

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

Asset class	Depreciation method and rate
Buildings: Freehold	over 25 to 50 years
Buildings: Leasehold	over the lease term
Plant and machinery	over 3 to 20 years
Assets in the course of construction	not depreciated until brought into use

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

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

ADM Milling Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(CONTINUED)

2 Accounting policies (continued)

Intangible assets

Goodwill

The requirements of the Companies Act are that goodwill is to be reduced by provisions for depreciation on a systematic basis over a period chosen by the Directors, its useful economic life. However, under IFRS 3 Business Combinations goodwill is not amortised. Consequently, the Company does not amortise goodwill but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The Company is therefore invoking a 'true and fair view override' to overcome the prohibition on the non-amortisation of goodwill in the Companies Act. The Company is not able to reliably estimate the impact on the financial statements of the true and fair override on the basis that the useful life of goodwill cannot be predicted with a satisfactory level of reliability, nor can the pattern in which goodwill diminishes be known.

Goodwill is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be appropriate.

Patents, Trademarks and Computer software

Patents, trademarks and computer software are valued at cost less accumulated amortisation. Amortisation is calculated to write-off the cost in equal annual instalments over their estimated useful life of 5 years.

Patents, trademarks and computer software are reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be appropriate.

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

Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Any impairment is recognised in profit or loss.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables

Trade and other receivables are amounts due from customers for merchandise sold in the ordinary course of business. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

ADM Milling Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(CONTINUED)

2 Accounting policies (continued)

Inventories

Raw material stocks are stated at the lower of cost and net realisable value. In general, costs incurred in bringing each product to its present location and condition are determined on an actual basis and includes any direct handling costs incurred. Net realisable value is based on estimated market value less any further costs expected to be incurred prior to disposal or use as a finished product.

Finished goods stocks are, in general, stated at cost, being raw material and an attributable proportion of production costs based on normal levels of activity. This represents less than the net realisable value.

Trade payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation.

Leases

Definition

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

Initial recognition and measurement

Right-of-use assets

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

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

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

The right-of-use assets are presented separately from 'Tangible assets' in the statement of financial position and are disclosed separately in Note 14.

ADM Milling Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(CONTINUED)

2 Accounting policies (continued)

Leases (continued)

Initial recognition and measurement (Continued)

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. The lease liability is presented under “Amounts falling due within one year” and “Amounts falling due in more than one year” in the statement of financial position and is disclosed separately in the notes to the financial statements.

Subsequent measurement

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

The incremental borrowing rate is used, being the rate that determined by the company’s treasury department as the sum of an appropriate regional political risk premium, appropriate regional risk free rate difference, indicative lease spread, benchmark rate and credit premium.

Lease expenses

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

Short term and low value leases

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

Employee benefits

The Company participates in a pension scheme known as the ADM UK Pension Plan. The plan has two distinct elements, defined contribution and defined benefit, as set out below:

Defined contribution pension obligation

The amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

ADM Milling Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(CONTINUED)

2 Accounting policies (continued)

Defined benefit pension obligation

The defined benefit scheme is a Group pension scheme which require contributions to be made to a separately administered fund. The contributions paid by the Company are at the percentage of member's pensionable salary as specified in the Schedule of Contributions for the Plan (being a schedule approved by the Plan trustees, actuary and principal employer, Archer Daniels Midland (UK) Limited) and are accounted for accordingly.

The Directors of the Company have taken professional actuarial advice and have concluded that the Company does not have in place a stated policy or agreement for charging the net defined benefit cost to each participating employer, consequently, the net defined benefit cost is recognised in the individual financial statements of the entity that is legally the sponsoring employer for the scheme. Therefore, ADM Milling Ltd has accounted for its contributions to the scheme as if it were a defined contribution scheme and the amount charged to the income statement in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

The defined benefit scheme ceased to accrue further costs effective from the 1 January 2018.

Share based payments

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

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

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

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

Financial instruments

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

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

ADM Milling Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(CONTINUED)

3 Critical accounting judgements and key sources of estimation uncertainty

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

Tangible fixed assets

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

Taxation

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

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

Share based payments

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

Disclosure requirements under IFRS 2 Paragraph 45 c) and d) have not been met on the grounds of materiality.

