Registered number: 2650590

Czarnikow Group Limited

Directors' report and consolidated financial statements

for the year ended 31 December 2020

Registered office:
Paternoster House
65 St Paul's Churchyard
London
EC4M 8AB

Contents

Directors, advisors and other information

Directors

R Cave (Chief Executive Officer)
J G Williams
W J Rook
A W I Leetham
J N C Randles (Chief Financial Officer)

Registered Office

Paternoster House
65 St. Paul's Churchyard
London
EC4M 8AB

Auditors

Nexia Smith & Williamson
25 Moorgate
London
EC2R 6AY

Strategic report

The Directors present the Strategic report for Czarnikow Group Limited ("CGL") and its subsidiaries (together the "Group") for the year ended 31 December 2020.

The Directors acknowledge the purpose of this strategic report is to inform members of the Company how their Directors have performed their duty under Section 172 of the Companies Act ("s172") and details on how their Directors fulfilled this duty can be found in the Strategic report.

This Strategic report is split into seven key sections:

1. About CGL
2. Vision and strategy
3. Section 172 and related information
4. Environmental disclosures
5. 2020 business performance
6. Financial and operational review 2020
7. Risk management

ABOUT CGL

We are a provider of global supply chain, pricing and financing services. We have been in business for around 160 years and are well known around the world for our expertise in providing added-value services. Since 2018 we have expanded our product portfolio to include food ingredients (e.g. sweeteners and dairy products), energy (e.g. ethanol and electricity co-generation) and packaging (e.g. PET and paper products). In 2020, CGL's Management Committee published the Group's purpose – to exert a positive economic and sustainable influence in our food, beverage and energy supply chains. This purpose encapsulates and guides the Group's overall business approach and the holistic value that the Group generates across its supply chains.

Global operations

We have a global outlook, operating from ten offices, with a local presence in a further six countries, and employed 239 people at the end of the period under review. The Group's registered headquarters are in London and it has nine other offices in Bangkok, Dubai, Guangzhou, Mexico City, Miami, Nairobi, São Paulo, Singapore and Tel Aviv, and a local presence in Bahrain, Dar Es Salaam, Hyderabad, Milan, Trinidad and Vietnam.

BUSINESS MODEL

Principal activities

We provide a range of services including: trade finance services; market analysis and advisory; corporate finance; sustainability programmes; price risk management; commodities trading; logistics and stock management; Czapp (client-facing app); freight; and ingredient and energy sourcing. We split these services and activities into three areas:

1. Buying, selling and moving physical product
2. Pricing and financial services
3. Sustainability advice and promotion

1. Buying, selling and moving physical product

Key clients

Primary processors, secondary processors, food and beverage manufacturers (industrial consumers).

What we do

We buy and sell physical products business to business along a focused part of our supply chains, on behalf of primary and secondary processors, and industrial consumers. We also stock and repackage physical product and organise warehousing and logistical requirements, including vendor-managed inventory. We can take title to goods and agree to sell future production on our clients' behalf ('off-taking'), and develop bespoke distribution and supply strategies.

Resources and relationships

Our physical trading business is transaction-rich and asset-light as we do not own any farming or production assets. However, we invest in 'synthetic' assets (e.g. silos, warehouses) from time to time to strengthen business relationships. Our reputation for high client service levels delivered by our knowledgeable employees increases our opportunity to negotiate complex, higher-value deals.

Value creation and how we make money

Our business philosophy is to create overall value by optimising the transaction for all parties involved, in return for a small margin on high volumes.

2. Pricing and financial services

Key clients

Farmers, primary processors, secondary processors, food and beverage manufacturers (industrial consumers), banking partners and sector-specific investors.

What we do

We offer a complementary range of client-centric pricing and financial services, including:

Financing solutions and price risk management
We use derivatives to manage price risk exposure, provide related consultancy and execution, and arrange financing solutions and securities to extend payment terms.

Corporate finance and market analysis
We provide corporate finance advice for the ingredients, packaging and bioenergy markets. Our Analysis team enhances internal and external business decisions by providing world-leading market advice. Our client-facing app, Czapp, offers bespoke market information, pricing and data, including a new pricing service for farmers in partnership with the National Farmer's Union (NFU).

Resources and relationships

Our global specialist analysis and corporate finance teams benefit from exceptional experience and market knowledge and are responsible for developing external and internal relationships. Our strong position within the financial community and investment in IT expertise enable us to tailor added-value, solution-led services.

Value creation and how we make money

Our pricing and financial services keep the supply chain moving effectively. For us, they provide revenue, offset market volatilities, attract new collaborators, deepen relationships and enhance our expertise. We are remunerated on a transparent basis, depending on risk levels and services provided.

3. Sustainability advice and promotion

Key clients

Farmers, primary processors, secondary processors, shipping partners, food, beverage and energy manufacturers (industrial consumers), banking partners, sector-specific investors and sustainability benchmarking partners.

What we do

VIVE is a co-managed sustainability programme that measures, monitors and benchmarks participants' performance against global sustainability standards along supply chains. The programme has four universal continuous improvement objectives: governance, people, environment and traceability. We also help industrial buyers to influence sustainable practices in their supply chains.

Resources and relationships

The VIVE team brings together Czarnikow's commercial global supply chain expertise and Intellync's strong verification services. The ability to develop and maintain good relationships across the spectrum is key – from farmers, to multinational industrials and green finance providers.

Value creation and how we make money

Through VIVE, we are raising quality and ethical standards in our supply chains by promoting sustainable best practices. We create commercial value by helping our industrial consumers meet growing end-consumer demand for transparent information about raw material provenance and how it is handled. VIVE income is mainly derived from annual subscriptions and one-off consultancy fees.

Core strengths
We believe that our expertise in the following areas differentiates our business model in a global market: client service, supply chain, risk management, finance, technology and sustainability.

VISION AND STRATEGY

CGL's Management Committee last updated our vision, strategy and mission in 2018 and crafted our purpose in 2020. Our Management Committee reviews the relevance and effectiveness of our strategic elements each year alongside key trends affecting our industry. During the period under review, the Directors discussed whether the impact of the COVID-19 crisis required our purpose, strategy and/or business model to be changed or rewritten; it was agreed that it did not.

In the table below we summarise how our strategic elements work together and how they are explained across the Group.

Our Strategy		**What these mean to us**
PURPOSE	> To exert a positive economic and sustainable influence in our food, beverage and energy supply chains.	> Our reason to exist – why we do what we do, for both financial and non-financial reasons.
VISION	> Our unique network and cutting-edge services will ensure we are a world-leading supply chain, pricing and financing services company.	> Sets out an inspiring picture of Czarnikow's future. We use it to motivate and focus us on what we are trying to achieve.
STRATEGY	**Broaden into new markets** > Increase the scale of our network by expanding the number of markets in which we operate > Develop a more intricate network by expanding the number of clients with whom we work in these markets.	> The high-level approach we will use to be successful. We use it to guide our business decisions and actions.

	Deepen existing relationships > Anchor our network against market fluctuations by offering sophisticated services which embed Czarnikow in our clients' operations > Increase value creation by offering multiple services and products to existing clients.	
OUR CORE STRENGTHS	> Client service > Supply chain > Risk management > Finance > Technology > Sustainability	> The areas in which we need world-leading expertise in order to be successful. We use them to identify what key areas we need to invest in and develop.
OUR VALUES	> Building strong relationships > Embracing change and entrepreneurship > Investing in our team > Acting responsibly and with integrity	> Represent the culture which underpins our success as an organisation. We use them to support and drive all our business activities.
OUR CORPORATE GOALS	> Reinforcing the brand of Czarnikow as a world-leading supply chain services company > Delivering on Return on Capital Employed expectations > Creating an exciting place to work > Providing unmatchable client satisfaction	> Set out what we want to achieve at an organisational level. We use them to understand if we are being successful or not.
MISSION	To deliver effective supply chain, pricing and financing services for all our clients.	> Defines the business we conduct on a day-to-day basis. We use it to help maintain focus on our core business activities.

SECTION 172 STATEMENT AND RELATED INFORMATION

In this statement, as required by The Companies (Miscellaneous) Reporting Regulations 2018, we confirm that the Directors have promoted the long-term success of CGL for the benefits of its members as a whole by having regard (amongst others) to the following matters when performing their duty:

(a) the likely consequences of any decision in the long term,
(b) the interests of the Company's employees,
(c) the need to foster the Company's business relationships with suppliers, customers and others,
(d) the impact of the Company's operations on the community and the environment,
(e) the desirability of the Company maintaining a reputation for high standards of business conduct, and
(f) the need to act fairly as between members of the Company.

We have voluntarily adopted to use the Wates Principles as a framework for sharing our governance approach. Principle six (Stakeholders) states that "Directors should foster effective stakeholder relationships aligned to the Company's purpose. The Board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regards to their views when taking decisions." Our commentary below covers both our S172 mandatory reporting requirements and voluntary reporting against principle six (stakeholder relationships and engagement) of the Wates Principles.

Likely consequences of any decision in the long term (S172 (a))
During the period under review, the Directors took several operational decisions as necessitated by the increasing severity of the global COVID-19 crisis. Some of these were short-term in nature; many were already in our long-term strategic development pipeline and were simply accelerated. As the year continued, CGL Directors understood that the COVID-19 crisis had triggered longer-term, structural changes to the way we ran our business, including working arrangements, employee and supply chain communication, and financing strategies.

These views were supported by engagement with key stakeholders. Alongside routine long-term strategic planning, the Directors took into consideration the longer-term consequences of decisions made during the COVID-19 crisis, determining which short-term actions had been successful, which ones would remain and how these might affect the business in the long term. A summary of key decisions is set out in the table below and a summary of stakeholder engagement methods and expectations can be found on page 7 and 8.

Key decisions made during the period under review, which the Directors believe will benefit the Group in the long term, include:

Key stakeholder groups engaged	**Key engagement methods**	**Key decisions made by CGL Board (and impact of COVID-19 on decision)**
		EMPLOYEE-RELATED DECISIONS
- 239 employees in 15 countries as at the end of December 2020	• Robin Cave (CEO) conducted small workshops with all members of the London office (approx. 46% of all employees) to assess their needs and requirements during remote working and upon eventual return to office • Our HR team spoke regularly with all employees, including new joiners • All offices maintained close communication with staff members depending on local situations	*Through increased employee engagement during lockdown, the Directors took on board feedback to refine and improve employee working arrangements, communications and health and wellbeing initiatives* • Introduction of hybrid working arrangements, allowing employees, based on their personal choice and circumstances, to work either at home, in the office or a mixture of both • Redesign of the London office (the Group's largest workspace) to accommodate new hybrid working arrangements (e.g. fewer desks, more pods and break-out areas to facilitate discussion and debate) • Increased senior management involvement in employee communications, including: Group-wide access to annual Strategy Week; increased number of company-wide 'All Hands' meetings; and introduction of informal group chats attended by the CEO • Increased focus on employee physical health and mental wellbeing **Impact of COVID-19?** • We had already identified employee health and wellbeing as a principal risk to the Group in 2019 and introduced various employee initiatives prior to the pandemic; the COVID-19 crisis validated our approach and accelerated our roll-out of initiatives, including extending them to family members • Our HR team had been investigating flexible working concepts in the longer-term context of our corporate goal 'to make Czarnikow an exciting place to work'; COVID-19 accelerated the Directors' thinking and action in this area
		CLIENT/SUPPLY CHAIN-RELATED DECISIONS
- Farmers - Farmers mutual insurance company - Shareholders	• We worked in partnership with the National Farmer's Union (NFU) sugar, with the support of our shareholder British Sugar, to research and build this tool, including extensive engagement with sugar beet farmers as they trialled the product	*Results of market research were presented to CGL Directors who made the decision to invest in this industry first futures-linked sugar beet pricing tool, which allows farmers to price contracts 'live' via our client-interfacing tool, Czapp* • This innovative development is unprecedented in our marketplace; IT development and investment risks were mitigated through research with UK sugar beet farmers and engagement with project sponsors, including a major shareholder **Impact of COVID-19?** • Minimal. Despite social distancing complications and work from home restrictions, the Directors agreed to launch and roll out the tool on a phased basis, having evaluated the perceived benefits to stakeholders and the strategic fit
- Mills - Refineries - Shippers - Banking partners	• Over a period of many months, extensive engagement with milling, refining, shipping and banking partners was made by the trade finance, freight, VIVE and trading teams	*Decision made to complete the industry's first ever end-to-end verified sustainable sugar trade and shipment* • This project required extensive high-level interaction with five participants in three countries; CGL Directors were kept informed. A positive response from the media, generated by Czarnikow's marketing team, strengthened stakeholder relationships and led to enquiries from new potential partners • The decision taken reflects the Directors' focus on our corporate purpose and long-term industrial consumer demand for responsibly-sourced products (including improved ethical practices and reduced environmental impacts along the supply chain) **Impact of COVID-19?** • Minimal. This was a long-term strategic development and was only delayed marginally
- Multinational food company	• We worked with a major multinational client throughout the year to redefine and enhance procurement procedures through collaboration between our trading team and their procurement team	*Our strategic sourcing abilities and supply chain management skills have allowed us to develop a special relationship with a key client, whereby we act as an extension of their procurement team: sourcing and delivering specific, custom-quality products for their needs while ensuring they beat the market on cost and have security of supply.* • The Directors considered this development to be an excellent strategic fit, opening up value-creating product and geographic expansions through even closer client engagement **Impact of COVID-19?** Positive. Our ability to achieve high service levels despite supply chain challenges during the COVID-19 crisis demonstrated that we could be trusted as a long-term partner to deliver bespoke services

- Co-generation mills - Consumers - Energy regulators	• We engaged with our sugar cane producers and cane crushers in Brazil and approached energy co-generators to investigate opportunities for holistic value creation from national sugar cane crops	*Having identified a large opportunity through stakeholder engagement to use co-generation to produce energy from the cane crushing process, the CGL Board agreed to enter this new market on behalf of our clients* • The CGL Board also agreed to expand our VIVE programme to include sustainable energy verification in 2021 to boost our credentials and reputation in this area **Impact of COVID-19?** Neutral. Part of agreed strategy to broaden into new markets
FINANCING-RELATED DECISIONS		
- Banks - Fund managers - Brokers	• Ongoing conversations with banking and financial partners via our Trade finance and Structured finance teams • Increased engagement to develop green funding initiatives	*CGL Directors increased their focus on alternative/structured funding strategies, including 'green' funding, in light of changing trade finance criteria and heightened investor focus on environmental and social information* • A key decision was taken to introduce a progressive, hybrid structured trade and commodity financing solution, linking corporates, banks and funds together to close funding gaps • CGL Directors debated the impact of our new funding solutions on existing financing partners and our reputation prior to launching the new finance vehicle ***Impact of COVID-19*** • Commodity market financing had been undergoing structural change brought about by tightened regulatory capital requirements and exacerbated by the impact of COVID-19, which has reduced risk appetite further • With traditional lending structures in commodity finance disrupted, we accelerated our engagement with new stakeholders to fill funding gaps whilst maintaining close relationships with existing banking partners

Directors decision-making: debate and discussion
In making the above decisions, the Directors considered the impacts on our stakeholders, the environment and our reputation. They considered financial and non-financial risks and opportunities associated with the above decisions and evaluated the importance of allocation capital in the above areas over other projects.

Importance of stakeholder engagement
In the table below we summarise how we engage with key stakeholders on an operational level, our understanding of key stakeholder issues and how this information is communicated to the Board to assist them in their strategic decision-making.

