Registration number: 07491974

KAES UK Financing Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2017

KAES UK Financing Limited

Contents

KAES UK Financing Limited

Company Information

Directors	T Eck
	J Kubik
Company secretary	J Kubik
Registered office	20 Gresham Street, 4th Floor London EC2V 7JE
Auditors	Ernst & Young LLP One Cambridge Business Park Cambridge CB4 0WZ

The directors present their report and the financial statements for the year ended 31 December 2017.

This report has been prepared in accordance with the special provisions of section 415A of the Companies Act 2006 relating to small companies. The company has also taken the exemption not to prepare a strategic report.

Directors' of the company

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

J Kubik (appointed 29 November 2017)

D Cole (resigned 30 November 2017)

S Coulter (resigned 30 April 2018)

The following director was appointed after the year end:

T Eck (appointed 30 April 2018)

Business review

Fair review of the business

The company's principal activity continued to be that of managing cash and loans for fellow group companies. The directors consider that the principal activity of the business will remain the same for the foreseeable future.

With effect from 16 August 2017, the name of the Company was changed from Bunn Fertiliser Holdings Limited to KAES UK Financing Limited.

The company's key financial and other performance indicators during the year were as follows:

	2017	2016
Profit after tax	$4,966,979	$4,471,064

Financial instruments

Financial instruments give rise to market risk, credit risk and liquidity risk. Information on how these risks arise is set out in the consolidated financial statements of the immediate parent company, KFIM UK Investments Limited, along with the objectives, policies and processes for their management and the methods used to measure each risk.

Going concern

The directors have a reasonable expectation that the current and non-current assets are recoverable and that the company has adequate resources to continue in operational existence for the foreseeable future and are satisfied that the company is able to meet its liabilities as they become due. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors' liabilities

The company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force at the date of approving the directors' report.

Disclosure of information to the auditors

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

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 25 September 2018 and signed on its behalf by:

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T Eck

Director

KAES UK Financing Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent Auditor's Report to the Members of KAES UK Financing Limited

Opinion

We have audited the financial statements of KAES UK Financing Limited (the 'Company') for the year ended 31 December 2017, which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework', in accordance with the provisions applicable to companies subject to the small companies regime.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

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.

Independent Auditor's Report to the Members of KAES UK Financing Limited (continued)

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 4], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's Report to the Members of KAES UK Financing Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Ernst & Young LLP

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Fraser Bull (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor

One Cambridge Business Park
Cambridge
CB4 0WZ

26 September 2018

KAES UK Financing Limited

Income Statement for the Year Ended 31 December 2017

	Note	2017 $	2016 $
Administrative expenses		(6,928)	(9,484)
Operating loss	3	(6,928)	(9,484)
Finance income	5	4,973,907	4,480,548
Profit before tax		4,966,979	4,471,064
Income tax expense	6	-	-
Profit for the year		4,966,979	4,471,064

The above results were derived from continuing operations.

KAES UK Financing Limited

Statement of Comprehensive Income for the Year Ended 31 December 2017

	Note	2017 $	2016 $
Profit for the year		4,966,979	4,471,064
Other comprehensive income		-	-
Total comprehensive income for the year		4,966,979	4,471,064

The notes on pages 12 to 19 form an integral part of these financial statements.

KAES UK Financing Limited

(Registration number: 07491974)
Statement of Financial Position as at 31 December 2017

	Note	2017 $	2016 $
Non-current assets			
Loans and borrowings	8	49,633,293	-
Current assets			
Trade receivables		-	1,442
Bank interest receivable		77,781	43,942
Loans and borrowings	8	670,835	50,330,913
Cash and short-term deposits		47,939,136	42,979,401
		48,687,752	93,355,698
Total assets		98,321,045	93,355,698
Equity			
Issued capital	9	1,615,502	1,615,502
Share premium	10	49,964,880	49,964,880
Retained earnings	10	46,740,663	41,773,684
Total equity		98,321,045	93,354,066
Current liabilities			
Amounts owed to group undertakings		-	1,632
Total liabilities		-	1,632
Total equity and liabilities		98,321,045	93,355,698

Approved by the Board on 25 September 2018 and signed on its behalf by:

T Eck
Director

The notes on pages 12 to 19 form an integral part of these financial statements.

KAES UK Financing Limited

Statement of Changes in Equity for the Year Ended 31 December 2017

	Issued capital $	Share premium $	Retained earnings $	Total $
At 1 January 2017	1,615,502	49,964,880	41,773,684	93,354,066
Profit for the year	-	-	4,966,979	4,966,979
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	4,966,979	4,966,979
At 31 December 2017	1,615,502	49,964,880	46,740,663	98,321,045

	Issued capital $	Share premium $	Retained earnings $	Total $
At 1 January 2016	1,615,502	49,964,880	37,302,620	88,883,002
Profit for the year	-	-	4,471,064	4,471,064
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	4,471,064	4,471,064
At 31 December 2016	1,615,502	49,964,880	41,773,684	93,354,066

The notes on pages 12 to 19 form an integral part of these financial statements.

1 General information

The company is a private company limited by share capital incorporated and domiciled in England and Wales.

The address of its registered office is:
20 Gresham Street, 4th Floor
London
EC2V 7JE

These financial statements were authorised for issue by the Board on 25 September 2018.