ADM Milling Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(CONTINUED)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Employee benefits

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

The Directors of the Company have taken professional actuarial advice and have concluded that the Company does not have in place a stated policy or agreement for charging the net defined benefit cost to each participating employer, consequently, the net defined benefit cost is recognised in the individual financial statements of the entity that is legally the sponsoring employer for the scheme. Therefore, the Company has accounted for its contributions to the scheme as if it were a defined contribution scheme and the amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Leasing

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

Dilapidation provisions

As part of the Company's property leasing agreements there is an obligation to repair damages which incur during the life of the lease, such as wear and tear. The cost is capitalised and depreciated over the remaining term of the lease.

4 Turnover

The analysis of the company's turnover for the year by market is as follows:

	2022	2021
	£	£
UK	297,097,099	225,635,408
Europe	22,491,469	13,754,101
	<u>319,588,568</u>	<u>239,389,509</u>

ADM Milling Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(CONTINUED)

5 Operating loss

Arrived at after charging/(crediting)

	Note	2022 £	2021 £
Inventory recognised as an expense		250,246,184	188,424,166
Depreciation expense		2,701,305	2,103,369
Depreciation on right of use assets		469,559	411,995
Amortisation expense		61,588	62,833
Impairment loss	12, 13	-	2,639,816
Foreign exchange (gains)/losses		(522,398)	58,431
Profit on disposal of property, plant and equipment		(17,270)	(8,333)
Expense on short term leases (over one month)		85,713	142,516
Financial instruments net loss/ (gain) at fair value through profit and loss account included in 'cost of sales'		<u>3,285,594</u>	<u>(1,813,739)</u>

6 Interest receivable and similar income

	2022 £	2021 £
Income from Group undertakings	586,762	23,280
Other finance income	<u>317,972</u>	<u>80,683</u>
	<u>904,734</u>	<u>103,963</u>

7 Interest payable and similar expenses

	2022 £	2021 £
Interest paid to group undertakings	2,040,146	620,037
Interest expense on leases	<u>259,112</u>	<u>265,637</u>
	<u>2,299,258</u>	<u>885,674</u>

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022 £	2021 £
Wages and salaries	18,272,930	16,429,907
Social security costs	1,929,203	1,681,394
Pension costs, defined contribution scheme	3,136,803	2,996,702
Share-based payment expenses	<u>230,982</u>	<u>157,353</u>
	<u>23,569,918</u>	<u>21,265,356</u>

ADM Milling Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(CONTINUED)

8 Staff costs (continued)

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2022 No.	2021 No.
Production	181	187
Administration and support	40	40
Sales, marketing and distribution	150	154
Other departments	37	38
	<u>408</u>	<u>419</u>

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £	2021 £
Remuneration	<u>300,961</u>	<u>211,711</u>

The emoluments disclosed relate to one (2021: one) Director. The other Directors do not receive any remuneration for their services in respect of this Company. During the year the highest paid Director was granted Restricted Share Units at no cost under the ultimate holding company's compensation plan (see Note 23). These shares vest after 3 years.

10 Auditors' remuneration

	2022 £	2021 £
Audit of the financial statements	<u>71,675</u>	<u>53,300</u>

ADM Milling Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(CONTINUED)

11 Income tax

Tax charged/(credited) in the income statement

	2022 £	2021 £
Current taxation		
UK corporation tax	(782,339)	(367,117)
UK corporation tax adjustment to prior periods	(798,975)	(32,506)
	<u>(1,581,314)</u>	<u>(399,623)</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	437,663	314,937
Arising from changes in tax rates and laws	265,586	427,769
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	403,362	77,640
	<u>1,106,611</u>	<u>820,346</u>
Total deferred taxation	<u>1,106,611</u>	<u>820,346</u>
Tax (receipt)/expense in the income statement	<u>(474,703)</u>	<u>420,723</u>

Tax presented in Statement of Changes in Equity

	2022 £	2021 £
Current tax on share-based payments	43,887	3,296
Deferred tax on share-based payments	(1,768)	(40,487)
	<u>42,119</u>	<u>(37,191)</u>

ADM Milling Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(CONTINUED)