Stakeholder engagement, expectations and keeping the Directors informed (including S172 (b), (c), (d, part)) and (f))

KEY STAKEHOLDER GROUP	KEY ENGAGEMENT METHODS (OPERATIONAL)	STAKEHOLDER EXPECTATIONS	HOW THE CGL BOARD[1] IS INFORMED
CLIENTS[2]: > farmers > primary processors > secondary processors > industrial consumers	> Interaction with farmers through VIVE, Corporate finance and Trade finance teams > Daily interaction with processors and industrial consumers on trading floor > Weekly strategy planning meetings between Czarnikow's Trading Directors and processors and industrial consumers > Close working relationship with Procurement and Quality control teams of industrial consumers	> Improved farming and manufacturing practices, including health and safety and product quality > Deeper understanding of mutual businesses to optimise price, logistics and financing services and develop innovative procurement solutions > Promotion of ethical and sustainable supply chains including reducing environmental impact and overall supply chain risks > In-house awareness and impact education	>Weekly and ad hoc Trading Committee meetings chaired by CEO > Ad hoc VIVE Steering Committee meetings chaired by CEO > Weekly and ad hoc IT and Development Committee chaired by CEO > Creation of new client, geography and product committees to more effectively manage growing portfolio of products, markets and clients
EMPLOYEES	> Direct team and line managers, with increased focus on cross-functional engagement	> Improved training courses in online working environment > Ongoing investment and ideas to	> Regular update on HR with CEO and CFO > CEO welcomes all new joiners personally

[1] Three members of the CGL Board sit on the CCL parent board and this set-up facilitates an effective flow of information between CGL and CCL, ensuring that shareholders' interests are communicated and considered.
[2] At Czarnikow, we consider all buyers and sellers of physical product as 'clients' – it does not matter where they sit in the supply chain as we provide services to them all.

	> 'Open door' culture > Regular check ins and career talks with HR > Monthly global 'All Hands' meetings > 'Kitchen chats' in small groups with CEO > Weekly wellbeing blog > Employee policies via intranet (and corporate website)	optimise 'hybrid' working > Continued health and wellbeing support > Supportive, diverse and inclusive employee network > Clearer opportunities for career progression > Fair and progressive pay and benefits and culture > Efficiencies and innovation through teamwork and communication > Responsible practices including reduction of environmental impacts	> CEO attends informal group discussions > CEO and CFO receive employee KPIs every month for discussion > Regular employee-led catch ups encouraged for all employees, supplemented with optional one-to-one annual meeting and discussion with HR Manager
SHAREHOLDERS	> Quarterly CCL Board meetings (parent company)	> Return on Capital Employed improvements > Transparent, reliable and timely information > Meeting other agreed targets > Shared understanding of and support for long-term aspirations	> Three members of the CGL Board are members of the CCL (parent company) Board
BANKING PARTNERS	> Annual roadshow with current and new partners alongside ad hoc calls and meetings > Trade finance teams > VIVE team (green funding)	> Transparent, reliable and timely information > Meeting other agreed targets > Ensuring mutual beneficial financial platform to support growth plans and opportunities > More Environmental Social and Governance (ESG) reporting	> Directors receive break down of banking lines and facilities > Development of IT systems delivers increased transparency > Trade finance updates provided regularly during Trading Committee meetings
LOGISTICS PARTNERS	> Daily interaction with container shipping partners > Frequent communication with trucking, bulk shipping and warehouse partners > Increasing communication between VIVE team and container shipping partners (VIVE module development)	> Strong flow of communication to optimise safe, timely and accurate transit and storage of goods > Long-term cooperation to improve joint operational working practices, including reducing environmental impact > Knowledge-sharing to promote best-in-class processes > Transporting goods in an efficient and sustainable manner > Optimising transportation/shipping routes to maximise cargo efficiencies and reduce fuel usage	> Operational Risk Committee responsible for discussing and reporting on all issues and developments > IT systems provide access to detailed information on shipping and logistics activities > Individual issues and updates raised during Trading Committee meetings
SUPPLIERS[3]	> Various teams	> Open dialogue to improve provision and development of added value services > Fair and prompt payment terms	> Trading Committee and strategy week a forum for sharing best practice of working with suppliers
SUSTAINABILITY BENCHMAKRING PARTNERS	> VIVE team	> Creating most beneficial and comprehensive umbrella benchmarking programme for the supply chain > More VIVE participants as administration burden reduces and global recognition increases > More sustainable supply chains	> Ad hoc VIVE Steering Committee meetings > Annual audit performance reported via the VIVE Steering Committee
LOCAL COMMUNITIES, GOVERNMENTS AND REGULATORS > Financial Conduct Authority	> Country teams > Direct employee engagement in charity/volunteering initiatives >Compliance team	> Knowledge of local jurisdictions > Local economic development > Goodwill through local job creation and charity support > Timely tax returns and payments > Responsible operations > Compliance with all relevant regulations	> Charity and community engagement shared across the whole Group via the Czarnikow Intranet and All Hands meetings > Regulatory updates and training via Compliance and Risk teams

[3] Our 'suppliers' are, in the main, providers of professional services (e.g. consultancy, auditors, marketing services, etc.) and not providers of ingredients, fuel or packaging as these are considered to be clients.

The company's impact on local communities and the environment (S172 (d) cont.)
Through our stakeholder engagement we gain a better understanding of the importance that our key stakeholders place on how we are minimising our impact on the environment and in our local communities. As a service company (with no assets in growing, refining or manufacturing) our direct environmental impact is limited predominantly to the buildings in which we work.

However, as is the case for most supply chain service companies, our greatest environmental impacts sit in our value chain and we are currently working to estimate and, potentially, minimise and offset these. Increasingly, we are making decisions looking more holistically at non-financial implications, taking into consideration views from our banks and clients and supply chain participants to reduce environmental impacts. Much of this work is carried out through our sustainable supply chain programme VIVE and our partnership with South Pole to collect, analyse and offset our carbon emissions.

As we dig deeper into this topic, it is clear that many of our supply chain participants are likely to be adversely affected by climate change and/or environmental risks in the longer term. It is in our mutual interests to mitigate these risks and the CGL Board expects such environmental considerations to become more central to key investment decisions.

A major decision was taken by CGL Directors in 2020 to redesign the London office (our largest global workspace) to make it fit for hybrid working. During the redesign the following environmental factors were taken into consideration: reduction in electrical equipment, refillable bottle stations, energy-saving lighting, considerate recycling/donation of unwanted furniture and electronics and a goal was set to achieve a paperless environment within six years.

Reputation for high standards of business conduct (S172 (e))
Our culture is innovative and entrepreneurial, but never at the expense of compliance, nor model corporate behaviour. CGL's Management Committee has a zero-tolerance approach to misconduct and unethical practices and we also operate in strict regulatory boundaries which apply to our industry. One of our four values is "Acting responsibly and with integrity" and we consider this to be a competitive strength – one that engenders trust, promotes our reputation, helps us to win and keep business, and develop long-term stakeholder relationships. By way of oversight, we have arrangements in place for employees and contractors to raise concerns, in confidence, about possible wrongdoing and these are reviewed regularly by CCL's Risk Committee. We confirm that CGL's decision-making is made within the strict parameters of our mandatory and self-imposed high standards of business conduct.

Acting fairly as between members of the Company (S172 (f))
Three members of the CGL Board sit on the CCL parent board and this set-up facilitates an effective flow of information between CGL and CCL, ensuring that shareholders' interests are communicated and considered in an equitable manner. Quarterly CCL Board meetings are held, and information is provided on a regular, fair and timely basis to CCL shareholders to help them meet their own regulatory and fiduciary reporting requirements.

ENVIRONMENTAL DISCLOSURES

GHG emissions
In 2020, we committed to offsetting our greenhouse gas (GHG) Scope 1 (direct) emissions from our own and controlled sources and Scope 2 (indirect) emissions generated from our consumption of electricity and from heating, cooling and other sources to obtain carbon neutrality, as well as finding ways to reduce them. We are currently working to estimate and, initially, offset these value chain (Scope 3) emissions with the aim of setting reductions targets.

GHG emissions table

UK Greenhouse gas emissions and energy use for the period 1 January 2020 to 31 December 2020	
Electricity and gas consumption (kWh)	908,104
Energy consumption breakdown	
Gas (kWh)	662,895
Electricity (kWh)	245,209
Transport fuels (litres)	8,750
Scope 1 emissions CO2e (metric tonnes)	
Natural gas consumption	122
Refrigerants	52
Transport fuel	19
Total scope 1	**193**
Scope 2 emissions CO2e (market based)	
Purchased electricity	99
Scope 3 emissions CO2e (metric tonnes)	
Business travel in employee owned vehicles	N/A
Downstream transport and distribution of shipments	221,435
Total gross emissions CO2e (metric tonnes)	**221,727**
Total number of employees at Dec 2020	239
Intensity ration per employee CO2e (tonnes)	924
Electricity and gas CO2e (metric tonnes as % per million £ of turnover)	0.09

ESOS data
As a large UK-based organisation we disclose our mandatory ESOS (Energy savings opportunity scheme) data to the Environmental Agency (EA) and we share material transport emissions data with one of our major shareholders Associated British Foods plc. We also monitor the environmental impact of our chartered vessels.

SECR: disclosure and methodology
This year we are disclosing Streamlined Emissions Carbon Reporting (SECR) information for the first time, and as such, comparatives are not presented for this period. We have begun to consider our requirements for the implementation of Taskforce on Climate-Financial Disclosures (TCFD). We will be offsetting scope 1 and 2 emissions for the 2020 period through the use of carbon credits to maintain our carbon neutral status, awarded for the first time for 2019's emissions.

The GHG accounting and reporting procedure of Czarnikow's inventory is based on the 'The Greenhouse Gas Protocol: GHG Protocol: A Corporate Accounting and Reporting Standard – Revised Edition' (GHG Protocol) and the complementary 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard' – the most widely used international accounting tools for government and business leaders to understand, quantify, and manage GHG emissions. The standards were developed in a partnership between the World Resources Institute and the World Business Council for Sustainable Development.

Where relevant, Czarnikow has collected primary data from its sites for the consumption of natural gas (space heating) and fuels for mobile and stationary combustion (kWh or litres). The life cycle emissions have been calculated (well-to-wheel) in tCO2e through applying appropriate emissions factors. For combustion of gas and fuels for transport and space heating, the 2020, UK Department of Business Energy and Industrial Strategy dataset was applied.

Similarly, electricity consumption figures have been collected from each of Czarnikow's sites and the associated emissions calculated based on 'The Greenhouse Gas Protocol: GHG Protocol – Scope 2 Guidance'. As a result of Czarnikow having sites globally, local emissions factor datasets have been applied where appropriate to ensure accuracy and relevance. Emissions estimates from purchased electricity have been reported in Scope 2 and the Well to tank and transmission and distribution emissions in Scope 3. All emissions estimates have been calculated and reported using the location and market-based methods. At the time of writing, Czarnikow is still in the process of completing its full scope 3 inventory to account for the cradle-to-gate emissions from its sugar trading activities. Emissions sources currently missing include:

Scope 3
Category 1: Purchased goods and services – Purchased raw materials (sugar), packaging
Category 10: Processing of sold products – Energy consumption and waste from refining of intermediate products into final products (sugar)

For three of Czarnikow's sites where sufficient data was not available for 2020, the 2019 data has been used as a proxy which is considered to provide a reasonable approximation of energy consumption in these sites. These consumption figures will be refined, in due course, as the data becomes available.

2020 BUSINESS PERFORMANCE

CEO's REVIEW OF 2020

2020: a global perspective of the pandemic

Writing in last year's Annual Review in April 2020, we knew already that the COVID-19 pandemic would have a long-lasting impact including tragic personal loss, disruption to societal norms, supply chain chaos and uncertainty. We saw and responded to the crisis at a global level – experiencing different governmental regulations and managing fluctuating supply, demand and bottlenecks around the world. We raised our game to stay connected and informed to keep vital food, beverage and energy supply chains moving.

Our most pressing priority was the safety of our employees and their families; followed swiftly by understanding how we could help each other to do our jobs effectively and compassionately given varying personal circumstances. It was a reiterative learning process which continues to this day. I am very grateful for the commitment shown by our teams during an exceptionally challenging year - not least their engagement, resilience, flexibility and 'can-do' approach. Our strong performance in a tough year is thanks to them.

Strategic focus
Our results in 2020 are not a one-off. Our successful performance is the consequence of the steady implementation of our strategy, which neither changed nor was fundamentally impacted during the pandemic; we remained focused on broadening into new markets and deepening existing relationships, underpinned by focused investment in IT systems and our people. Our results have further energised our confidence in growing the business. In 2020, we launched an on-farm sugar beet pricing tool (see page 6 for more details), developed alternative financing solutions (see page 3 for more details) and increased our global presence by opening an office in Vietnam.

We are mindful, however, that for many of our clients and partners – particularly in the finance sector – 2020 was difficult. We supported them during this disruptive year and believe that our consistent, high-quality service was of value to them and strengthened our relationships. This gives us good reason to invest further in growing our client base in 2021 and beyond.

Influence sustainable best practice
The COVID-19 crisis intensified consumer demand for sustainable living and proved the importance of sound sustainable supply chain operations for our clients. We are in a unique position to influence sustainable best practices in our supply chains, as recognised in our purpose. From engaging initially with food producers six years ago through our sustainability programme, VIVE, in 2020 we achieved an 'industry first': a fully verified end-to-end trade and shipment of sustainable sugar. This was a significant development for all parties involved from farming, milling, refining and shipping to green financing. As consumer and regulatory pressure on our multi-national food and beverage clients to achieve their sustainability goals increases, we appreciate our role and opportunities to partner and support them.

Looking ahead
We will continue to support our employees to achieve their maximum potential while safeguarding their health and wellbeing. We have created a flexible working environment, which reflects their holistic needs and fosters our entrepreneurial culture. Our investment in IT continues and remains fully justified. The strength of our in-house IT systems has allowed us to produce high-quality data and unique functionality that improves internal efficiencies and brings competitive advantage. In 2021, we are focused on developing new data tools to identify future opportunities and risks more quickly, taking advantage of or mitigating them more effectively, whilst continuing to build ground-breaking new functionality for our underlying systems, which will give us even greater control over our supply chains and operations.

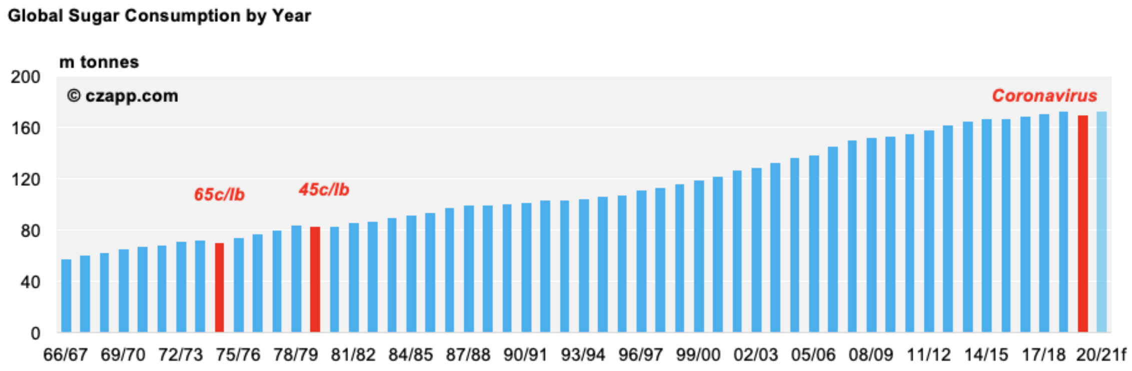
We look to 2021 with positivity and ambition, and have set ourselves challenging objectives for the year ahead. The strength of our business relationships, culture and values endured through one of the toughest years in our history. Fully tested, we look forward to opportunities ahead with confidence.

Market conditions and outlook
The following commentary highlights key sugar market developments that affected both the demand and supply side of our highest-volume products during the period under review.

Demand-side developments

Coronavirus and sugar consumption
In the early stages of the pandemic, sugar consumption fell in many countries as governments enforced lockdowns to stop the spread of the virus. This reduced out-of-home sugar consumption in bars, restaurants, cinemas and at sports events; places normally responsible for a large proportion of consumption. In particular, soft drink consumption was hit hard.

