

Viterra

LIMITED

ANNUAL REPORT

2020

Financial and operational review

Viterra Limited ("Viterra" or the "Company") is a stand-alone company established for the long-term strategic partnership between Glencore plc ("Glencore"), CPP Investments ("CPP") and British Columbia Investment Management Corporation ("BCI").

Viterra, together with the rest of its subsidiaries and affiliates (collectively, the "Viterra Group"), is a leading integrated producer and marketer of agricultural products, operating in 37 countries worldwide, with activities in the production, refining, processing, storage, transport and marketing of agricultural products.

The Viterra Group's origination and marketing business is built around a network of high-quality assets comprising more than 180 storage facilities, 31 processing facilities and 25 ports in strategic locations around the world. In addition, our global shipping fleet and rail assets allow us to facilitate timely and efficient delivery of products to our customers.

We primarily buy commodities directly from producers and farming cooperatives. Our customers include food manufacturers, animal feed manufacturers, consumer product processors, local importers, distributors and government purchasing entities.

Our management of the full supply chain ensures that all products delivered to end-use customers meet their specific requirements and are consistent, reliable and of a high quality. With a focus on sustainability, safety and reliability throughout our supply chain, marketing and processing activities, we are committed to safeguarding our customers, employees, local communities and the environment in which we operate.

Highlights¹

US\$ million	2020	2019	Change %
Key statement of income and cash flows highlights			
Revenue	28,114	24,856	13%
Adjusted EBITDA ²	1,257	876	43%
Adjusted EBIT ³	718	342	110%
<i>Adjusted EBITDA margin</i>	4.5%	3.5%	
Net income/(loss) attributable to equity holders	391	87	348%
Funds from operations ⁴	932	596	56%
Sustaining capital expenditure	145	141	3%
Expansionary capital expenditure	127	125	2%
Capital expenditure	272	266	2%
Key financial position highlights			
Total assets	16,344	13,145	24%
Current capital employed ⁵	5,806	4,736	23%
Net funding ⁶	6,602	6,037	9%
Net debt ⁷	1,105	1,817	(39%)
Ratios			
FFO to Net debt	84%	33%	
Net debt to Adjusted EBITDA	0.88	2.07	(57%)
Total equity attributable to equity holders	4,086	3,690	11%

Financial and operational review

Highlights (continued)

The Covid-19 pandemic, which dominated 2020, highlighted the critical importance of global agricultural trade flows and the vital role of international supply chain companies such as Viterra. Despite ongoing economic uncertainty, demand for core food and feed products remained strong and there were limited disruptions to seaborne trade. 2020 also saw a notable increase in Chinese imports of agri-products, as the country continued rebuilding its pig population after the Asian swine fever outbreak and to meet their growing deficit.

Through our diverse geographic footprint, Viterra is able to link key production regions with demand markets and leverage its extensive and reliable asset network to provide high quality and timely services to its customers. Results across all areas of our business, exceeded 2019 performance. 2020 results include the uplift associated with the prior year acquisition of an additional 16.7% share of the Renova oilseeds processing business in Argentina, continuing investments into our Canadian storage and handling assets and the impact of global margin improvement and efficiency initiatives to make the business more competitive.

Market conditions

Marketing highlights

Soybean supply was above average for 2020 with ample production from South America and the US, which saw record yields across a number of states. Global exports for soybeans and soybean meal were at record levels, driven primarily by increased Chinese demand, which benefitted in particular our South American pipeline and processing margins. Soybean meal margins were further supported by logistical constraints throughout the year in Argentina.

2020 saw record grain production across Russia and Canada on the back of favourable weather conditions, supporting our origination and export businesses. Australian wheat production recovered significantly following consecutive drought periods across the eastern and southern regions. Despite a positive outlook earlier in the year, global corn production fell below expectations, in particular across Ukraine and Eastern Europe, due to unusually dry conditions. Hot weather in Europe also negatively impacted rapeseed and sunflower seed supply which, coupled with higher Chinese demand for vegetable oils, created tightness in the market. Biofuel consumption was down year on year, an effect of the reduced demand for and consumption of fuel, caused by widespread COVID-19 lockdowns.