11 Income tax (continued)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2021 - higher) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Loss before tax	<u>(2,286,781)</u>	<u>(2,323,118)</u>
Corporation tax at standard rate	(434,488)	(441,393)
Decrease in current tax from adjustment for prior periods	(798,975)	(32,506)
Increase from effect of capital allowances depreciation	100,337	381,633
Increase from effect of revenues exempt from taxation	(3,277)	(4,670)
(Decrease)/increase from effect of expenses not deductible in determining taxable profit (tax loss)	(2,863)	16,635
Decrease in current tax from unrecognised temporary difference from a prior period	(4,385)	(4,385)
Deferred tax expense from unrecognised temporary difference from a prior period	403,362	77,640
Deferred tax expense relating to changes in tax rates or laws	<u>265,586</u>	<u>427,769</u>
Total tax (credit)/charge	<u>(474,703)</u>	<u>420,723</u>

12 Intangible assets

	Goodwill £	Trademarks, patents and licenses £	Other intangible assets £	Total £
Cost or valuation				
At 1 January 2022	<u>27,975,947</u>	<u>1,546,700</u>	<u>2,031,339</u>	<u>31,553,986</u>
At 31 December 2022	<u>27,975,947</u>	<u>1,546,700</u>	<u>2,031,339</u>	<u>31,553,986</u>
Amortisation				
At 1 January 2022	27,975,947	1,546,700	1,790,339	31,312,986
Amortisation charge	-	-	61,588	61,588
At 31 December 2022	<u>27,975,947</u>	<u>1,546,700</u>	<u>1,851,927</u>	<u>31,374,574</u>
Carrying amount				
At 31 December 2022	<u>-</u>	<u>-</u>	<u>179,412</u>	<u>179,412</u>
At 31 December 2021	<u>-</u>	<u>-</u>	<u>241,000</u>	<u>241,000</u>

ADM Milling Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(CONTINUED)

12 Intangible assets (continued)

Impairment

Computer software

As a part of the Liverpool mill closure, the impairment was recognised in prior year, For details see Note 13. The amount of impairment loss included in profit or loss is £Nil (2021 - £20,916).

13 Property, plant and equipment

	Land and buildings £	Plant and machinery £	Assets under construction £	Total £
Cost				
At 1 January 2022	20,862,606	45,756,120	11,178,469	77,797,195
Additions	-	-	7,875,148	7,875,148
Disposals	-	(361,905)	-	(361,905)
Transfers	764,208	12,446,068	(13,210,276)	-
At 31 December 2022	<u>21,626,814</u>	<u>57,840,283</u>	<u>5,843,341</u>	<u>85,310,438</u>
Depreciation				
At 1 January 2022	10,826,215	33,952,189	-	44,778,404
Charge for the year	577,990	2,123,315	-	2,701,305
Eliminated on disposal	-	(350,739)	-	(350,739)
At 31 December 2022	<u>11,404,205</u>	<u>35,724,765</u>	<u>-</u>	<u>47,128,970</u>
Carrying amount				
At 31 December 2022	<u>10,222,609</u>	<u>22,115,518</u>	<u>5,843,341</u>	<u>38,181,468</u>
At 31 December 2021	<u>10,036,391</u>	<u>11,803,931</u>	<u>11,178,469</u>	<u>33,018,791</u>

Impairment

Freehold buildings

In 2021, the Liverpool mill was identified as a location that would cease operations on 1 January 2022. Management officially announced closure to the colleagues at the location in December 2021. The mill would have required a significant investment over the next three years to maintain its infrastructure and improve quality. The machinery and equipment have been impaired and written down to the remaining future cash flows as at 31 December 2021. The accelerated depreciation on the remaining value was undertaken to fully depreciate the assets at year end 2021. The Liverpool mill site was disposed of in February 2023 with the sales proceeds recorded in 2023 financial year.

The amount of impairment loss included in profit or loss is £Nil (2021 - £1,653,168).

Plant and machinery

Plant and machinery was reviewed for impairment at the Liverpool site, as a part of the Liverpool mill closure in the prior year. For details refer to Freehold buildings above.

No recoverable amounts were established in respect of the plant and machinery at the Liverpool Mill site.

The amount of impairment loss included in profit or loss is £Nil (2021 - £965,732).

ADM Milling Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(CONTINUED)

13 Property, plant and equipment (continued)

Net book value of freehold land and buildings presented in Land and buildings amounts to £4,184,082 (2021: £3,654,787).

Included in Land and buildings above is a cost of £28,500 (2021: £28,500) in respect of the dilapidations provision being depreciated over the remaining term of the lease.