This sugar consumption decline was most obvious in areas with severe lockdowns (e.g. in Europe and China) and in countries where soft drinks are sweetened with sugar. We did not see, for example, a significant decline in the USA, where high fructose corn syrup is the dominant sweetener in soft drinks.



When the initial lockdowns ended, sugar consumption rebounded in many countries and consumer patterns have adapted to the 'new normal', with some evidence of people treating themselves to small luxuries (such as treats with high sugar-content) more often during the pandemic. We anticipate sugar consumption to strengthen in 2021, but it is not yet clear if 2019 levels will return; we are keeping an open mind.

Increased regulation around sugar consumption
Prior to COVID-19, we were already seeing an increasing trend towards health-related regulation in the food and beverage industry – be it through sugar taxation or restrictions on advertising. There had also been a significant move towards product reformulation (recipes and pack sizes) to regulate sugar levels. With a link between high COVID-19 morbidity rates and people with underlying health conditions, including obesity and diabetes, we will be watching closely to see if regulation is tightened further.

Supply-side developments

Container shortages
Pandemic-related lockdowns also caused havoc in the container shipping industry, leading to a chain reaction of gridlocks and port closures across supply chains. China moved into lockdown first, shutting factories and instantly reducing demand for shipping containers. When the rest of the world soon followed, supply and demand for consumer goods fell sharply, and container lines cancelled vessel sailings.

As the world emerged from lockdowns at the end of Q2'20 and into Q3, pent-up demand for consumer goods led to a surge in demand for container shipments. This created problems for shipping lines - the global container industry runs on a hub and spoke model which is less resilient to disruption than a network model. To make matters worse, many major ports were operating under COVID-19 conditions, including social distancing and other counter-measures, which made them less efficient. Meanwhile, key export ports in China faced backlogs as many of the world's containers were (and still are) stranded where they are not needed, making it difficult to recirculate them back to East Asia. While shipping lines tried to respond, service levels fell as a result. The ongoing impact on supply chains could be significant, with local product stock-outs and regional price increases a distinct possibility.

Brexit
The United Kingdom does not make enough refined sugar to meet its needs. It produces around 1 million metric tonnes each year and consumes closer to 1.8 million metric tonnes, importing to make up the shortfall.

Despite the UK leaving the European Union (EU), it is expected that, in reality, the EU will continue to export refined sugar to the UK under a duty-free trade deal. Meanwhile, the UK will continue to import sugar from the world market under a 260k duty-free quota, and has trade agreements in place with South Africa, Andean countries and Central American countries. Longer term, we do not see Brexit impacting our business per se, but we continue to monitor potential short-term risks as trade deals and routes are reworked.

IPOs in Brazil's sugar and ethanol sector
High liquidity in the capital markets, low fixed income interest rates and the devaluation of the Brazilian real (BRL) have driven investors looking for higher returns to the Brazilian Stock Exchange. After averaging close to 60k points for 10 years, the IBOVESPA is currently at historical highs of over 120k points.

Investor interest has been widespread across all commodities markets, and the raw sugar price has already more than doubled in the past 11 months. Activity has been fueled by speculation of higher inflation rates and the return of a commodity "super cycle", driven largely by Chinese demand for commodities. Whether demand at this scale can be sustained with such high prices is yet to be determined.

Nonetheless, more liquidity has entered the exchange market and created an interesting environment for companies looking to go public, especially for companies with exposure to the commodities sector. We foresee greater IPO activity in the sugar and ethanol sectors and are closely monitoring potential impacts.

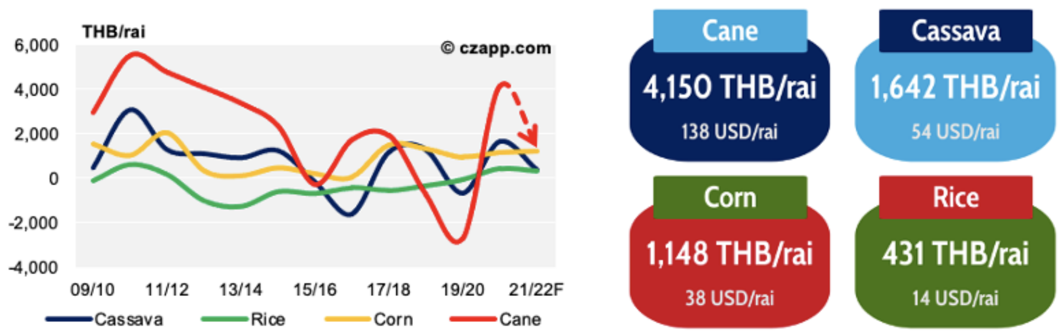
Outlook

A return to surplus global production
We are forecasting a global surplus of around 3 million metric tonnes of raw sugar in 2021/22. With Brazil likely to maximise its own sugar production again and Indian sugar cane acreage remaining high, the surplus should be led by Thailand and the EU. Both regions suffered with poor crops last season and are expected to improve future tonnages.

EU sugar beet yields expected to improve
In the EU, beet yields were hurt by outbreaks of beet yellows virus – a disease spread by aphids, whose numbers grew significantly in 2020, following the mild winter in 2019. With a colder winter this season, and many EU counties now permitting emergency use of neonicotinoid pesticides to control and reduce aphid populations, yields should improve next year.

Thailand sugar cane crop expected to rebound
With Thailand's sugar cane farmers suffering hefty production losses in recent drought-hit seasons, some farmers looked to switch to growing more resilient crops, such as cassava. However, rainfall levels are predicted to be higher than usual this year and mills are paying record prices for sugar cane, making sugar cane growing far more attractive. Give these factors, we expect Thailand to crush 100 million metric tonnes of cane in 2021/22, up 30 million metric tonnes year on year.

Thai Cane Returns vs. Competitor Crops



Note: 1 Rai is equal to 0.16 Hectares

FINANCIAL AND OPERATIONAL REVIEW 2020

Performance overview
In 2020, Czarnikow Group Limited ('the Group') generated US$51.7 million gross profit (2019: US$42.9 million) on a turnover of US$2,384.2 million (2019: US$1,800.4 million), giving a pre-tax profit of US$13.5 million (2019: US$7.0 million). This was a very positive performance, particularly given the impact on our supply chains and business during the COVID-19 crisis. Our steady growth in turnover and profit is a consequence of management's disciplined focus on implementing and investing in our strategy in recent years, coupled with developing and honing long-lasting client relationships.

Impact of COVID-19
From a financial perspective the overall impact of COVID-19 on our business was not material during the year under review. However, we recognise the tragic loss of human life and non-financial costs and risks relating to employee health and wellbeing, which we continue to monitor. Market price volatility was a feature from the very start of 2020, exacerbated by COVID-19 impacts later in the year, which triggered further volatility across our commodity markets. We managed our client portfolios through this turbulent period through our price risk management and related services. Other impacts from COVID-19 are covered, where relevant, in the commentary below.

Overheads and investment

Overall, overheads increased from US$32.6million to US$39.3 million and reflect our commitment to planned growth, executed in a controlled and considered manner. Travel and entertainment costs reduced dramatically owing to global lockdowns, and we do not anticipate these reaching pre-COVID levels in the short term.

Meanwhile, we continued to invest in our IT infrastructure and software (as evidenced from intangible assets rising from US$3.5 million in 2019 to US$4.4 million in 2020). Our excellence in IT is seen both internally and externally as a key driver of future efficiency and competitiveness. We continue to see the proven benefits of our investment in this area – not least our ability to adapt quickly and effectively to remote working.

We also continued to invest in our global team in anticipation of future business growth. In 2020 our headcount grew by 13% and we employed 239 people at year end. We expect this trend to continue but we will strictly prioritise investment in areas (teams and geographies) that have the most attractive business expansion potential. Through this targeted investment, we have established a valuable presence in the local marketplace and are actively monitoring and evaluating similar opportunities.

Revenue analysis

Bulk products

Despite a tough year for Thai crops, our raw (unrefined) sugar revenue performance remained strong, and we expect to book record tonnages for 2021.

Containerised products

White (refined) sugar revenue also performed strongly, particularly in Asia and Europe. Within our containerised products revenue stream, revenue from food ingredients and packaging increased by 112%. This growth was encouraging as this was also the area of our business most impacted by COVID-19 restrictions; opportunities to meet new clients were lost and some product line launches were delayed. However, growth in PET packaging, glucose and sweeteners rebounded towards the end of the year with new product lines coming on board as we moved into 2021.

Energy

A new revenue stream, energy, has been separated from bulk products to cover areas such as ethanol, electricity and biomass which support the expansion of counterparty activity, both regionally and through our sustainability programme VIVE.

Advisory

Our analysis and advisory services also had a highly successful year, reflected by a steep increase (70%) in subscriber numbers for Czapp, our client-facing app, and the completion of many corporate finance projects with a focus on co-generation, debt restructuring and M&A.

Business focus and outlook

Building on our strong performance and five-year trajectory, we anticipate another year of growth achieved through the focused execution of our strategy and selective and disciplined investment. As in previous years, we aim to both broaden our client base and expand added-value services for existing clients in order to deepen relationships. The proportion of revenue from new product lines in the areas of energy, ingredients and packaging in particular is expected to increase this year.

We will continue to monitor the ongoing impact of COVID-19 on the various markets in which the Group trades. Our investment in IT and the launch of our borrowing base facility, expected to commence in 2021, will improve the effectiveness of liquidity management through pricing physical forward contracts, and we will use our price risk tools to manage any further price volatility.

KEY PERFORMANCE INDICATORS AND ANALYSIS

In assessing the performance of the Group, the Directors look to a number of different measures, both financial and non-financial, a selection of which are detailed below.

	2020	**2019**
Net revenue growth	20.41%	10.19%
Return on equity	14.08%	7.23%
ROCE	15.57%	14.85%
Jaws ratio[4]	(0.10 %)	4.52%
Number of contractual physical trading counterparties in the period	655	652
Available financial facilities	$793.6m	$765.0m

RISK MANAGEMENT

Risk management framework

The Group's operations are exposed to a variety of risks, as described below. The Group has in place a risk management programme which seeks to limit any potential adverse effects on the financial performance of the Group.

The policies and limits operated by the Group are set and reviewed regularly by the Parent Company, C. Czarnikow Limited ("CCL" or the "Parent"). CCL has delegated the responsibility of managing the Group's principal risks to the Risk Committee, the CEO of CGL, and CGL senior management. The Risk Committee sets all policies and Committee terms of reference and monitors CGL activities. The CEO of CGL is assisted by three bodies: the Credit Committee; the Operational Risk Committee; and the Legal and Compliance team.

An overview of each body's responsibilities is outlined below.

Credit Committee

The Credit Committee is responsible for:

- Reviewing, approving and monitoring credit exposure and compliance status of counterparties
- Reviewing, approving and monitoring credit policies.

The Credit Committee meets weekly and is chaired by the CEO.

Operational Risk Committee

The Operational Risk Committee is responsible for:

- Monitoring operational risk facing the business
- Providing governance and assessment of operational risk management policies
- Recommending policies and actions to the CGL Board.

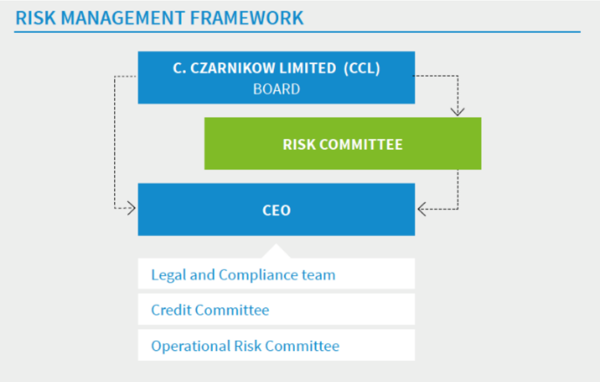
The Operational Risk Committee meets fortnightly and is chaired by our Head of Risk.

[4] *Demonstrates the extent to which income growth rate exceeds expense growth rate*

Legal and Compliance Team

The Legal and Compliance team is responsible for:

- defining and implementing compliance policies
- delivering Company-wide training and updates (include in anti-financial crime areas)
- reviewing counterparties and transactions
- co-ordinating external legal advice



PRINCIPAL RISKS

The Group considers the principal risks, and their mitigation, stated below, to be of primary relevance to the Group's business activities.

1. Liquidity risk

What this risk means to us

Liquidity (or cash flow) risk is when the Group is exposed to requests to meet its payment obligations when they fall due, including margin calls on derivative financial instruments used to mitigate price risk.

Mitigation strategy

We produce daily reports to model and forecast liquidity requirements based on Value at Risk and Cash Flow at Risk measurements. A risk mitigation 'ladder' is also in place to manage liquidity risks. The Group maintains transactional finance secured on underlying business, with maturity dependent on the tenor of the physical transaction, and has developed long-term relationships with a diverse selection of funding partners to secure reliable funding sources not reliant on any one party. In addition, the Group monitors the probable cash flow requirement of the derivative financial instruments used to mitigate price risk, and will switch to alternative derivative financial instruments if necessary. Our upcoming borrowing base facility and structured financing approach form part of our strategy to widen our basket of available financing options to manage future requirements.

Recent developments

In recent years, many lending institutions have reconsidered their long-term exposure to the commodities sector and we are witnessing a structural change in this area. In addition, a major devaluation in the Brazilian Real (BRL) has impacted margin finance requirements negatively. We are focusing on structuring our trades and contracts to minimise liquidity risks and have continued to develop new vehicles such as our borrowing base and enabling financing from funds. Throughout these developments, our strong and open relationships with existing and new financial institutions alongside our innovative approach are key to the long-term mitigation of this risk.

2. Shipment risk

What this risk means to us

The risk of costs being incurred in the course of delivering physical products to clients (e.g. relating to shipment windows or demurrage) and/or relating to changes in freight costs, service levels and potential environmental impacts.

Mitigation strategy

Our relationships, knowledge, operational efficiency and insurance reduce the impact of this risk. Continued investment in our operational IT systems has led to improved safeguards and controls over operational processes, and our work with VIVE is extending to the sustainable verification of bulk and containerised shipping services, which will improve sustainability and best practices. During supply chain disruptions relating to COVID-19, shipment risk increased owing to a global scarcity of shipping containers. Pandemic-related risks aside, the development of freight hedging tools has strengthened our ability to mitigate price risk in this sector.

Recent developments

The knock-on effect of the COVID-19 pandemic on our physical supply chains has been significant. With key manufacturing countries locked down, the return to trading to meet pent-up demand was problematic – particularly in East Asia where a shortage of shipping containers led to major bottlenecks (see page 13 for further commentary). This situation is still not resolved and is exacerbated by inefficiencies at ports owing to social distancing restrictions. Owing to our global network and logistics partnerships we have made some headway but have nonetheless been affected.

3. Credit risk

What this risk means to us

Credit risk arises from the risk of our counterparties failing to meet their contractual obligations in relation to the payment terms we offer them.

Mitigation strategy

Our dedicated Credit Risk team and Credit Committee are responsible for reviewing, approving and monitoring all credit exposure, and the credit policies of Czarnikow Group Limited (CGL), including credit insurance. The Credit Committee meets every week and works alongside the Risk team to assess risks using a multi-layered approach to be better placed to face credit risk challenges as they arise. Throughout the credit cycle, from business origination to repayment, risks are properly identified, assessed and presented.

The credit assessment stage, including the information-gathering process, is critical to the proper functioning of this cycle. During this stage, the Risk team determines and quantifies the exact nature, timescale and amount of credit risk exposure which has been proposed, comprising: precise terms and conditions of the transaction; credit support; shipping and insurance; funding requirements; and counterparty due diligence. The key risks are then summarised before establishing whether the key risks are acceptable in the context of: type, tenor and amount of proposed exposure; risk mitigation; financial standing of the counterparty; and rationale and business strategy. This process requires effective communication within the organisation. The Credit Risk team is also responsible for the ongoing management of exposure, risk profile and security, and ensuring repayment in full and on due date.