2 Accounting policies

Basis of preparation
These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

The Company's financial statements are presented in US dollars because the directors regard this to be the functional currency of the company considering the currency and transaction flows of the company together with the markets in which the company operates and the commodities in which the company deals.

Summary of disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets
- the requirements of paragraphs 10(d), 10(f), 16, 40A-40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

2 Accounting policies (continued)

- the requirements of paragraph 17 of IAS 24 Related Party Disclosures in relation to key management personnel disclosure;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Changes in accounting policy
None of the standards, interpretations and amendments effective for the first time from 1 January 2017 have had a material effect on the financial statements.

None of the standards, interpretations and amendments which are effective for periods beginning after 1 January 2018 and which have not been adopted early, are expected to have a material effect on the financial statements.

Foreign currency transactions and balances
Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Finance income
Finance income is recognised on an effective interest method.

Financial assets
Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash and short-term deposits, and loan notes.

2 Accounting policies (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement. Losses arising from impairment are recognised in the income statement in other operating expenses.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

2 Accounting policies (continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

De-recognition of financial liabilities

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3 Operating loss

Arrived at after charging/(crediting)

	2017 $	2016 $
Foreign exchange gains	8	15

The auditor's remuneration for the audit of the financial statements is borne by a fellow group company, Garland KFL Limited.

The Company has not paid its auditors for any non-audit services in the year (2016: none).

4 Directors' remuneration

Directors of the Company during both the current and prior year received no remuneration from the Company. The directors of the Company are also directors of other UK and non-UK group companies and their total remuneration is paid by other group companies. The directors believe that the allocated remuneration for their qualifying services to the Company were negligible.

None (2016: none) of the Company's directors received any shares in any group company during the year in respect of qualifying services, nor exercised any share options over shares in the parent company. Also, no director was a member of a defined benefit or defined contribution scheme to which the Company contributed in either the current or prior year.

5 Finance income

	2017 $	2016 $
Intercompany loan interest receivable	4,268,089	4,072,161
Bank interest	705,818	408,387
	4,973,907	4,480,548

6 Income tax

(a) Tax charged/(credited) in the income statement

	2017 $	2016 $
Current taxation		
UK corporation tax	-	-
Tax expense/(receipt) in the income statement	-	-

(b) Factors affecting tax charge for the year

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2016 - lower than the standard rate of corporation tax in the UK) of 19.25% (2016 - 20.00%).

The differences are reconciled below:

	2017 $	2016 $
Profit before tax	4,966,979	4,471,064
Corporation tax at standard rate	956,143	894,213
Increase (decrease) arising from group relief tax reconciliation	(956,143)	(894,213)
Total tax charge/(credit)	-	-

(c) Factors that may affect future tax charges

The standard rate of UK Corporation Tax reduced from 21% to 20% on 1 April 2015.The Finance Act 2015, which received Royal Assent on 26 March 2015, states that this rate will not change for financial year 2016. On 15 September 2016, the Finance Bill 2016 received Royal Assent, further reducing the standard rate of UK Corporation Tax as follows for the years beginning 1 April: 2017 - 2019 at 19% and 2020 at 17%. The Company has no deferred taxation at the end of the current or prior year.

7 Dividends

No dividends were paid during the year (2016: none).

8 Loans and borrowings

	2017 $	2016 $
Non-current loans and borrowings		
Interest-bearing loans to group companies	49,633,293	-

	2017 $	2016 $
Current loans and borrowings		
Interest bearing loans to group companies	-	49,633,293
Interest bearing loans to group companies - interest accrual	670,835	697,620
	670,835	50,330,913

The above loan is denominated in USD with an interest rate of LIBOR +7.70 and matures on 31 October 2022 as it was refinanced on 31 October 2017. Interest accrued is received annually.

The loan advances to group undertakings in 2017 and 2016 consist of one facility with an original principal balance of $46,000,000. Compound interest of $3,633,293 was added to the principal balance in 2014.

9 Issued capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	$	No.	$
Ordinary shares of £1 each	1,000,001	1,615,502	1,000,001	1,615,502

10 Movement on reserves

The changes to each component of equity resulting from items of other comprehensive income for the current year were as follows:

	Share premium $	Retained earnings $	Total $
1 January 2017	49,964,880	41,773,684	91,738,564
Profit for the year	-	4,966,979	4,966,979
31 December 2017	49,964,880	46,740,663	96,705,543

11 Related party transactions

The Company has taken advantage of the exemptions available in paragraph 8(k) of FRS 101 as to the disclosure of transactions with group entities because the Company's financial position and financial performance are included in the consolidated financial statements of KFIM UK Investments Limited which are available from the Registrar of Companies.

12 Parent and ultimate parent undertaking

The company's immediate parent and controlling party is KFIM UK Investments Limited which is incorporated in England.

The ultimate parent and ultimate controlling party is Koch Industries, Inc., a company incorporated in the USA. Consolidated accounts are not available to the public..

The parent of the smallest group in which these financial statements are consolidated is KFIM UK Investments Limited.

The address of KFIM UK Investments Limited is:

20 Gresham Street, 4th Floor
London
EC2V 7JE