Also included in Land and buildings are short leasehold assets with a net book value of £177,785 (cost £275,876 and accumulated depreciation £98,091) (2021: net book value of £196,178, cost £275,876 and accumulated depreciation £79,698).

Asset under construction includes capitalised interest amount of £317,972 (2021: £81,356).

14 Right of use assets

The Company has entered into commercial lease on land and buildings, plant and machinery and also on vehicles. These leases have an average duration of 3 and 20 years with no renewal option included in the contracts.

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

	Land and buildings £	Plant and machinery £	Other £	Total £
As at 31 December 2021	7,382,195	194,608	321,819	7,898,622
Additions	-	182,755	39,394	222,149
Depreciation charge	(211,241)	(110,856)	(149,760)	(471,857)
Eliminated on disposal	-	(75,278)	(5,698)	(80,976)
As at 31 December 2022	<u>7,170,954</u>	<u>191,229</u>	<u>205,755</u>	<u>7,567,938</u>

The total depreciation charge includes £2,298 (2021: £16,125) recharge to the group undertakings.

15 Inventories

	31 December 2022 £	31 December 2021 £
Raw materials and consumables	17,113,289	19,157,208
Finished goods and goods for resale	6,878,985	3,839,081
	<u>23,992,274</u>	<u>22,996,289</u>

The cost of inventories recognised as an expense in the year amounted to £250,246,184 (2021 - £188,424,166). This is included within cost of sales.

ADM Milling Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(CONTINUED)

16 Trade and other receivables

	31 December 2022	31 December 2021
	£	£
Trade receivables	1,576,044	1,240,417
Amounts owed by group undertakings	11,032,014	10,303,941
Prepayments	888,574	700,645
Other receivables	2,258,081	1,052,883
	<u>15,754,713</u>	<u>13,297,886</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

17 Cash and cash equivalents

	31 December 2022	31 December 2021
	£	£
Cash at bank	<u>39,868</u>	<u>78,873</u>

18 Creditors: amounts falling due within one year

	31 December 2022	31 December 2021
	£	£
Trade payables	12,194,693	7,931,964
Accrued expenses	6,197,313	4,783,005
Amounts owed to group undertakings	24,766,809	22,727,509
Social security and other taxes	2,102,154	1,885,442
Other payables	1,769,063	383,584
Current portion of long term lease liabilities	19 360,194	389,688
	<u>47,390,226</u>	<u>38,101,192</u>

ADM Milling Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(CONTINUED)

19 Leases

Leases included in creditors

	31 December 2022	31 December 2021
	£	£
Current portion of long term lease liabilities	360,194	389,688
Long term lease liabilities	<u>8,625,776</u>	<u>8,837,596</u>

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	31 December 2022	31 December 2021
	£	£
Less than one year	573,535	609,700
2 years	502,647	544,452
3 years	448,305	473,564
4 years	389,998	401,896
5 years	323,349	383,505
More than 5 years	<u>14,378,586</u>	<u>14,701,934</u>
Total lease liabilities (undiscounted)	<u>16,616,420</u>	<u>17,115,051</u>

Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	31 December 2022	31 December 2021
	£	£
Depreciation charge of right-of-use assets	469,559	411,995
Interest expense (included in finance cost)	259,112	265,637
Expense relating to short-term leases	<u>85,713</u>	<u>142,516</u>
Total	<u>814,384</u>	<u>820,148</u>

The total cash outflow for leases was £641,635 (2021: £601,779).

ADM Milling Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(CONTINUED)

20 Other provisions

	Deferred tax £	Other provisions £	Total £
At 1 January 2022	1,736,752	28,500	1,765,252
Credited to the Equity	(1,768)	-	(1,768)
Additions/(credit) to the Income statement	1,106,611	-	1,106,611
At 31 December 2022	<u>2,841,595</u>	<u>28,500</u>	<u>2,870,095</u>
Non-current liabilities	<u>2,841,595</u>	<u>28,500</u>	<u>2,870,095</u>

Other provisions include the provisions for dilapidation for the new office lease. The Company has settled the provision for the dilapidation relating to the previous office lease in total of £900,000 in the year 2021.