Recent developments

Following a protracted period of a low-priced sugar market, volatility returned in 2020. Our main credit risk relates to the non-performance of contracts under long-term pricing contracts, and our effective relationship management and contractual structures are key to minimising this risk. During the year we focused on continuous improvement in this area by tightening our credit policies, enhancing credit limit monitoring processes and improving due date protocols.

4. Currency risk

What this risk means to us

As the Group's main functional currency is the US dollar, we are exposed to currency risk in relation to overheads across our regional offices. The Group has additional exposure to currency risk when it facilitates non-US dollar-denominated trades.

Mitigation strategy

Czarnikow has policies and procedures in place to hedge non-US dollar exposure via deliverable and non-deliverable forward contracts to mitigate these risks as much as possible.

Recent developments

Increased currency volatility risks in the Brazilian Real (BRL) have been significant (see Liquidity risk) while other key market currencies (GBP, USD) have stabilised following the removal of political uncertainties (see Political risk). The Group continues to utilise currency hedging to manage our exposure for both non-US denominated trading and, where considered necessary, overheads across our regional offices. Given our mitigation strategies we do not consider our risk profile to have risen in this area despite the increased currency volatility in Brazil.

5. Employee health and wellbeing risk

What this means to us

Our people are a major source of value to our business. The healthier and happier they are, the better they will be able to contribute to the long-term growth and prosperity of the Company. Increasing awareness of the impact of modern lifestyles on mental health is creating greater focus on employee health and wellbeing and we intend to be at the forefront of this debate with our employees.

Mitigation strategy

Through our HR team we aim to catch any decrease in employee wellbeing early and provide proper support. Managers hold regular check-in meetings with their direct reports, and confidential employee meetings are held regularly with the HR team. This risk to our business increased considerably within the space of one year, owing to the impacts of COVID-19 and we increased our efforts to mitigate this risk.

Recent developments

We had identified this area as a principal risk in 2019 and were already encouraging an atmosphere of openness and support to mitigate any deterioration in our employees' mental and physical wellbeing. When the first COVID-19 lockdown occurred in early 2020 we increased the number of meetings with our employees to check they were coping with the various and varying challenges they were facing. We moved our regular health, nutrition and wellbeing sessions online and extended these to include employee family members where applicable. Through our more frequent and personalised approach we were more effective in supporting our employees during this stressful time.

6. Regulatory risk (including financial crime)

What this risk means to us

The risk of penalties for failing to implement legislative or regulatory requirements, or of being negatively affected by international trade sanctions and practices, including financial crime, fraud, theft, bribery or money-laundering when trading with counterparties.

Mitigation strategy

We operate comprehensive sanctions, anti-bribery and anti-money-laundering policies and procedures, including Group-wide training. Transactions and counterparty agreements are scrutinised to ensure that they are with appropriate parties and within legal and regulatory parameters.

Recent developments

The expansion of the Senior Managers and Certification Regime renewed our emphasis on reviewing all compliance processes, policies and training activities to ensure we mitigate regulatory risks effectively and efficiently. Senior managers sign up to a strong compliance programme, work closely with the Compliance team and receive regular reports. Czarnikow successfully worked towards implementation of the Senior Managers and Certification Regime in 2020, meeting the March 2021 deadline. Also relating to C. Czarnikow Sugar Futures Limited is the UK Investment Firm Prudential Regime, which we are also focused on implementing fully ahead of its January 2022 introduction.

7. Reputational risk

What this risk means to us

A threat or danger to our good name or standing, for example as a direct result of our actions or the products we trade, as an indirect result of employee actions, or tangentially through peripheral parties such as joint venture partners or suppliers.

Mitigation strategy

Our commitment to best practice in corporate governance is a core part of our mitigation strategy, alongside robust counterparty due diligence (see Credit risk) and employee training (see Regulatory risk). Our sustainable supply programme, VIVE, also ensures that we are solidifying our reputation by encouraging best practices throughout the supply chain. As we expand our product portfolio and supply chain partners, we have adopted a more pro-active approach to engaging with the media, including a growing social media presence, to influence and take on a leadership role in key supply chain topics.

Recent developments

Our broadening product portfolio counters to some extent our high-volume exposure to sugar, which still commands scrutiny in relation to public health concerns. Product diversification can, however, bring with it a wider breadth of risk, including concerns around plastic packaging, animal welfare and ethical and environmental impacts along the supply chain. We continue to evaluate reputational risks versus commercial opportunities in our pursuit of growth and work closely with VIVE to strengthen our reputation in sustainability. Our staunch view is that in order to influence best practice we need to be integrated with the supply chains in question.

8. Systems risk

What this risk means to us

The risk of failure of core processes and technologies that the business relies on for the smooth functioning of daily activities.

Mitigation strategy

We have a disaster recovery and business continuity plan and back-up systems, which we update and test regularly. We also maintain dual providers of key services such as internet connections and telephone lines, and have started to use cloud-based tools. The development of internal systems enables us to have greater control over our key data flows and respond faster to issues.

Recent developments

We continue to invest strategically in improved internal systems, which gives Group-wide competitive advantages through access to cutting-edge technology and functionality. Risks involved with increasing our reliance on internal systems and the introduction of client-facing IT systems and tools have been partially offset by the utilisation of cloud-based storage, enhanced security systems and strengthened remote connection mechanisms. The development of our IT systems is viewed as a net benefit to the Group and integral to our business expansion, resilience and flexibility, as evidenced by our successful migration to home working during lockdown.

9. Interest rate risk

What this risk means to us

The Group's business is facilitated through the use of numerous funding facilities and is exposed to interest rate risk, which could impact the cost of funding significantly. As our funding facilities are used predominantly to provide payment terms to our clients, we are not directly exposed to this risk. However, we actively monitor latest interest rates to identify any impact on credit risk exposure or our internal funding requirements. We also communicate any changes or potential impact to our clients.

Recent developments

While interest rates are generally flat at the moment, many banks are reducing sugar exposure or putting barriers in place to restrict access to funding for the sector. Czarnikow's strong relationships and robust processes have insulated the Group from this trend.

10. Key personnel risk

What this risk means to us

Our main assets are the intellectual property generated by our employees. Any loss of key personnel through staff turnover represents a risk to our ability to remain profitable.

Mitigation strategy

We strive to create an exciting place to work, allowing our employees to realise their potential in alignment with our long-term goals. We identify employee strengths and opportunities through regular check-in meetings, offer formal and informal learning, cross-team training and provide competitive benefits and long-term remuneration. By focusing on 'growing our own' talent, we are building up a strong employee pool to ensure strong succession in the event of personnel moves, supplementing with strong external candidates who fit our culture where necessary.

Recent developments

During lockdowns, our ability to offer the full extent of our training and development plans was curtailed. However, through increased senior manager and HR team engagement, we were able to accelerate plans to improve internal communications and research preferences for future working arrangements. We have implemented these and are reconfiguring our London office (the Group's largest workspace) to accommodate employee-led hybrid working, which further underpins our commitment to a good work-life balance and reduces our risk of key personnel loss.

11. Political risk

What this risk means to us

The risk of instability, which could stem from a change in government, legislative bodies, other foreign policymakers, or military control.

Mitigation strategy

Due diligence, insurance and local knowledge are employed to ensure that we carefully manage any trading activities in politically volatile locations. We are a global business with a diversified exposure to many countries and bodies, and our operating structure gives us the ability to respond quickly, flexibly and effectively to events in local markets. Both factors help to reduce the potential impact of this risk.

Recent developments

Overall, our political risk in 2020 lessened marginally. We had considered our exposure to uncertainty relating to Brexit as immaterial, owing to our diverse global business. However, it remained on our radar throughout the year until Brexit finally happened. With uncertainty now significantly reduced, management can plan with more visibility. Following the results of the USA presidential election, further uncertainty has been removed relating to the possible direction of US trade policy. We continue to monitor countries and regions closely, mindful that political developments can cause sudden and severe changes to open markets, such as witnessed in Myanmar.

12. Price risk

What this means to us

The Group is exposed to daily fluctuations in the price of underlying commodities through derivative instruments traded on listed exchanges and over-the-counter markets, and related cross-currency pairs.

Mitigation strategy

CCL’s Risk Committee oversees and approves the price risk limit of the Group’s activity, working within a set of principles established under the price risk management framework and using derivative financial instruments to mitigate as much risk as possible.

Recent developments

We have successfully implemented a responsive framework – using potential future exposure (PFE) and a beta-coefficient metric – to measure funding risk for hedges undertaken under physical contracts. This framework continues to deliver enhanced visibility and reporting of price risk.

EMERGING RISKS

In addition to principal risks we also disclose emerging risks. These risks are important enough to be monitored closely, but not material enough to be considered principal risks.

1. Climate change risks

Risks associated with climate change remain on our emerging risk list as we continue to understand and adapt to how related impacts could affect our long-term business. Our immediate business exposure to the impact of climate change is low as we are a service company, owning few tangible assets. However, other stakeholders along the supply chain could be adversely affected by climate change in the longer term, creating knock-on effects on our own business. More extreme weather conditions, for example, could lead to crop failures for growers and operational impediments for shippers, hauliers and industrial consumers, potentially impacting price and product availability. Increasing consumer demand for more environmentally-friendly end-products may influence how our product portfolio expands and our choice of supply-chain and financing partners. Increasing regulation in this area is likely to bring with it additional costs and extra scrutiny in our industry. We are well-positioned to mitigate these risks through our close client partnerships, our global networks and our operational flexibility.

2. Insurance risks

Last year, we reported increased insurance losses and cover restrictions for the whole sector owing to the misappropriation of cargo goods in warehouses. To counter this, we tightened our policies and worked with warehousing partners to improve due diligence. Although COVID-19 restrictions prevented us from vetting warehouses in person, these actions successfully reduced our insurance risk exposure in this area. However, in 2020, a new insurance risk has emerged relating to increasing numbers of caked sugar claims. Sugar is hygroscopic and caking occurs when changes in humidity and temperature cause sugar to clump or solidify. We are working to monitor storage and transportation conditions to mitigate our exposure to increased insurance costs.

Last year, we identified the following emerging risks: Brazilian real (BRL) devaluation, Brexit and COVID-19. The BRL devaluation continued during the year and is covered in our Liquidity risk and Currency risk commentaries. Brexit has now happened, leading to improved planning visibility and this is covered in our Political risk narrative.

The impact of COVID-19 increased our risks in some parts of our business more than others, namely Shipping risk (supply chain disruption and container shortages) and Employee health and wellbeing risk (mental health and working conditions), and have been explained above where material.

This Strategic report was approved by the Board on 24 March 2021.

R Cave
Chief Executive Officer

Directors' report

The Directors submit their Directors' report together with the audited financial statements of the Group for the year ended 31 December 2020.

Future developments

There are no significant or material changes expected in the Group's business in the foreseeable future.

Results and dividends

The consolidated profit for the year after taxation was $10,477,000 (2019: $5,017,000).

No dividend was declared during the year (2019: $nil).

The Directors have prepared the financial statements on a going concern basis. Refer to note 1 for more information.

Directors

The Directors who served during the year and subsequent to the year-end are shown below:

R Cave (Chief Executive Officer)
J G Williams
W J Rook
A W I Leetham
J N C Randles (Chief Financial Officer)

Directors' indemnities

From the beginning of the financial year and to the date of this report, indemnities are in force under which the Company has agreed to indemnify the Directors against claims from third parties in respect of certain liabilities arising out of, or in conjunction with, the execution of their powers, duties and responsibilities as Directors of the Company.

Charitable donations

The Group made charitable donations of $33,748 (2019: $77,994) during the year.

Disclosure of information to the auditors

In the case of each person who was a Director at the time this report was approved:

- so far as that Director was aware there was no relevant available information of which the Company's auditors were unaware; and
- that Director had taken all steps that the Director ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors were aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of section 418 of the Companies Act 2006.

Independent auditor

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Nexia Smith & Williamson will therefore continue in office.

This report was approved by the Board on 24 March 2021.

R Cave
Chief Executive Officer

Directors’ responsibilities statement

The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company financial statements in accordance with applicable law and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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 Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with international accounting standards in conformity with the requirements of the Companies Act 2006 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 Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Nexia Smith & Williamson

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CZARNIKOW GROUP LIMITED

Opinion

We have audited the financial statements of Czarnikow Group Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise the Consolidated statement of profit or loss and other comprehensive income, Consolidated and company statement of financial position, Consolidated and company statement of changes in equity, Consolidated and company statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 Group and Parent 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 Group and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the 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 Directors' report and consolidated financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within Directors' report and consolidated financial statements. 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.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Group and the Parent Company and their 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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 25, 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 Group's and the Parent 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 Group or the Parent 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.

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

We obtained a general understanding of the Group and Parent Company's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We obtained an understanding of the entity's policies and procedures in relation to compliance with relevant laws and regulations. We also drew on our existing understanding of the Group and Parent Company's industry and regulation.

We understand the Group and Parent Company complies with requirements of the framework through:

- The Directors being accredited experts under Senior Manager Certification Regime (SMCR) legislation, which requires them to keep their knowledge of relevant laws and regulations up to date.
- Appointing a Money Laundering Reporting Officer and Compliance Officer to oversee the compliance function within the business.
- Performing of Know your Customer ('KYC') and customer due diligence checks.
- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change.
- Requiring all employees to read and follow the compliance policies and procedures of the business and attend annual refresher training and also ad-hoc training as requirements change.
- The directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the Group and Parent Company's ability to conduct business and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the Group and Parent Company;

- The Companies Act 2006 and international accounting standards in conformity with the requirements of the Companies Act 2006 in respect of the preparation and presentation of the financial statements;
- The UK regulatory principles, including those governed by the Financial Conduct Authority (FCA).

To gain evidence about compliance with the significant laws and regulations above we reviewed the Company's breaches register, reviewed board meeting minutes, inspected correspondence with the FCA relating to the year and obtained written management representations regarding the adequacy of procedures in place.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the Group and Parent Company's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were with regard to the manipulation of the financial statements through manual journal entries and incorrect recognition of revenue.

The procedures carried out to gain evidence in the above areas included;

- Testing of a sample of revenue transactions to underlying documentation; and
- Testing of manual journal entries, selected based on specific risk assessments applied for significant components based on the Parent Company and Group's processes.

The senior statutory auditor was satisfied that the engagement team collectively had the appropriate competence and capabilities to identify or recognise irregularities.

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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nexia Smith & Williamson

Guy Swarbreck

Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY
24 March 2021

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2020

	Notes	**2020** **$'000**	2019 $'000
Revenue	4	**2,384,230**	1,800,406
Cost of sales		**(2,332,542)**	(1,757,481)
Gross profit		**51,688**	42,925
Administrative expenses		**(39,302)**	(32,612)
Operating profit		**12,386**	10,313
Finance costs	8	**(12,384)**	(11,690)
Finance income	9	**13,539**	8,391
Profit before taxation		**13,541**	7,014
Taxation	10	**(3,064)**	(1,997)
Profit for the year		**10,477**	5,017
Other comprehensive income			
Exchange movement on foreign net investment		**(406)**	(290)
Total comprehensive income for the year		**10,071**	4,727

The notes on pages 37 to 74 form an integral part of these financial statements.

All of the Group's operations are classed as continuing.