Marketing volumes sold

Million tonnes	2020	2019	Change %
Grain	57.7	50.1	15%
Oilseeds	29.9	28.1	6%
Cotton	0.6	0.5	10%
Sugar	1.7	0.9	90%
Total	89.9	79.6	13%

Financial and operational review

Operating highlights

Supportive fundamentals, together with the results of internal margin improvement and efficiency initiatives led to positive results across majority of our storage, handling, export and processing operations. Volumes recovered across South Australia, the benefit of which will be seen across 2020 and into 2021 as we move grain through our network to export. North American export volumes were also up versus 2019, given the bumper 2020/21 crops and strong export demand into China. Our extensive asset network and storage capacity across Canada allowed the business to capture additional profit margins from our blending and handling activities. Canola crush margins recovered from H1 2020, which offset small volume reduction associated with a transformer failure at our Becancour facility. Argentinean processing volumes increased compared to prior periods as we see the uplift resulting from our additional 16.7% ownership interest in the Renova crush facility. In Brazil, record crops and strong export demand increased volumes through our port facilities. In addition, our Brazilian sugar assets saw an improvement on year on year earnings related to higher sugar revenues and realisation of operational rationalization and efficiency cost savings across the business. Wheat milling results did recover from prior year lows, following a focus on retail and foodservice industries (relative to industrial markets). In Europe, crush results performed well, with strong contributions from Hungary, Poland and the Czech Republic. We successfully managed the supply of feedstock to our assets following crop reductions in these areas (caused by dry weather), by utilising our global origination network. Biodiesel results were positive despite challenging market conditions resulting from reduced fuel demand and consumption caused by widespread COVID-19 lockdowns. Reduced export volumes from Ukraine and pressure from additional capacity affected elevation margins through our Black sea ports, however this was in part offset by the incremental earnings from the Everi vegetable oil terminal, acquired in September 2020.

With regard to the worldwide COVID-19 pandemic that began in early 2020, management is carefully monitoring the situation on a country-by-country basis, taking into account local conditions in each country and applicable local regulations and requirements. Management has taken various actions to minimise the risk of infection among the Viterra workforce, while at the same time continuing operations on a going concern basis. Management has analysed key risks associated with the COVID-19 outbreak and took measures where necessary and appropriate.

Processing / production data

		2020	2019	Change (%)
Farming	kt	323	305	6%
Crushing	kt	12,615	9,162	38%
Toll agreement	kt	673	839	(20%)
Biodiesel	kt	613	751	(18%)
Rice milling	kt	227	182	25%
Wheat milling	kt	789	862	(9%)
Sugar cane processing	kt	5,600	5,168	8%
Total agricultural products*	kt	20,840	17,269	21%

* Crushing volumes processed by Renova are presented on 100% basis in 2019.

Financial and operational review

Notes to Highlights

1. This section contains non-IFRS alternative performance measures.
2. Adjusted EBITDA: consists of Adjusted EBIT adding back depreciation and amortisation.
3. Adjusted EBIT: is revenue less cost of goods sold and selling and administrative expenses plus share of income from associates and joint ventures and dividend income.
4. Funds from operations (FFO): is a measure that reflects our ability to generate cash for investment, debt servicing and distributions to shareholders. FFO comprises cash provided by operating activities before working capital changes, less tax and net interest payments plus dividends received.
5. Current capital employed: is current assets less accounts payable, current provisions, current other financial liabilities, income tax payable and other current liabilities.
6. Net Funding: is defined as the total of current and non-current borrowings less cash and cash equivalents.
7. Net debt: is defined as total current and non-current borrowings less cash and cash equivalents and readily marketable inventories (see note 14).

COVID-19 Pandemic

Viterra's business is in a defensive sector. The food and feed supply chain is critical to people around the globe and Viterra is an important part of it. Viterra has seen demand for the products traded in its globally diversified product portfolio remain solid across the world with consumers procuring buffer supplies, to ensure adequate volumes of source products and security of food and feed supply. To date, Viterra has not seen any material disruptions in global food and feed trade flows.