Deferred tax movement during the year:

	At 1 January 2022 £	Recognised in income £	At 31 December 2022 £
Fixed assets	(5,064,209)	(2,526,667)	(7,590,876)
Capital allowances	3,136,351	1,425,257	4,561,608
Other items	151,794	(3,433)	148,361
Transition adjustments arising from first time adoption	39,312	-	39,312
Net tax assets/(liabilities)	<u>(1,736,752)</u>	<u>(1,104,843)</u>	<u>(2,841,595)</u>

In the prior year, the Company recognised a deferred tax asset in the amount of £39,312 related to the IFRS 16 transition adjustment. The deferred tax asset was calculated on 5 years' worth of the spreading of this transition adjustment as it was not possible to reasonably predict profit forecasts for a period greater than this.

21 Pension and other schemes

The Company participates in a pension scheme known as the ADM UK Pension Plan. The Plan contains two distinct elements, defined contribution and defined benefit. The defined benefit scheme was frozen for future contributions and all employees moved to the defined contribution scheme as at 1 January 2018. No defined benefit pension was built up since 1 January 2018.

Defined contribution pension scheme

The assets of the defined contribution pension scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company and amounted to £3,136,803 (2021: £2,996,702). Contributions totalling £Nil (2021: £Nil) were payable to the fund at the year end and are included in creditors.

ADM Milling Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(CONTINUED)

21 Pension and other schemes (continued)

Defined benefit pension schemes

ADM UK Pension Plan

The defined benefit scheme is a Group pension scheme which require contributions to be made to a separately administered fund. The contributions paid by the Company are at the percentage of member's pensionable salary as specified in the Schedule of Contributions for the Plan (being a schedule approved by the Plan trustees, actuary and principal employer, Archer Daniels Midland (UK) Limited) and are accounted for accordingly with no further adjustments in respect of annual IAS 19 valuations.

The risks of the scheme are as follows:

(a) Asset volatility

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The plan holds a significant proportion of equities, which are expected to outperform corporate bonds in the long term while providing volatility and risk in the short term.

(b) Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

(c) Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

d) Inflation risk

The pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by (in the case of fixed interest bonds) or loosely correlated with (in the case of equities) inflation, meaning that an increase in inflation will also increase the deficit.

The Directors of the Company have taken professional actuarial advice and have concluded that the Company does not have in place a stated policy or contractual agreement for which net defined benefit cost is charged to each participating employer, consequently, the net defined benefit cost shall be recognised in the individual financial statements of the group entity that is legally the sponsoring employer for the scheme, namely, Archer Daniels Midland (UK) Limited.

Due to the closure of further accrual to the scheme effective from the 31 December 2017, no contributions were paid to the defined benefit scheme since that date by participating employers and the total contributions to the defined benefit scheme for the following year are expected to be £Nil. The Plan does not offer retirement healthcare benefits.

The scheme was most recently valued on 1 April 2018. The full disclosures required by IAS 19: Employee benefits and the details of the scheme that are shown below are for the whole of the ADM UK Pension Plan. Under IAS 19, the valuation of the Plan shows a surplus at 31 December 2022 of £13,687,000 (31 December 2021: £36,392,000). The scheme asset is limited to the present value of reductions in future contributions to the Plan. Contributions payable by the Company for the year are £Nil (2021: £Nil).

The valuation has been based on projecting forward on an appropriate basis the preliminary statutory funding valuation for the ADM UK Pension Plan as at 1 April 2018 and has taken into account the requirements of IAS 19.

The scheme liabilities are partially funded.

ADM Milling Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(CONTINUED)

21 Pension and other schemes (continued)

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	31 December 2022 %	31 December 2021 %
Assumptions to determine benefit obligations:		
Discount rate	4.77	1.91
Rate of price inflation RPI	3.20	3.20
Rate of price inflation CPI	2.80	2.60
Rate of pension increases - RPI capped at 5%	2.95	3.10
Rate of pension increases - CPI capped at 5%	2.70	2.55
Rate of pension increases - RPI capped at 2.5%	2.05	2.15
Rate of pension increases - CPI capped at 3%	<u>2.15</u>	<u>2.15</u>

	31 December 2022 %	31 December 2021 %
Assumptions to determine net pension cost:		
Discount rate	1.91	1.48
Rate of price inflation	3.20	2.85
Rate of pension increases (RPI capped at 2.5%)	<u>2.60</u>	<u>2.05</u>