Consolidated statement of financial position

as at 31 December 2020

	Notes	31 December 2020 $'000	31 December 2019 $'000
Non-current assets			
Property, plant and equipment	11	**6,242**	7,212
Intangible assets	13	**4,377**	3,530
Investment in joint venture	15	**902**	1,165
Deferred tax assets	22	**1,409**	1,615
Total non-current assets		**12,930**	13,522
Current assets			
Inventories	16	**116,613**	188,441
Trade and other receivables	18	**299,182**	212,395
Financial assets held for trading	32	**195,712**	108,678
Current tax assets		**534**	1,904
Cash and cash equivalents		**13,141**	14,395
Total current assets		**625,182**	525,813
Total assets		**638,112**	539,335
Non-current liabilities			
Trade and other payables	20	**4,301**	4,991
Deferred tax liabilities	22	**409**	152
Total non-current liabilities		**4,710**	5,143
Current liabilities			
Trade and other payables	20	**412,386**	420,891
Financial liabilities held for trading	32	**133,800**	35,854
Current tax liabilities		**2,599**	3,035
Total current liabilities		**548,785**	459,780
Total liabilities		**553,495**	464,923
Net assets		**84,617**	74,412
Equity			
Share capital	24	**1,511**	1,511
Share premium account		**6,611**	6,611
Foreign currency translation reserve		**(4,572)**	(4,166)
Retained earnings		**81,067**	70,134
Capital contribution		**-**	322
Total equity		**84,617**	74,412

The notes on pages 37 to 74 form an integral part of these financial statements. The financial statements were approved by the Board on 24 March 2021.

R Cave
Chief Executive Officer
Registered number: 2650590

Consolidated statement of changes in equity

for the year ended 31 December 2020

	Share capital $'000	Share premium $'000	Foreign currency translation reserve $'000	Capital cont-ribution $'000	Retained earnings $'000	Total equity $'000
1 January 2019	**1,511**	**6,611**	**(3,876)**	**852**	**64,337**	**69,435**
Profit for the year	-	-	-	-	5,017	5,017
Other comprehensive income for the year						
Exchange movement on foreign net investment	-	-	(290)	-	-	(290)
Total comprehensive income for the year	-	-	(290)	-	5,017	4,727
Share based payments	-	-	-	(530)	780	250
31 December 2019	**1,511**	**6,611**	**(4,166)**	**322**	**70,134**	**74,412**
Profit for the year	-	-	-	-	10,477	10,477
Other comprehensive income for the year						
Exchange movement on foreign net investment	-	-	(406)	-	-	(406)
Total comprehensive income for the year	-	-	(406)	-	10,477	10,071
Share based payments	-	-	-	(322)	456	134
31 December 2020	**1,511**	**6,611**	**(4,572)**	**-**	**81,067**	**84,617**

The notes on pages 37 to 74 form an integral part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2020

	Notes	**2020**	2019
		$'000	$'000
Net cash generated from/(used in) operating activities	25	**48,169**	(63,249)
Investing activities			
Purchase of property, plant and equipment	11	**(965)**	(296)
Lease additions	11	**(781)**	-
Development of intangible assets	13	**(2,725)**	(2,174)
Investment in joint venture	15	**2**	(1,165)
Interest received	9	**13,539**	8,391
Net cash generated from investing activities		**9,070**	4,756
Financing activities			
(Costs)/proceeds from financing arrangements		**(45,643)**	72,050
Principal element of lease payments		**(785)**	(953)
Interest paid		**(12,384)**	(11,690)
Net cash (used in)/generated from financing activities		**(58,812)**	59,407
Net (decrease)/increase in cash and cash equivalents		**(1,573)**	914
Cash and cash equivalents at the beginning of the year		**14,395**	12,347
Effects of foreign exchange differences on cash and cash equivalents		**319**	(1,108)
Cash and cash equivalents at the end of the year		**13,141**	14,395

The notes on pages 37 to 74 form an integral part of these financial statements.

Statement of financial position - Company

as at 31 December 2020

	Notes	**31 December 2020 $'000**	31 December 2019 $'000
Non-current assets			
Property, plant and equipment	12	**2,952**	3,667
Intangible assets	13	**4,377**	3,530
Investment in subsidiaries	14	**10,003**	9,967
Deferred tax asset	23	**619**	521
Total non-current assets		**17,951**	17,685
Current assets			
Inventories	17	**84,972**	151,969
Trade and other receivables	19	**273,320**	206,926
Financial assets held for trading	33	**191,716**	106,512
Cash and cash equivalents		**6,207**	3,313
Total current assets		**556,215**	468,720
Total assets		**574,166**	486,405
Non-current liabilities			
Trade and other payables	21	**2,460**	3,041
Deferred tax liability	23	**160**	124
Total non-current liabilities		**2,620**	3,165
Current liabilities			
Trade and other payables	21	**374,954**	391,074
Financial liabilities held for trading	33	**129,117**	33,459
Current tax liabilities		**1,589**	444
Total current liabilities		**505,660**	424,977
Total liabilities		**508,280**	428,142
Net assets		**65,886**	58,263
Equity			
Share capital	24	**1,511**	1,511
Share premium account		**6,611**	6,611
Retained earnings		**57,764**	49,851
Capital contribution		**-**	290
Total equity		**65,886**	58,263

The Company's profit after taxation for the year was $7,489,000 (2019: $1,907,000). The company had no other comprehensive income (2019: $nil).

The notes on pages 37 to 74 form an integral part of these financial statements. The financial statements were approved by the Board on 24 March 2021.

R Cave
Chief Executive Officer
Registered number: 2650590

Statement of changes in equity - Company

for the year ended 31 December 2020

	Share capital $'000	Share premium $'000	Capital cont-ribution $'000	Retained earnings $'000	Total equity $'000
1 January 2019	**1,511**	**6,611**	**820**	**47,164**	**56,106**
Profit for the year	-	-	-	1,907	1,907
Total comprehensive income for the year	-	-	-	1,907	1,907
Share based payments	-	-	(530)	780	250
31 December 2019	**1,511**	**6,611**	**290**	**49,851**	**58,263**
Profit for the year	-	-	-	7,489	7,489
Total comprehensive income for the year	-	-	-	7,489	7,489
Share based payments	-	-	(290)	424	134
31 December 2020	**1,511**	**6,611**	**-**	**57,764**	**65,886**

The notes on pages 37 to 74 form an integral part of these financial statements.

Statement of cash flows – Company

for the year ended 31 December 2020

	Notes	2020 $'000	2019 $'000
Net cash generated from/(used in) operating activities	25	**47,545**	(36,251)
Investing activities			
Purchase of property, plant and equipment	12	**(576)**	(193)
Development of intangible assets	13	**(2,725)**	(2,174)
Additional investment in subsidiaries	14	**(36)**	(2,032)
Interest received		**12,502**	7,617
Net cash generated from/(used in) investing activities		**9,165**	(3,218)
Financing activities			
(Costs)/proceeds from financing arrangements		**(44,788)**	40,347
Principal element of lease payments		**(560)**	(606)
Interest paid		**(8,787)**	(8,998)
Net cash (used in)/generated from financing activities		**(54,135)**	30,743
Net increase/(decrease) in cash and cash equivalents		**2,575**	(2,290)
Cash and cash equivalents at the beginning of the year		**3,313**	4,458
Effects of foreign exchange differences on cash and cash equivalents		**319**	(1,145)
Cash and cash equivalents at the end of the year		**6,207**	3,313

The notes on pages 37 to 74 form an integral part of these financial statements.

Notes to the financial statements

1. General information

The Company

Czarnikow Group Limited ("CGL", the "Company" or the "Parent Company") and its subsidiaries (together the "Group") is an international company in the food and beverage sector. The Group buys and sells commodities and advises clients on how best to manage sustainable supply chains, creating long-term value for those who work with and for the Group.

The Company is a private limited company, limited by shares, incorporated in England and Wales. The address of its registered office is Paternoster House, 65 St Paul's Churchyard, London EC4M 8AB.

The immediate and ultimate parent of the Company is C. Czarnikow Limited ("CCL" or "Parent Company"). Copies of the CCL consolidated financial statements, in which the Company is included, can be obtained from Companies House. In the opinion of the Directors there is no one ultimate controlling party.

The Directors have prepared the financial statements on a going concern basis. In considering the going concern status of the Group, the directors have assessed the key factors likely to affect the Group's business model and strategic plan, future performance, solvency and liquidity taking into account the emerging risks as well as the principal risks.

The Directors have reviewed the corporate plan, the output of the Group's formalised process of budgeting and strategic planning. The corporate plan is evaluated and approved each year by the Board and considers the Group's future projections of profitability, cashflows, capital requirements and resources and key financial ratios over the period.

As described in the Strategic report, the Group responded to the COVID-19 pandemic quickly and effectively and was able to continue operations as normal. While the Group continues to monitor the ongoing impact of COVID-19, we are confident that the business will remain a going concern for the foreseeable future, being a period of no less than twelve months from the date of the approval of the Director's report and consolidated financial statements.

2. Significant accounting policies

a. Basis of preparation

The consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The estimates and underlying assumptions are reviewed on a continuing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future periods affected. Critical judgements and areas where the use of estimates is significant are discussed in note 3.

The accounting policies have been applied consistently by Group entities.

Notes to the financial statements *(continued)*

b. Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and entities controlled by the Company (its "subsidiaries") prepared to 31 December each year. Control is achieved where the Company is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration the existence and effect of potential voting rights that currently are exercisable or convertible.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated statement of profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions and balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

c. Changes in accounting policies and disclosures

(a) New and amended standards and interpretations adopted by the Group and Company

Amendments have been made to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to the definition of material. The amendments clarify the definition of what is material to the financial statements and how to apply the definition.

(b) New and amended Standards and Interpretations mandatory for the first time for the financial year beginning 1 January 2020 but not currently relevant to the Company

The following new and amended Standards and Interpretations are not currently relevant to the Company; however, they may have a significant impact in future years:

Interest rate benchmark reform: amending hedge accounting requirements of IFRS 9, IAS 39 and IFRS 7.

(c) New and amended Standards and Interpretations issued but not effective for the financial year beginning 1 January 2020.

IFRS 17: "Insurance Contracts" Amendment to IAS 1: "Classification of Liabilities as Current or Non-current"

There are no other new or amended standards that are considered to have a material impact on the Company.

d. Exemptions

The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 from publishing its individual statement of profit or loss and other comprehensive income and related notes.

The Group does not provide segmental reporting analysis due to the exemption for non-listed companies in IFRS 8.

e. Measurement convention

The financial statements are prepared on the historical cost basis with the exception of the assets and liabilities discussed in notes 2i and 2s which are stated at their fair value.

Notes to the financial statements *(continued)*

f. Foreign currencies

The financial statements are prepared in US dollars, being the functional currency of the Company and Group. The exchange rate between US dollars and Sterling at the year-end was $1.3672:£1 (2019: $1.3262:£1).

Transactions in foreign currencies are recorded in US dollars at the rates of exchange prevailing on the dates of the transactions. Where consideration is received in advance of revenue being recognised the date of the transaction reflects the date the consideration is received. At each year end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the year-end date. Exchange gains and losses on short-term foreign currency borrowings and deposits are included within operating profit.

Exchange differences arising on the retranslation of monetary and non-monetary items carried at fair value are included in profit and loss for the year, except for differences arising on the retranslation of monetary and non-monetary items in respect of which gains and losses are recognised directly in equity. For such monetary and non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

The assets and liabilities of subsidiaries in foreign currencies are translated into US dollars at the rates of exchange prevailing at the year-end date. The results of subsidiaries in foreign currencies are translated at the average rate of exchange during the financial year. Differences arising from the translation of the opening net investment in subsidiary companies are taken to equity through other comprehensive income.

g. Revenue recognition

Revenue is measured at the transaction price received or receivable allocated to the performance obligation satisfied and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes. As the expected period between transfer of a promised good or service and payment from the customer is one year or less no adjustment for a financing component has been made.

Sales of goods are recognised when goods are delivered and control has passed.

Revenue arising from the provision of services is recognised when and to the extent that the customer simultaneously receives and consumes the benefits of the Group's performance or the Group does not create an asset with an alternative use but has an enforceable right to payment for performance completed to date as follows:

- **Brokerage fees and risk management fee income**

Brokerage is the commission on conclusion of a shipment. Performance obligations are considered to be satisfied as defined by the Incoterm and revenue is recognised at this point.

Risk management fee income represents fees receivable from clients arising from price hedging services during the year and this fee is recognised as earned within revenue upon contract completion.

- **Advisory, corporate finance and investment management fees**

Transaction price is negotiated in advance and agreed in a fixed price contract. Revenue on subscription fees for access to analysis information is recognised over the period of the contract as performance obligations are satisfied on an ongoing basis. Revenue on other advisory fees provided in the normal course of business are recognised in accordance with contractual entitlement.

Revenue on investment management fees represents fees receivable from clients for market and fund management advice during the year and is recognised, at the pre-agreed price, upon completion of performance obligations in line with contractual entitlement.

Notes to the financial statements *(continued)*

- **Trading sales of physical goods**

Revenue on sales are recognised when the risks and rewards of owning the physical goods are transferred, in line with Incoterms.

- **Trading derivative contracts**

Physical forward contracts for the sale and purchase of physical goods are recognised in cost of sales on a trade date basis at the best estimate available at that time, since the Directors believe such contracts are in substance financial instruments. The best estimate is derived from the daily quoted settlement price of the derivative contract.

Futures contracts and forward foreign exchange traded contracts are valued on a mark-to-market basis and are reported at the Statement of financial position date in cost of sales.

h. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within loans and borrowings in current liabilities on the Consolidated statement of financial position.

The Directors consider that the carrying amount of the assets is a reasonable approximation of their fair value. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

i. Inventories

Inventories relating to commodities are measured at fair value less costs to sell with changes in fair value less costs to sell being recognised in profit or loss in the period of the change. The fair value movements in respect of these inventories are recognised in financial assets held for trading within the Consolidated statement of financial position as the directors consider this accounting treatment gives a true and fair view of the Group's results for the year.

Inventories not relating to commodities are measured at the lower of their cost and net realisable value.

j. Property, plant and equipment

Fixed assets are shown at cost less accumulated depreciation and any recognised impairment loss. Depreciation is provided at rates calculated to write off the cost or valuation of each asset, less estimated residual value, on a straight line basis over its estimated useful life as follows:

Right-of-use assets	- over the period of the lease
Leasehold improvements	- over the remaining period of the lease
Furniture and equipment	- 3 to 6 years
Motor vehicles & computers	- 3 years

Depreciation is not recognised on assets under construction.

Notes to the financial statements *(continued)*

k. Intangible assets

Intangible assets with finite lives are amortised over their respective estimated useful lives on a straight-line basis and reviewed for impairment when circumstances warrant. Each reporting period, the estimated useful lives of intangible assets that are subject to amortisation are reviewed to determine whether events or circumstances warrant revised estimates of useful lives.

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group for which it is probable that the expected future economic benefits attributable to the assets would flow to the Group beyond one year are recognized as intangible assets. Capitalised internal-use software costs include only external direct costs of materials and services consumed in developing or obtaining the software and payroll and payroll-related costs for employees who are directly associated with and who devote time to the project. Capitalisation of these costs ceases no later than the point at which the project is substantially complete and ready for its intended purpose.

Once costs have finished being capitalised the internal-use software costs are amortized on a straight-line basis over their applicable expected useful lives, which are approximately three years. Where no internal-use intangible asset can be recognized, development expenditures are expensed as incurred. Costs associated with maintaining computer software are expensed as incurred. Amortisation is not recognised on work in progress.

l. Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Equity comprises share capital, share premium, foreign currency translation reserve, capital contribution, revaluation reserve and retained earnings which are described below.

Share capital

Share capital represents amounts subscribed for shares at nominal value.

Share premium

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at a premium.

Foreign currency translation reserve

The foreign currency translation reserve refers to the exchange differences on translating foreign operations recognised through other comprehensive income, net of amounts reclassified to profit and loss when those assets have been disposed of or are determined to be impaired.

Capital contribution

The capital contribution account refers to additional contribution to the equity of the Company that does not require issuance of shares.