In order to address the challenges the COVID-19 pandemic has been providing, Viterra has formed a task force consisting of senior executives. The task force has undertaken a comprehensive risk assessment in relation to the COVID-19 outbreak, which covers the following areas (non-exhaustive):

- o Employees and Physical Locations
- o Supply Chain
- o Internal Control Environment and IT
- o Liquidity
- o Solvency and Capital Maintenance
- o Financial Reporting

Financial and operational review

COVID-19 Pandemic (continued)

Employees and Physical Locations

Through its diversified global office and asset network (operations in 37 countries worldwide), Viterra is carefully following the latest regional developments. Management has taken various actions to minimise the risk of infection amongst the workforce, including social distancing, working in shifts and working remotely. Although local regulations might change going forward, the expectation is that business processes remain undisrupted.

Supply Chain

As at 31 December 2020, there have not been any material disruptions in Viterra's supply chain to date due to the COVID-19 pandemic. There were some isolated incidents, which caused temporary dislocations in certain areas of our network, however these issues were resolved quickly. The food and feed supply chain is critical to people around the globe and Viterra is an important part of it.

Although certain operational processes might have become less effective, it is management's view that this did not have a disruptive impact on its business given Viterra's global footprint. Viterra has operations in 37 countries worldwide, an extensive assets network (more than 180 storage, 30 processing facilities as well as 25 ports in strategic locations around the world) and operates a global shipping fleet.

Internal Control Environment and IT

IT and communication systems have remained operational and despite many employees working remotely or in shifts, this did not have a significant impact on the effectiveness of Viterra's key operating controls.

Internal management and risk reporting throughout all organizational layers is continuing as frequently and with the same rigour as before the COVID-19 pandemic.

Liquidity

Despite the inherent risks associated with the COVID-19 pandemic, Viterra is confident that its liquidity position is sufficient to absorb unexpected increases in working capital levels for at least the next 12 months. This position is supported by the \$2.8bn available headroom in existing committed facilities and cash (as referred to in note 23 to the financial statements), and another \$1.8bn available headroom on bilateral uncommitted facilities. Also, as of 31 December 2020, Viterra had \$5.5bn of readily marketable inventory (see note 14 to the financial statements), which could be converted into cash in case it is needed. Viterra has renewed its committed Revolving Credit Facility during 2020 (see note 18 to the financial statements).

Solvency and Capital Maintenance

Viterra's interest coverage ratio (adjusted EBIT divided by net interest expense) over 2020 was 4.4, up from 1.8 in 2019. The financial debt to equity ratio (long and short term borrowings divided by equity) was 1.6 as per 31 December 2020 (2019: 1.6). Solvency ratios are not part of Viterra's existing bank covenants.

Financial and operational review

COVID-19 Pandemic (continued)

Viterra has agreed a dividend policy with its shareholders, which is based on maintaining an investment grade rating profile, resulting in no dividend payments being made in 2020.

Financial Reporting

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities.

Judgments, estimates and assumptions that might be impacted by the COVID-19 pandemic include i) the evaluation of credit and performance risk as well as ii) impairment analysis.

i) Credit and performance risk

The COVID-19 pandemic could affect the future financial performance of individual suppliers or customers and could therefore have an impact on the valuation of certain mark-to-market receivables. However, due to the fact that Viterra has a diversified customer base, the majority of customers are active in the food and feed industry and a robust credit risk management process is followed, the effect this could have on the valuation of receivables is expected to be limited.

ii) Impairment analysis

Going forward, the annual impairment review on the carrying value of cash generating units as well as goodwill could be negatively affected indirectly by the COVID-19 pandemic. This is due to the impact the COVID-19 pandemic may have on financial and commodity markets and therefore on for example interest rates, inflation, foreign exchange rates and commodity prices. All of which are important factors in Viterra's impairment model.

Key judgments and assumptions

As indicated in the financial statements under note 1, the going concern basis of accounting was adopted by the Directors in preparing the financial statements. In relation to the COVID-19 pandemic, our main judgments and assumptions to support our position are:

- o demand for food and feed products remains stable;
- o agricultural commodity supply chains and processing assets remain largely undisrupted;
- o productivity of Viterra's workforce will not be materially impacted by the COVID-19 pandemic;
- o the committed, one-year Revolving Credit Facility will be available for the next 12 months;
- o the majority of the available uncommitted financing facilities will remain available.