Post retirement mortality assumptions

	31 December 2022 Years	31 December 2021 Years
Current UK pensioners at retirement age - male	86.70	86.70
Current UK pensioners at retirement age - female	88.80	88.80
Future UK pensioners at retirement age - male	87.70	87.80
Future UK pensioners at retirement age - female	<u>90.00</u>	<u>90.10</u>

ADM Milling Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(CONTINUED)

21 Pension and other schemes (continued)

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	31 December 2022	31 December 2021
Sensitivity analysis (£'000):		
Discount rate -25 basis points	159,011	251,047
Discount rate +25 basis points	147,369	228,578
Price inflation -25 basis points	149,264	231,786
Price inflation +25 basis points	156,901	247,141
Post-retirement mortality assumption -1 year age rating	160,138	253,548

The weighted average duration of the defined benefit obligation in 2022 was 15 years (2021: 19 years).

For the year ended on 31 December 2022, it has been assumed that deferred members of the scheme who remain employed will opt early retirement at the age of 61 on average, and that all deferred members of the scheme will retire at age 65.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position of the sponsoring employer are as follows:

	31 December 2022 £'000	31 December 2021 £'000
Fair value of scheme assets	166,760	275,810
Present value of scheme liabilities	(153,073)	(239,418)
Defined benefit pension scheme surplus	13,687	36,392

ADM Milling Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(CONTINUED)

21 Pension and other schemes (continued)

Scheme assets

Changes in the fair value of scheme assets are as follows:

	31 December 2022 £'000	31 December 2021 £'000
Fair value at start of year	275,810	266,900
Interest income	5,172	3,892
Benefits paid	(8,036)	(6,149)
Administrative expenses paid	(1,986)	(1,747)
Remeasurements	(104,200)	12,914
Fair value at end of year	<u>166,760</u>	<u>275,810</u>

Analysis of assets

The major categories of scheme assets are as follows:

	31 December 2022 £'000	31 December 2021 £'000
Cash and cash equivalents	1,014	1,093
Equity instruments	24,446	65,125
Private equity	59,716	59,478
Real estate	12,083	31,698
Derivatives	69,501	118,416
	<u>166,760</u>	<u>275,810</u>

Actual return on scheme's assets

	31 December 2022 £'000	31 December 2021 £'000
Actual return on scheme assets	<u>(99,028)</u>	<u>16,806</u>

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

ADM Milling Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(CONTINUED)

21 Pension and other schemes (continued)

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	31 December 2022 £'000	31 December 2021 £'000
Present value at start of year	239,418	257,648
Interest cost	4,496	3,768
Benefits paid	(8,036)	(6,149)
Remeasurements	<u>(82,805)</u>	<u>(15,849)</u>
Present value at end of year	<u>153,073</u>	<u>239,418</u>

In the financial statements of the parent undertaking, the following amounts would be shown in the Income Statement:

	31 December 2022 £'000	31 December 2021 £'000
Amounts recognised in operating profit		
Administrative expenses paid	(1,986)	(1,747)
Amounts recognised in finance income or costs		
Interest on scheme assets	5,172	3,892
Interest on past service scheme liabilities	<u>(4,496)</u>	<u>(3,768)</u>
Recognised in other finance income	<u>676</u>	<u>124</u>
Total recognised in the income statement	<u>(1,310)</u>	<u>(1,623)</u>

In the financial statements of the parent undertaking, the following amounts would be shown in the Statement of Comprehensive Income:

	31 December 2022 £'000	31 December 2021 £'000
Return on plan assets, excluding amounts included in interest (expense)/income	(104,200)	12,914
Actuarial gains and losses arising from changes in financial assumptions	<u>82,805</u>	<u>15,849</u>
Amounts recognised in the Statement of Comprehensive Income	<u>(21,395)</u>	<u>28,763</u>

ADM Milling Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(CONTINUED)

22 Share capital

Allotted, called up and fully paid shares

	31 December 2022		31 December 2021	
	No.	£	No.	£
ALLOTTED, CALLED UP AND FULLY PAID of £1 each	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>

Rights, preferences and restrictions

Ordinary share class 1 have the following rights, preferences and restrictions:

The Company has one class of ordinary shares. The shares have attached to them full voting, dividend and capital distribution rights. The shares do not confer any rights of redemption.