Retained earnings

Retained earnings represents accumulated profits and losses attributable to equity shareholders.

m. Taxation

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

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

Notes to the financial statements *(continued)*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle on a net basis.

n. Pensions

The Group contributes to defined contribution pension schemes for its employees. Contributions by the Group are charged to the Consolidated statement of profit or loss and other comprehensive income as they fall due.

o. Investment in subsidiaries

Investments in subsidiaries are held at cost less any impairment in their value.

p. Joint ventures

The Group's share of the results of its joint venture in CZ Energy Comercializadora de Etanol S.A are included in the Consolidated statement of profit and loss and other comprehensive income and Consolidated statement of financial position using the equity method of accounting. Investments in joint ventures are carried in the Consolidated statement of financial position at cost. If the Group's share of losses in a joint venture equals or exceeds its investment in the joint venture, the Group does not recognise further losses, unless it has incurred obligations to do so or made payments on behalf of the joint venture.

q. Leases

A right of use asset and a lease liability has been recognised for all leases except leases of low value assets, which are considered to be those with a fair value below $5,000, and those with a duration of 12 months or less. The right-of-use asset has been measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date.

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Where impairment indicators exist, the right of use asset will be assessed for impairment.

The lease liabilities are measured at the present value of the lease payments due to the lessor over the lease term, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

After initial measurement, any payments made will reduce the liability and the interest accrued will increase it. Any reassessment or modification will lead to a remeasurement of the liability. In such case, the corresponding adjustment will be reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Notes to the financial statements *(continued)*

r. Share based payments

The cost of share-based employee compensation arrangements, whereby employees receive remuneration in the form of deferred share awards, is recognised as an employee benefit expense in the Consolidated statement of profit or loss and other comprehensive income.

The total expense of the benefit is determined by reference to the fair value (excluding the effect of non market-based vesting conditions) at the date of grant. At the end of each reporting period the assumptions underlying the number of awards expected to vest are adjusted for the effects of non market-based vesting conditions to reflect the conditions prevailing at that date. The impact of any revisions to the original estimates is recognised in the Consolidated statement of profit or loss and comprehensive income. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

Certain share charges have been reallocated to Czarnikow Group Limited ("CGL") to better reflect the impact within the Group. This has had no effect on the net assets or profit or loss of the Group and no effect on the net assets of the Company.

s. Financial instruments

The Group's financial instruments are classified as follows:

Financial assets and liabilities at fair value through profit and loss

These include all financial instruments held for trading, including derivatives, as well as those designated at fair value through profit or loss at inception. The financial assets and liabilities are recorded initially at fair value with changes in the fair value charged or credited to the Consolidated statement of profit or loss and other comprehensive income in the period they arise.

- **Amortised cost**

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the Consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's financial assets measured at amortised cost comprise trade receivables and other receivables in the Consolidated statement of financial position.

- **Financial liabilities**

Financial liabilities held at amortised cost include trade payables, other payables and accruals, finance lease liabilities, bank debt and long-term debt. Trade payables are recognised initially at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortised cost using the effective interest method. Bank debt and long-term debt are recognised initially at fair value, net of any transaction costs incurred, and subsequently at amortised cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

Notes to the financial statements *(continued)*

The Directors consider that the carrying amount of the trade and other payables disclosed in notes 20 and 21 are a reasonable approximation of their fair value.

t. Financial guarantees

Financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of subsidiaries or associates to secure loans, overdrafts and other banking facilities.

Financial guarantees are recognised initially in the financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on an arm's length terms, and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by management's judgement.

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances. They form the basis of judgements about the carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

Financial instruments – fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

Level 1: Quoted prices in active markets for identical items

Level 2: Observable direct or indirect inputs other than Level 1 inputs

Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

Determination of performance obligations and satisfaction thereof

For the purpose of recognising revenue, the Directors are required to identify distinct goods or services in contracts and allocate the transaction price to the performance obligations. With reference to the revenue streams of the Company the Directors have made specific judgements as follows:

Brokerage fees and risk management fee income

The Company acts as an agent in respect of brokerage fees and as such only recognises the net commission fee within revenue. The point at which revenue is recognised is defined by the Incoterm of the relevant trade.

Risk management fees are calculated on a lot by lot basis and revenue is recognised on completion of the trade.

Notes to the financial statements *(continued)*

Advisory, corporate finance and investment management fees

Revenue on subscription fees is recognised over the period of the contract as performance obligations are satisfied on an ongoing basis. Revenue on other advisory fees is considered on a case by case basis and is recognised in accordance with the contract.

Revenue on investment management fees relates to stand alone services rather than ongoing work and is recognised upon completion of the performance obligations specified within the contract.

Trading sales of physical goods

Revenue on sales of physical goods is recognised on the date when substantially the risks and rewards of owning the physical goods are transferred to the counterparty, the date of which is determined with reference to the Incoterm of that specific trade.

Trading derivative contracts

Physical forward contracts are recognised on a trade date basis at the best estimate available at that time, since the Directors believe such contracts are in substance financial instruments. The best estimate is derived from the daily quoted settlement price of the derivative contract.

Futures contracts and forward foreign exchange traded contracts which are taken out to hedge price risk associated with underlying physical trades are valued on a mark-to-market on a daily basis.

Key sources of estimation uncertainty

Provision for doubtful receivables

The trade receivables and financial assets held for trading balances recorded in the Consolidated statement of financial position comprise a relatively small number of large balances. A full line by line review of financial assets held for trading balances is carried out at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectible. The provision for doubtful receivables at year end was $816,000 (2019: $772,000).

Fair value of financial assets and liabilities held for trading

As at 31 December 2020, some of the Group's financial assets and liabilities that are held for trading were not traded in an active market and their fair value has had to be estimated using valuation techniques. Valuations for certain investments required the use of inputs that could not be derived from current market prices. Refer to note 32 for more details about the methods and assumptions used in estimating fair values and a sensitivity analysis.

Discount rate

The Group initially measures its lease liabilities as the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate of 3.75%. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of asset leased.

Useful economic lives of intangible assets

Useful economic lives have been assessed on the basis of the directors' experience of typical lives of similar assets in comparable use patterns. Although, on occasion, assets will be used past a typical useful economic life, the lives applied are considered the directors' best available estimate.

Notes to the financial statements *(continued)*

4. Revenue

An analysis of the Group's revenue, all continuing operations, is as follows:

	2020	2019
	$'000	$'000
Trading, brokerage and advisory	**2,384,230**	1,800,406

5. Operating expenses

The Group's operating profit for the year is stated after charging:

	Notes	**2020**	2019
		$'000	$'000
Cost of physical goods		**2,314,582**	1,749,651
Depreciation of property, plant and equipment	11	**1,673**	1,457
Amortisation of intangible assets	13	**1,745**	672
Staff costs	7	**29,721**	23,971
Net foreign exchange losses		**679**	300
Operating lease rentals		**111**	151

Cost of physical goods includes the cost of physical products, freight, haulage, insurance and other related costs to provide the product to the final customer.

6. Auditor's remuneration

	2020	2019
	$'000	$'000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	**232**	212
Fees payable to the Company's auditor and its associates for other services to the Group:		
• The audit of financial statements of the company's subsidiaries	**154**	131
• Other services relating to taxation	**216**	170
• All other services	**9**	10
	611	523

Fees payable to the Company's auditors for non-audit services to the Company itself are not disclosed in the financial statements of CGL because the Company's consolidated financial statements are required to disclose such fees on a consolidated basis.

Notes to the financial statements *(continued)*

7. Staff costs and Directors emoluments

Staff costs for the Group were as follows:

	2020	2019
	$'000	$'000
Staff costs for the year were as follows:		
Wages and salaries	**26,390**	20,846
Social security costs	**2,420**	2,310
Pension costs	**911**	815
	29,721	23,971

The pension scheme is a defined contribution scheme. Pension costs of $151,000 were accrued for as at 31 December 2020 (2019: $126,000).

The average number of persons employed by the Group during the year analysed by category was:

	2020	2019
	Number	Number
Broking and trading	**101**	89
Administration	**131**	119
	232	208

Staff costs for the Company were as follows:

	2020	2019
	$'000	$'000
Staff costs:		
Wages and salaries	**15,407**	12,115
Social security costs	**1,550**	1,358
Pension costs	**616**	538
	17,573	14,011

The average number of persons employed by the Company during the year analysed by category was:

	2020	2019
Company	Number	Number
Broking and trading	**43**	39
Administration	**77**	73
	120	112

Notes to the financial statements *(continued)*

Directors' emoluments for the Group and Company were as follows:

	2020	2019
	$'000	$'000
Directors' emoluments		
Total emoluments	**2,199**	2,305
Total Company contributions to money purchase pension schemes	**-**	-
Share based payments	**769**	488
	2,968	2,793

One director exercised share options in the year (2019: one). Five directors were granted share awards during the year (2019: five). The share price at date of exercise was $73.92 (2019: $71.65).

	2020	2019
	$'000	$'000
Highest paid director		
Emoluments	**440**	542
Share based payments	**299**	72
	739	614

The highest paid Director did exercise share options in the year (2019: nil) and was granted share awards in the year (2019: one).

8. Finance cost

	2020	2019
	$'000	$'000
Interest payable on transaction financing loans	**12,159**	11,430
Interest payable on lease liabilities	**225**	260
	12,384	11,690

9. Finance income

	2020	2019
	$'000	$'000
Interest receivable	**13,539**	8,391

Notes to the financial statements *(continued)*

10. Taxation

	2020	2019
Current tax	**$'000**	$'000
UK tax in respect of the current year	**2,093**	896
Adjustment in respect of prior years	**(573)**	(9)
Overseas tax charge in respect of the current year	**1,082**	1,261
	2,602	2,148
Deferred tax		
In respect of the current year	**196**	(165)
In respect of the prior year	**266**	-
Effect of changes in tax rates	**-**	14
	462	(151)
Total taxation charge	**3,064**	1,997

Tax has been calculated using an estimated annual effective tax rate of 22.7% (2019: 28.5%) on profit before tax. The difference between the total tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2020	2019
	$'000	$'000
Reconciliation of effective tax rate		
Profit before taxation	**13,524**	7,014
Tax using the Company's domestic taxation rate 19% (2019: 19%)	**2,569**	1,333
Taxation effects of:		
Deferred tax not recognised	**238**	(182)
Non-taxable and non-deductible items	**(31)**	72
Foreign exchange differences	**54**	42
Fixed asset differences	**(4)**	11
Other differences	**(166)**	(36)
Differing tax rates in different jurisdictions	**213**	415
Current year losses	**29**	-
Short term timing differences	**(11)**	-
Adjustments in respect of prior years	**173**	342
	3,064	1,997

Notes to the financial statements *(continued)*

11. Property, plant and equipment – Group

The net book value of the Group's property, plant and equipment can be analysed as follows:

	2020	2019
	$'000	$'000
Property, plant and equipment owned	**2,180**	2,342
Right-of-use assets	**4,062**	4,870
	6,242	7,212

Property, plant and equipment owned

	Assets under construction	**Leasehold improvements**	**Furniture and equipment**	**Computer assets**	**Motor vehicles**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cost						
At 1 January 2019	-	1,664	1,741	7,100	63	10,568
Additions	-	33	145	118	-	296
Disposals	-	-	(26)	(2,142)	(57)	(2,225)
Transfers	-	-	-	-	-	-
Retranslation	-	(8)	(4)	6	-	(6)
At 31 December 2019	**-**	**1,689**	**1,856**	**5,082**	**6**	**8,633**
Additions	109	295	123	438	-	965
Disposals	-	(959)	(279)	(1,778)	-	(3,016)
Retranslation	-	(48)	(47)	(19)	-	(114)
At 31 December 2020	**109**	**977**	**1,653**	**3,723**	**6**	**6,468**

Notes to the financial statements *(continued)*

Depreciation	Assets under construction $’000	Leasehold improvements $'000	Furniture and equipment $'000	Computer assets $'000	Motor vehicles $'000	Total $'000
At 1 January 2019	-	509	886	6,514	63	7,972
Charge for the period	-	166	226	153	-	545
Disposals	-	-	(23)	(2,141)	(57)	(2,221)
Retranslation	-	(3)	(6)	4	-	(5)
At 31 December 2019	**-**	**672**	**1,083**	**4,530**	**6**	**6,291**
Charge for the period	-	292	212	163	-	667
Disposals	-	(526)	(271)	(1,778)	-	(2,575)
Retranslation	-	(47)	(27)	(21)	-	(95)
At 31 December 2020	**-**	**391**	**997**	**2,894**	**6**	**4,288**
Net book amount						
At 31 December 2019	**-**	**1,017**	**773**	**552**	**-**	**2,342**
At 31 December 2020	**109**	**586**	**656**	**829**	**-**	**2,180**

Right-of-use assets

The Group leases many assets including buildings, warehouses and vehicles. Information about leases for which the Group is a lessee is presented below.

	Buildings $'000	Other $'000	Total $'000
At 1 January 2019	5,207	27	5,234
Additions	487	61	548
Depreciation	(890)	(22)	(912)
At 31 December 2019	**4,804**	**66**	**4,870**
Additions	758	23	781
Depreciation	(962)	(44)	(1,006)
Disposals	(583)	-	(583)
At 31 December 2020	**4,017**	**45**	**4,062**

The Group leases buildings for its office space. The lease of office space typically runs for a period of 5-10 years. Some leases provide for additional rent payments that are based on changes in local price indices. Some also require the Group to make payments that relate to property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined annually. There are no termination clauses or extension clauses in the leases which would materially affect the future cash outflows in the lease liabilities.

The Group also leases vehicles and equipment, with lease terms of three to five years.

Notes to the financial statements *(continued)*

12. Property, plant and equipment – Company

	2020	2019
	$'000	$'000
Property, plant and equipment owned	**749**	904
Right-of-use assets	**2,203**	2,763
	2,952	3,667

Property, plant and equipment owned

	Leasehold improvements	**Furniture and equipment**	**Computer assets**	**Motor vehicles**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Cost					
At 1 January 2019	1,032	508	6,232	56	7,828
Additions	-	101	92	-	193
Disposals	-	-	(2,107)	(56)	(2,163)
Transfers	-	-	-	-	-
At 31 December 2019	**1,032**	**609**	**4,217**	**-**	**5,858**
Additions	160	18	398	-	576
Disposals	(958)	(278)	(1,750)	-	(2,986)
Transfers	-	-	-	-	-
At 31 December 2020	**234**	**349**	**2,865**	**-**	**3,448**
Depreciation					
At 1 January 2019	358	379	6,036	56	6,829
Charge for the period*	104	75	109	-	288
Disposals	-	-	(2,107)	(56)	(2,163)
At 31 December 2019	**462**	**454**	**4,038**	**-**	**4,954**
Charge for the period	104	61	126	-	291
Disposals	(526)	(271)	(1,749)	-	(2,546)
At 31 December 2020	**40**	**244**	**2,415**	**-**	**2,699**
Net book amount					
At 31 December 2019	**650**	**75**	**179**	**-**	**904**
At 31 December 2020	**194**	**105**	**450**	**-**	**749**

*$40,000 of depreciation charges in the prior year have been reclassified to better reflect the nature of the transaction.

Notes to the financial statements *(continued)*

Right-of-use assets

The Company leases many assets including buildings, warehouses and vehicles. Refer to note above for details of the leases. Information about leases for which the Company is a lessee is presented below.

Buildings

	2020	2019
	$'000	$'000
At 1 January	2,763	3,191
Additions	-	84
Depreciation	(560)	(512)
At 31 December	**2,203**	**2,763**

13. Intangible assets – Group and Company

	Work in Progress	Software	Total
	$'000	$'000	$'000
Cost			
At 1 January 2019	**983**	**1,364**	**2,347**
Additions	2,174	-	2,174
Transfers	(1,521)	1,521	-
At 31 December 2019	**1,636**	**2,885**	**4,521**
Additions	2,725	-	2,725
Disposals	(133)	(49)	(182)
Transfers	(3,853)	3,853	-
At 31 December 2020	**375**	**6,689**	**7,064**
Amortisation			
At 1 January 2019	**-**	**319**	**319**
Amortisation charge	-	672	672
At 31 December 2019	**-**	**991**	**991**
Amortisation charge	-	1,745	1,745
Disposals	-	(49)	(49)
At 31 December 2020	**-**	**2,687**	**2,687**
Net book amount			
At 31 December 2019	**1,636**	**1,894**	**3,530**
At 31 December 2020	**375**	**4,002**	**4,377**

Notes to the financial statements *(continued)*

14. Investment in subsidiaries – Company

	2020	2019
	$'000	$'000
Cost and net book value		
At 1 January	**9,967**	9,025
Additions	**36**	2,032
Impairment	**-**	(1,090)
At 31 December	**10,003**	9,967

Details of the investments in which the Company holds directly at 31 December 2020 are as follows.

Company name	Country of incorporation	Parent Company	% holdings and voting rights	
C. Czarnikow Sugar Futures Limited	Great Britain	CGL	100%	
C. Czarnikow Sugar Limited	Great Britain	CGL	100%	*
Sugarworld Limited	Great Britain	CGL	100%	*
C. Czarnikow Sugar Inc. ("CSI")	United States of America	CGL	100%	
C. Czarnikow Sugar (East Africa) Limited	Kenya	CGL	100%	
C. Czarnikow Sugar Pte Limited	Republic of Singapore	CGL	100%	
C. Czarnikow Sugar (Mexico) SA de CV	Mexico	CGL	100%	
Czarnikow Servicios de Personal, SA de CV	Mexico	CGL	100%	
C. Czarnikow Sugar (India) Private Limited	India	CGL	100%	
C. Czarnikow Sugar (Guangzhou) Company Limited	China	CGL	100%	
Sucris Limited	Israel	CGL	50%	*
Sucarim (C.I.S.T) Ltd	Israel	CGL	100%	
Czarnikow Futures Inc.	United States of America	CSI	100%	
Czarnikow Brazil Ltda	Brazil	CGL	100%	
Czarnikow Italia SRL	Italy	CGL	100%	
Czarnikow Tanzania Limited	Tanzania	CGL	100%	
Czarnikow (Thailand) Limited	Thailand	CGL	100%	
Czarnikow (Vietnam) Limited	Vietnam	CGL	100%	
Czarnikow Supply Chain Sales for Food and Beverage Ingredients Bahrain S.P.C.	Bahrain	CGL	100%	

*dormant Company

Czarnikow (Vietnam) Limited was incorporated on 05 August 2021.

Registered addresses for subsidiaries are disclosed in note 42.

Notes to the financial statements *(continued)*

15. Joint Venture (JV)

The Group, through its subsidiary in Brazil, holds a stake in the jointly-owned subsidiary of CZ Energy Comercializadora de Etanol S.A. ("CZ Energy") through the subscription of 4,900,000 in common shares paid up at the issue price of BRL $1.00 per share, totaling BRL $4,900,000 (USD $1,301,495). CZ Energy's stake is presented as follows, Czarnikow 49%, Vale do Açúcar e Álcool S.A. 26% and Canápolis e Açúcar e Etanol S.A. 25%. The Group accounts for its investment in CZ Energy comercializadora de Etanol S.A. using the equity method. Below is the cumulative loss since inception under the equity method.

							2020 $'000
Subsidiary	**Country**	**Holding**	**Assets**	**Liabilities**	**Equity**	**Cumulative losses**	**Equity Method**
CZ Energy	Brazil	49%	1,842	1	1,841	(83)	(40)

Investment movement in JV

	2020	2019
	BRL $'000	BRL $'000
Share capital	10,000	10,000
Percentage holding	49%	49%
	USD $'000	USD $'000
Equity – CZ Energy	**1,841**	2,378
Investment in JV	1,165	1,215
Equity method - loss in year	(2)	(50)
Foreign currency re-translation of the investment	(261)	-
Net book value	**902**	1,165

16. Inventories - Group

	2020	2019
	$'000	$'000
Physical goods	**116,613**	188,441

Notes to the financial statements *(continued)*

17. Inventories – Company

	2020	2019
	$'000	$'000
Physical goods	**84,972**	151,969

18. Trade and other receivables – Group

	2020	2019
	$'000	$'000
Trade receivables	**292,237**	208,060
Less: provision for doubtful receivables	**(816)**	(772)
Net trade receivables	**291,421**	207,288
Amounts owed from Parent Company	**938**	500
Other receivables and prepayments	**6,823**	4,607
	299,182	212,395

Trade receivables and other receivables are the only financial assets held at amortised cost. The Directors consider that the carrying amount of these financial assets are a reasonable approximation of their fair value.

A full line by line review of financial assets held for trading balances is carried out at the end of each month.

In respect of trade receivables, the Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is assessed by the Credit Committee. Trade receivables past due are subject to additional credit control procedures and are reviewed on a weekly basis. Trade receivables are only written off when there is no reasonable expectation of recovery.

12 month and lifetime expected credit losses are estimated based on historical loss rates adjusted where evidence is available that different rates are likely to apply in the future.

As at 31 December 2020, trade receivables of $17.3 million (2019: $14.2 million) were past due but not impaired. The ageing analysis of these receivables is as follows:

	2020	2019
	$'000	$'000
Up to 3 months past due	**9,459**	12,678
3 to 6 months past due	**4,492**	267
Over 6 months past due	**3,343**	1,264
	17,294	14,209

Notes to the financial statements *(continued)*

19. Trade and other receivables – Company

	2020	2019
	$'000	$'000
Trade receivables	**255,353**	185,367
Less: provision for doubtful receivables	**(816)**	(772)
Net trade receivables	**254,537**	184,595
Amounts owed from Parent Company	**938**	500
Amounts owed from affiliated companies	**15,595**	19,617
Other receivables and prepayments	**2,250**	2,214
	273,320	206,926

As at 31 December 2020, trade receivables of $16.7 million (2019: $12.8 million) were past due but not impaired. The ageing analysis of these receivables is as follows:

	2020	2019
	$'000	$'000
Up to 3 months past due	**9,231**	11,439
3 to 6 months past due	**4,173**	86
Over 6 months past due	**3,276**	1,230
	16,680	12,755

20. Trade and other payables - Group

	2020	2019
	$'000	$'000
Transaction financing loans	**272,631**	318,274
Trade payables	**122,743**	90,437
Other payables and accruals	**15,999**	11,072
Leases – Current	**1,013**	1,108
Total current trade and other payables	**412,386**	420,891
Leases – Non-current	**4,301**	4,991
	416,687	425,882

Notes to the financial statements *(continued)*

21. Trade and other payables - Company

	2020	2019
	$'000	$'000
Transaction financing loans	**199,846**	244,634
Trade payables	**104,240**	79,372
Amounts owed to affiliated companies	**60,216**	58,658
Other payables and accruals	**9,978**	7,758
Leases –Current	**674**	652
Total current trade and other payables	**374,954**	391,074
Leases – Non-current	**2,460**	3,041
	377,414	394,115

22. Deferred tax - Group

The movements in deferred tax assets and liabilities during the year, by category, are as follows:

	Accelerated capital allowances	Short term timing differences	Tax losses	Total
	$'000	$'000	$'000	$'000
At 1 January 2019	**179**	**696**	**436**	**1,311**
Deferred tax asset	**179**	**696**	**436**	**1,311**
Deferred tax liability	**-**	**-**	**-**	**-**
Adjustments to prior period	(257)	(48)	78	(227)
Credited/(charged) directly to profit or loss	(54)	483	(50)	379
At 31 December 2019	**(132)**	**1,131**	**464**	**1,463**
Deferred tax asset	**4**	**1,147**	**464**	**1,615**
Deferred tax liability	**(136)**	**(16)**	**-**	**(152)**
Adjustments to prior period	(264)	11	(13)	(266)
Credited/(charged) directly to profit or loss	241	(88)	(349)	(196)
At 31 December 2020	**(155)**	**1,053**	**102**	**1,001**
Deferred tax asset	**10**	**1,297**	**102**	**1,409**
Deferred tax liability	**(165)**	**(244)**	**-**	**(409)**

Notes to the financial statements *(continued)*

23. Deferred tax - Company

The movements in deferred tax assets and liabilities during the year, by category, are as follows:

	Accelerated capital allowances	Short term timing differences	Tax losses carried forward and other deductions	Total
	$'000	$'000	$'000	$'000
At 1 January 2019	**79**	**445**	**-**	524
Deferred tax asset	**79**	**445**	**-**	**524**
Adjustments to prior period	(159)	(238)	-	(397)
Charged directly to profit or loss	(44)	314	-	270
At 31 December 2019	**(124)**	**521**	**-**	**397**
Deferred tax asset	**-**	**521**	**-**	**521**
Deferred tax liability	**(124)**	**-**	**-**	**(124)**
Adjustments to prior period	(263)	-	-	(263)
Credited directly to profit or loss	227	98	-	325
At 31 December 2020	**(160)**	**619**	**-**	**459**
Deferred tax asset	**-**	**619**	**-**	**619**
Deferred tax liability	**(160)**	**-**	**-**	**(160)**

24. Share capital

	2020	2019
	$'000	$'000
Authorised, allotted, issued and fully paid		
1,000,000 ordinary shares of £1 each	**1,511**	1,511

Notes to the financial statements *(continued)*

25. Cash flow information - Group

(a) Net cash generated from/(used in) operating activities

	2020	2019
	$'000	$'000
Profit before tax	**13,541**	7,014
Depreciation	**1,673**	1,457
Amortisation	**1,745**	672
Loss on disposal on property and equipment	**441**	4
Loss on disposal on intangibles	**133**	-
Loss on disposal of leases	**583**	-
Decrease/(increase) in inventories	**71,828**	(32,020)
Increase in trade and other receivables	**(86,787)**	(49,994)
(Increase)/decrease in financial assets held for trading	**(87,034)**	35,159
Increase in trade and other payables	**37,233**	6,988
Increase /(decrease) in financial liabilities held for trading	**97,946**	(32,624)
Exchange loss on elimination of Group assets and liabilities due to retranslation of subsidiaries	**(445)**	(1,423)
Interest income	**(13,539)**	(8,391)
Interest paid	**12,384**	11,690
	49,702	(61,468)
Income tax paid	**(1,667)**	(2,031)
Elimination of non cash share based payment	**134**	250
Net cash generated from/(used in) operating activities	**48,169**	(63,249)

(b) Reconciliation of liabilities arising from financing activities

	Transaction financing loans	**Leases – current and non current**	**Total**
	$'000	**$'000**	**$'000**
At 1 January 2019	(246,224)	(6,397)	(252,621)
Cash flow	(72,050)	558	(71,492)
Interest	-	(260)	(260)
At 31 December 2019	**(318,274)**	**(6,099)**	**(324,373)**

Notes to the financial statements *(continued)*

(b) Reconciliation of liabilities arising from financing activities (continued)

At 1 January 2020	**(318,274)**	**(6,099)**	**(324,373)**
Cash flow	45,643	1,009	46,652
Interest	-	(224)	(224)
At 31 December 2020	**(272,631)**	**(5,314)**	**(277,945)**

Cash flow information - Company

Net cash (used in)/generated from operating activities

	2020	2019
	$'000	$'000
Profit before tax	**9,111**	2,762
Depreciation	**851**	800
Amortisation	**1,745**	672
Loss on disposal on property and equipment	**440**	-
Loss on disposal on intangibles	**133**	-
Impairment of investment in subsidiary	**-**	1,090
Decrease/(increase) in inventories	**66,997**	(21,777)
Increase in trade and other receivables	**(66,394)**	(51,874)
(Increase)/decrease in financial assets held for trading	**(85,204)**	33,258
Increase in trade and other payables	**28,647**	32,360
Increase /(decrease) in financial liabilities held for trading	**95,658**	(33,157)
Exchange loss on elimination on cash and cash equivalents	**(319)**	(1,145)
Interest income	**(12,502)**	(7,617)
Interest paid	**8,787**	8,998
	47,950	(35,630)
Income tax paid	**(539)**	(871)
Elimination of non-cash share based payment	**134**	250
Net cash generated from/(used in) operating activities	**47,545**	(36,251)

Notes to the financial statements *(continued)*

(b) Reconciliation of liabilities arising from financing activities

	Transaction financing loans	Leases – current and non current	Total
	$'000	$'000	$'000
At 1 January 2019	(204,287)	(4,046)	(208,333)
Cash flow	(40,347)	500	(39,847)
Interest	-	(147)	(147)
At 31 December 2019	**(244,634)**	**(3,693)**	**(248,327)**
Cash flow	44,788	681	45,469
Interest	-	(122)	(122)
At 31 December 2020	**(199,846)**	**(3,134)**	**(202,980)**

26. Lease liabilities – Group

Contractual undiscounted cash flows of lease liabilities are as follows:

	2020	2019
	$'000	$'000
Due:		
Within one year	**1,313**	**1,338**
Within two to five years	**4,407**	**4,497**
After five years	**626**	**1,034**
	6,346	**6,869**

Lease liabilities included in the statement of financial position at 31 December:

	2020	2019
	$'000	$'000
Current	**1,013**	**1,108**
Non-current	**4,301**	**4,991**
	5,314	**6,099**

Notes to the financial statements *(continued)*

27. Lease liabilities – Company

Contractual undiscounted cash flows of lease liabilities are as follows:

	2020	2019
	$'000	$'000
Due:		
Within one year	778	778
Within two to five years	2,626	2,953
After five years	-	349
	3,404	4,080

Lease liabilities included in the statement of financial position at 31 December:

	2020	2019
	$'000	$'000
Current	674	652
Non-current	2,460	3,041
	3,134	3,693

28. Pension commitments

The Group contributes to defined contribution pension schemes. The amounts recognised in the Consolidated statement of profit or loss and other comprehensive income in respect of these provisions are as follows:

	2020	2019
	$'000	$'000
Pension cost recognised in the year:		
Defined contribution scheme	911	815

No amounts were outstanding at the Consolidated statement of financial position date (2019: $nil) in respect of these pension commitments.

29. Subsequent events

To the date of the authorisation of these financial statements, there has not been any matter occurring subsequent to the end of the financial period that has affected significantly, or may significantly affect the operations of the Group.

Notes to the financial statements *(continued)*

30. Related party transactions

The Group has a related party relationship with its Parent Company, its subsidiaries and with its Directors. The Group did not have material transactions or have year end balances owed to or from its Directors in the year ended 31 December 2020 (2019: nil). In the course of normal operations, related party transactions entered into by the Group have been contracted on an arm's length basis.

Material related party transactions entered into throughout the year and material year end balances with its Parent Company and subsidiaries were as follows:

	2020	2019
	$'000	$'000
Sales to subsidiaries on normal trading terms	**34,710**	50,734
Purchases from subsidiaries on normal trading terms	**(110,295)**	(78,902)
Administrative revenue – management fee at arm's length	**(1,753)**	(1,474)
Administrative expenses – management fee at arm's length	**4,702**	4,596
Intercompany interest expense	**204**	143
	(72,432)	(24,903)
Amounts owed from parent	**938**	500
Amounts due to affiliated companies	**(44,621)**	(39,041)
	(43,683)	(38,541)

A list of the Company's subsidiaries as at 31 December 2020 is presented in note 14.

Key management

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the Group, or in relation to the Company. In the opinion of the Board, the Group and Company's key management are the Directors of the Group. Information regarding their compensation is given in note 7 in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

31. Share based payments - Group

The Group operates an employee trust which was established to encourage, motivate and retain employees. All expenses incurred are settled directly by the Group and charged to profit or loss as incurred. The Trust holds 150,000 (2019: 150,000) shares in the Company.

Notes to the financial statements *(continued)*

Share Options and Deferred Share awards
The Group makes conditional share awards to some employees under annual schemes based on the performance of the individual and of the Group. The schemes award the employee a defined number of shares over a vesting period ranging from one to three years after the grant date of the award. Options granted to employees in prior years have now been fully exercised. These were equity settled and were exercisable at nil cost to the employee.