23 Share-based payments

Incentive compensation plan

Scheme description

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

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

The expense recognisable under IFRS 2 for equity share-based payments in respect of employee services received during the year to 31 December 2022 is £230,982 (2021: £157,353).

At the balance sheet date, the IFRS 2 value of outstanding options amounted to £445,755 (2021: £358,687). Share-based payment reserve net of tax amounted to £456,997 (2021: £412,048).

No share options were granted to officers and key employees of the Company during the year. There were 4,784 restricted shares units granted in 2022 (2021: 4,880).

24 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £8,465,913 (2021 - £5,753,044).

ADM Milling Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(CONTINUED)

25 Financial instruments

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

Price risk

The Company is exposed to commodity risk as a result of its operations. In order to reduce price risk caused by market fluctuation, the Company generally follows a policy of hedging its inventories and related purchase and sale contracts. In addition, the Company, from time to time, will hedge portions of its production requirements. The instruments used are readily marketable traded futures contracts which are designated as hedges. The changes in market value of such contracts have a high correlation to the price changes of the hedged commodity. Also, the underlying commodity can be delivered against such contracts.

Credit risk

There are no significant concentrations of credit risk within the Company. The Company has implemented policies that require appropriate credit checks on potential customers prior to sales being made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed continuously by the Executive Management team and credit control department. During 2014, the Company entered into a securitisation agreement whereby another Group undertaking purchases the trade debt of the Company without recourse. As such the Company has procedures in place to minimise its exposure to credit risk.

Liquidity risk

The Company's only funding requirement is for short-term finance for its operations and planned expansions. This is provided by another ADM Group undertaking which charges interest on a floating rate basis calculated monthly.

Interest risk

The Company has no interest bearing liabilities and does not foresee the need for any in the future.

Foreign currency risk

In order to reduce the risk of foreign currency exchange rate fluctuations, except for amounts permanently invested as described below, the Company follows a policy of entering into currency exchange forward contracts to mitigate its foreign currency risk related to transactions denominated in currency other than the functional currencies applicable to each of its various entities.

The cost of foreign exchange forms part of the Company's raw material cost which is recovered in selling prices.

The net effect of a 5% increase or decrease in Sterling versus the US Dollar and Euro is an increase or decrease respectively to the profit before tax of £1,013,103 (2021: £30,599). This sensitivity reflects a reasonably possible change in Sterling against the US Dollar and Euro exchange rates with all other variables held constant. The Company believes that there is no significant market risk in relation to its transactions.

ADM Milling Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(CONTINUED)

25 Financial instruments (continued)

Fair values of financial assets and financial liabilities

Financial assets and liabilities relating to financial instruments are stated in the balance sheet at fair value and recognised within other debtors/creditors and in the intercompany balances. The net fair value loss in respect of future commodity contracts recorded in the balance sheet within amounts due to Group undertakings is £2,279,979 (2021: gain £314,683) and is expected to unwind within the three months .

The net fair value gain in respect of foreign exchange contracts recorded in the balance sheet within other debtors is £14,660 (2021: gain £36,753 recorded in the balance sheet within other debtors).

Of the net fair value gain in respect of foreign exchange contracts recorded in the balance sheet, a loss of £439,646 (2021: a loss of £13,637) is expected to unwind within 3 to 12 months. A gain of £454,305 (2021: a gain of £50,390) is expected to unwind within 3 to 12 months.

Financial assets and liabilities in respect of trade debtors and trade creditors are expected to mature within 3 months.

26 Related party transactions

Summary of transactions with other related parties

As at 31 December 2022, the Company was related to ADM Research GmbH by virtue of the 95.18% investment of Archer Daniels Midland Company in ADM Hamburg Aktiengesellschaft. During the year, the Company raised invoices amounting to £67,191 (2021: £104,391) to ADM Research GmbH for administrative expenses. At the balance sheet date, the Company had an outstanding balance of £Nil (2021: £6,668) due from ADM Research GmbH. No amount has been written off or provided against during the year in relation to any transactions with ADM Research GmbH.

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

27 Parent and ultimate parent undertaking

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

ADM Milling Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(CONTINUED)

28 Non adjusting events after the financial period

In February 2023, the Company disposed of the Liverpool mill site with the sale proceeds in total of £1.1m recorded in 2023 financial year.