The charge to the profit or loss is adjusted based on an estimate of awards that will lapse prior to vesting. It is estimated that the number of lapses is 0%. The Directors consider that the fair value of share awards is represented by the fair price of the Parent Company's shares as at the date the award is granted.

Details of the share awards outstanding during the year are as follows:

	2020	2019
	Number	Number
Outstanding at beginning of period	**26,928**	28,972
Granted during the period	**13,541**	11,542
Exercised during the period	**(20,157)**	(13,586)
Outstanding at the end of the period	**20,312**	26,928
Exercisable as follows:		
Immediately exercisable	**1,000**	8,300
Exercisable March 2020	**-**	12,857
Exercisable March 2021	**12,540**	5,771
Exercisable March 2022	**6,772**	-
	20,312	26,928

Notes to the financial statements *(continued)*

32. Financial instruments - Group

The principal financial risks to which the Group is exposed are commodity price risk, foreign currency exchange rate risk as well as interest rate risk, liquidity risk and credit risk. The Board has approved policies for the management of these risks, as set out in the Strategic report.

Group classification		**Fair value through profit or loss**	**Amortised cost**	**Total carrying value**
31 December 2020	**Notes**	**$'000**	**$'000**	**$'000**
Trade receivables	18	-	291,421	291,421
Other receivables and prepayments	18	-	6,823	6,823
Financial assets held for trading		195,712	-	195,712
Transaction financing loans	20	-	(272,631)	(272,631)
Trade payables	20	-	(122,743)	(122,743)
Financial liabilities held for trading		(133,800)	-	(133,800)
Other payables and accruals	20	-	(15,999)	(15,999)
Leases – current and non-current	20	-	(5,314)	(5,314)
		61,912	**(118,443)**	**(56,531)**

Group classification		**Fair value through profit or loss**	**Amortised cost**	**Total carrying value**
31 December 2019	**Notes**	**$'000**	**$'000**	**$'000**
Trade receivables	18	-	207,288	207,288
Other receivables and prepayments	18	-	4,607	4,607
Financial assets held for trading		108,678	-	108,678
Transaction financing loans	20	-	(318,274)	(318,274)
Trade payables	20	-	(90,437)	(90,437)
Financial liabilities held for trading		(35,854)	-	(35,854)
Other payables and accruals	20	-	(11,072)	(11,072)
Leases – current and non-current	20	-	(6,099)	(6,099)
		72,824	**(213,987)**	**(141,163)**

Trade receivables, other receivables, trade payables and other payables and amounts due to/by the Group and Company have short times to maturity. For this reason, their carrying amounts at the year-end approximate fair value.

Transaction financing loans are recognised at book value with interest accrued over the relevant period. This approximates the result of measuring loans at amortised cost.

The Group and Company's derivative financial assets, financial liabilities and investments are measured at fair value on the basis of publicly quoted prices or market conditions on the Statement of financial position date.

The Group's lease liabilities are measured as the present value of the lease payments that are not paid at commencement date, discounted using the Group's incremental borrowing rate. This approximates the result of measuring leases at amortised cost.

Notes to the financial statements *(continued)*

The fair value of the Group and Company's financial assets and liabilities are based on quoted market prices. Below is the classification of the financial instruments valued at fair value, classified under the fair value hierarchy.

Group fair value hierarchy **31 December 2020**	**Level 1**	**Level 2**	**Total carrying value**
	$'000	**$'000**	**$'000**
Financial assets held for trading	6,625	189,087	**195,712**
Financial liabilities held for trading	(20,984)	(112,816)	**(133,800)**
	(14,359)	76,271	**61,912**

Group fair value hierarchy **31 December 2019**	**Level 1**	**Level 2**	**Total carrying value**
	$'000	**$'000**	**$'000**
Financial assets held for trading	12,682	95,996	**108,678**
Financial liabilities held for trading	(1,516)	(34,338)	**(35,854)**
	11,166	61,658	**72,824**

There were no transfers between levels during the period. The valuation technique used in determining the fair value measurement of level 2 financial instruments is marking to market by product and origin. There were no changes to the valuation techniques during the period.

Sensitivity analysis

For financial instruments held, the Group and Company have used a sensitivity analysis technique that measures the changes in fair value of the Group and Company's financial instruments to hypothetical changes in market rates, being the most relevant of the principal financial risks faced by the Group and Company. The analysis shows forward-looking estimates of market risk assuming certain adverse market conditions occur. Actual results and market conditions in the future may be materially different from those projected and changes in the instruments held or in the financial markets in which the Group and Company operates could cause gains or losses to exceed the amounts projected. This is a method of analysis used to assess risk and should not be considered a projection of likely future events and losses.

The sensitivity analysis assumes an instantaneous 1% movement of US dollars against other currencies and an instantaneous 5% movement in the underlying commodity futures prices relating to commodity futures and options over them at the balance sheet date. All other variables are assumed to be constant. Such analysis is for illustrative purposes only as, in practice, market rates rarely change in isolation.

Group		**Fair value change: favourable/(unfavourable)**			
		Exchange rate movement		**Commodity price movement**	
		+1%	**-1%**	**+5%**	**-5%**
At 31 December 2020	**Fair value**	**$'000**	**$'000**	**$'000**	**$'000**
Trade receivables	291,421	(410)	410	-	-
Financial assets held for trading	195,712	(4,396)	4,396	73,566	(73,566)
Trade payables	(122,743)	280	(280)	-	-
Financial liabilities held for trading	(133,800)	4,270	(4,270)	(73,625)	73,625
Transaction financing loans	(272,631)	198	(198)	-	-
	(42,041)	**(58)**	**58**	**(59)**	**59**

Notes to the financial statements *(continued)*

Group		**Fair value change: favourable/(unfavourable)**			
		Exchange rate movement		**Commodity price movement**	
		+1%	**-1%**	**+5%**	**-5%**
At 31 December 2019	**Fair value**	**$'000**	**$'000**	**$'000**	**$'000**
Trade receivables	207,288	(179)	179	-	-
Financial assets held for trading	108,678	(2,338)	2,338	8,504	(8,504)
Trade payables	(90,437)	127	(127)	-	-
Financial liabilities held for trading	(35,854)	2,370	(2,370)	(8,626)	8,626
Transaction financing loans	(318,274)	63	(63)	-	-
	(128,599)	**43**	**(43)**	**(122)**	**122**

33. Financial instruments - Company

The principal financial risks to which the Company is exposed are commodity price risk, foreign currency exchange rate risk as well as interest rate risk, liquidity risk and credit risk. The Board has approved policies for the management of these risks, as set out in the Directors' report.

Company classification		**Fair value through profit or loss**	**Amortised cost**	**Total carrying value**
31 December 2020	**Notes**	**$'000**	**$'000**	**$'000**
Trade receivables	19	-	254,537	254,537
Other receivables and prepayments	19	-	2,248	2,248
Financial assets held for trading		191,716	-	191,716
Amounts owed from Parent company	19	-	938	938
Amounts owed from affiliated companies	19	-	15,595	15,595
Amounts owed to affiliated companies	21	-	(60,216)	(60,216)
Transaction financing loans	21	-	(199,846)	(199,846)
Trade payables	21	-	(104,240)	(104,240)
Financial liabilities held for trading		(129,117)	-	(129,117)
Other payables and accruals	21	-	(9,978)	(9,978)
Leases – current and non current	21	-	(3,134)	(3,134)
		62,599	**(104,096)**	**(41,497)**

Notes to the financial statements *(continued)*

Company classification		**Fair value through profit or loss**	**Amortised cost**	**Total carrying value**
31 December 2019	**Notes**	**$'000**	**$'000**	**$'000**
Trade receivables	19	-	184,595	184,595
Other receivables and prepayments	19	-	2,214	2,214
Financial assets held for trading		106,512	-	106,512
Amounts owed from Parent Company	19	-	500	500
Amounts owed from affiliated companies	19	-	19,617	19,617
Amounts owed to affiliated companies	21	-	(58,658)	(58,658)
Transaction financing loans	21	-	(244,634)	(244,634)
Trade payables	21	-	(79,372)	(79,372)
Financial liabilities held for trading		(33,459)	-	(33,459)
Other payables and accruals	21	-	(7,758)	(7,758)
Leases – current and non current	21	-	(3,693)	(3,693)
		73,053	**(187,189)**	**(114,136)**

Refer to note 32 for Company classifications on assets and liabilities above.

Company fair value hierarchy			
31 December 2020	**Level 1**	**Level 2**	**Total carrying value**
	$'000	**$'000**	**$'000**
Financial assets held for trading	5,224	186,492	**191,716**
Financial liabilities held for trading	(20,921)	(108,196)	**(129,117)**
	(15,697)	78,296	**62,599**

Company fair value hierarchy			
31 December 2019	**Level 1**	**Level 2**	**Total carrying value**
	$'000	**$'000**	**$'000**
Financial assets held for trading	12,236	94,276	**106,512**
Financial liabilities held for trading	(1,960)	(31,499)	**(33,459)**
	10,276	62,777	**73,053**

There were no transfers between levels during the period. The valuation technique used in determining the fair value measurement of level 2 financial instruments is marking to market by product and origin. There were no changes to the valuation techniques during the period.

Notes to the financial statements *(continued)*

Sensitivity analysis

Refer to note 32 for sensitivity analysis commentary.

Company		**Fair value change: favourable/(unfavourable)**			
		Exchange rate movement		**Commodity price movement**	
		+1%	**-1%**	**+5%**	**-5%**
At 31 December 2020	**Fair value**	**$'000**	**$'000**	**$'000**	**$'000**
Trade receivables	254,537	(265)	265	-	-
Financial assets held for trading	191,716	(4,310)	4,310	73,566	(73,566)
Trade payables	(104,240)	163	(163)	-	-
Financial liabilities held for trading	(129,117)	4,250	(4,250)	(73,625)	73,625
Transaction financing loans	(199,846)	76	(76)	-	-
	13,050	**(86)**	**86**	**(59)**	**59**

Company		**Fair value change: favourable/(unfavourable)**			
		Exchange rate movement		**Commodity price movement**	
		+1%	**-1%**	**+5%**	**-5%**
At 31 December 2019	**Fair value**	**$'000**	**$'000**	**$'000**	**$'000**
Trade receivables	184,595	(54)	54	-	-
Financial assets held for trading	106,512	(2,322)	2,322	8,504	(8,504)
Trade payables	(79,372)	47	(47)	-	-
Financial liabilities held for trading	(33,459)	2,342	(2,342)	(8,626)	8,626
Transaction financing loans	(244,634)	22	(22)	-	-
	(66,358)	**35**	**(35)**	(122)	122

34. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

Notes to the financial statements *(continued)*

35. Liquidity and interest risk tables - Group

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the discounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. All the variable rate instruments were based on short term LIBOR rates.

	Notes	**Less than 3 months**	**Total**
		$'000	**$'000**
At 31 December 2020			
Non-interest bearing	20	122,743	**122,743**
Variable interest rate instruments	20	(272,631)	**(272,631)**
		(149,888)	**(149,888)**

	Notes	**Less than 3 months**	**Total**
		$'000	**$'000**
At 31 December 2019			
Non-interest bearing	20	90,437	**90,437**
Variable interest rate instruments	20	318,274	**318,274**
		408,711	**408,711**

The following table details the Group's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period.

	Notes	**0-3 months**	**Total**
		$'000	**$'000**
As at 31 December 2020			
Non-interest bearing	18	291,421	**291,421**
As at 31 December 2019			
Non-interest bearing	18	207,288	**207,288**

Notes to the financial statements *(continued)*

36. Liquidity and interest risk tables – Company

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the discounted cash flows of the financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. All the variable rate instruments were based on short term LIBOR rates.

	Notes	Less than 3 months	Total
		$'000	$'000
At 31 December 2020			
Non-interest bearing	21	104,240	**104,240**
Variable interest rate instruments	21	(199,846)	**(199,846)**
		(95,606)	**(95,606)**

	Notes	Less than 3 months	Total
		$'000	$'000
At 31 December 2019			
Non-interest bearing	21	79,372	**79,372**
Variable interest rate instruments	21	244,634	**244,634**
		324,006	**324,006**

The following table details the Company's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

	Notes	0-3 months	Total
		$'000	$'000
As at 31 December 2020			
Non-interest bearing	19	254,537	**254,537**
As at 31 December 2019			
Non-interest bearing	19	184,595	**184,595**

37. Credit risk management

The Group reviews its overall trading commitments with its counterparties regularly, assessing the proportions between forward commitments, priced and unpriced, and realised business. Any balance of realised business may be reduced subsequently. There is no collateral held against assets. The carrying value of assets is the Group's maximum exposure to credit risk.

Notes to the financial statements *(continued)*

38. Capital risk management

The Group manages its capital to ensure that it is able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the transaction financing loans, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the Consolidated statement of changes in equity.

The Company has no externally imposed capital resource requirements.

39. Guarantees and other financial commitments

a) Forward commitments

Forward commitments have been entered into in the ordinary course of business.

b) Guarantees

At 31 December 2020 the Group had outstanding guarantees to banks and financial institutions of $16.8 million (2019: $15.6 million).

40. Contingent liabilities

At 31 December 2020, the Group had no contingent liabilities (2019: $nil).

Notes to the financial statements *(continued)*

41. Registered offices

Subsidiary or joint venture	Address
- C. Czarnikow Sugar Futures Limited - C. Czarnikow Sugar Limited - Sugarworld Limited	Paternoster House, 65 St Paul’s Churchyard, London, EC4M 8AB United Kingdom
- C. Czarnikow Sugar Inc. - Czarnikow Futures Inc.	333 SE 2nd Avenue, Suite 2860, Florida, 33131, United States of America
- C. Czarnikow Sugar (East Africa) Limited	I&M Bank House, Second Ngong Avenue, PO BOX 10517, GPO 00100, Nairobi, Kenya
- C. Czarnikow Sugar Pte Limited	3 Philip Street, #14-01 Royal Group Builiding, 048693, Singapore
- C. Czarnikow Sugar (Mexico) SA de CV - Czarnikow Servicios de Personal, SA de CV	Descartes #54 Int. 101, Col. Nueva Anzures, Ciudad de Mexico, 11590, Mexico
- C. Czarnikow Sugar (India) Private Limited	H.No. 1-8-373/A, Chiran Fort Lane, Begumpet, Hyderabad, 500003, India
- C. Czarnikow Sugar (Guangzhou) Company Limited	Room 17A01, 232 Zhong Shan 6th Road, Guangzhou, 510180, China
- Sucarim (C.I.S.T) Ltd	No 3, Golda Meir Street, 74036, Nes Ziyyona, Israel
- Sucris Limited	8th Galgalay haplada, Hezrlia, Israel
- Czarnikow Brazil Ltda	Av. Pres. Juscelino Kubitschek, 2041 - Torre D 11andar - Vila Olímpia, São Paulo - SP 04543-011 São Paulo, Brasil
- Czarnikow Italia SRL	Via Borgogna, 2, 20122 Milano, Italia
- Czarnikow Tanzania Limited	7th Floor, Amani Place, Ohio Street, P.O. Box 38568, Dar-es-Salaam, Tanzania
- Czarnikow (Thailand) Limited	1203, 12th Floor, Metropolis Building, 725 Sukhumvit Road, North Klongton, Wattana, 10110, Bangkok, Thailand
- Czarnikow Supply Chain Sales for Food and Beverage Ingredients Bahrain S.P.C.	Suite No. 1959 Diplomatic Commercial Office, Tower B, Building No 1565, Road 1722, Diplomatic Area, Manama 317, Bahrain
Czarnikow (Vietnam) Limited	5th Floor, IMC Tower, 62 Tan Quang Khai, Tan Dinh Ward, District 1, Ho Chi Minh City, Vietnam
CZ Energy Comercializadora de Etanol S.A. (CZ Energy)	Av. Pres. Juscelino Kubitschek, 2041 - Torre D 11andar - Vila Olímpia, São Paulo - SP 04543-011 São Paulo, Brasil