Viterra

LIMITED

Consolidated Financial Statements

2020

Statement of Directors' responsibilities

The Directors are responsible for preparing 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 International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and adopted by the European Union. The financial statements are required by law to 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.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. However, the Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The Directors are responsible for keeping proper accounting records that 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 (Jersey) Law 1991. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors: D.W. Mattiske, C.J. Mahoney, M.C. Walt, J.A. Bryce, B.M. Hogg, L.H. Webb.

19 March 2021

Independent auditor's report to the members of Viterra Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Viterra Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group'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 Financial Reporting Standards (IFRSs) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and as issued by the International Accounting Standards Board (IASB); and
- have been properly prepared in accordance the Companies (Jersey) Law 1991.

We have audited the financial statements which comprise:

- the consolidated statement of income;
- the consolidated statement of comprehensive income;
- the consolidated statement of financial position;
- the consolidated statement of changes in equity;
- the consolidated statement of cash flows;
- the statement of accounting policies; and
- the related notes 1 to 31.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and as issued by the IASB.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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's 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 annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, 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 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 to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Companies (Jersey) Law 1991 and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, valuations, pensions, IT and forensic specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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

- Revenue transactions that occur close to period end and have a significant gross margin impact which contain complex terms and / or may be reversed subsequent to period end, including fair value measurements. In response, we have:
 - tested the design and implementation of relevant controls surrounding the accuracy, occurrence and cut off of trade capture and the revenue cycle;
 - agreed, on a sample basis, deliveries occurring on or around 31 December 2020 between the trade book system and the relevant supporting documents to assess whether the IFRS revenue recognition criteria were met for recorded sales.
 - tested the accuracy of trades entered into around the reporting date within the trade book system by tracing and agreeing a sample of trades from their source documents to the trade book system; and
 - tested the design and implementation of relevant internal controls over management's fair value measurement processes and performed detailed substantive testing of the related fair value measurements on a sample basis.

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

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

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

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Under the Companies (Jersey) Law 1991 we are required to report in respect of the following matters if, in our opinion:

- proper accounting records have not been kept by the parent company, or proper 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
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. 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.

Christopher Jones FCA
For and on behalf of Deloitte LLP
London, United Kingdom
19 March 2021

Consolidated statement of income

For the year ended 31 December 2020

US\$ million	Notes	2020	2019
Revenue	2	28,114	24,856
Cost of goods sold		(27,150)	(24,285)
Selling and administrative expenses		(264)	(236)
Share of income from associates and joint ventures	11	16	5
(Loss)/gains on disposals and investments	3	(3)	192
Other (expense)/income - net	4	(25)	(215)
Dividend income		2	2
Interest income		8	14
Interest expense	6	(171)	(207)
Income before income taxes		527	126
Current income tax expense	7	(103)	(61)
Deferred income tax (expense)/credit	7	(41)	24
Income for the period		383	89
Attributable to:			
Non-controlling interests		(8)	2
Equity holders		391	87

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2020

US\$ million	Notes	2020	2019
Income for the period		383	89
Other comprehensive income			
Items not to be reclassified to the statement of income in subsequent periods:			
(Loss)/gain on remeasurement of defined benefit plan	20	(10)	3
Deferred tax related to remeasurement of defined benefit plan		2	-
Net items not to be reclassified to the statement of income in subsequent periods:		(8)	3
Items that are or may be reclassified to the statement of income in subsequent periods:			
Exchange gain/(loss) on translation of foreign operations		9	(17)
Gain on cash flow hedges		3	-
Share of other comprehensive gain from associates and joint ventures	11	2	-
Items recycled to the statement of income upon acquisition/disposal of subsidiaries	3	(1)	6
Net items that are or may be reclassified to the statement of income/(loss) in subsequent periods:		13	(11)
Other comprehensive income/(loss)		5	(8)
Total comprehensive income		388	81
Attributable to:			
Non-controlling interests		(8)	4
Equity holders of the parent		396	77

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statement of financial position

As at 31 December 2020

US\$ million	Notes	2020	2019
Assets			
Non-current assets			
Property, plant and equipment	8	4,170	4,207
Intangible assets	9	1,062	1,001
Investments in associates and joint ventures	11	389	359
Other investments	24	10	11
Advances and loans	12	154	137
Deferred tax assets	7	93	91
		5,878	5,806
Current assets			
Biological assets	13	17	26
Inventories	1,14	5,635	4,322
Accounts receivable	1,15	2,367	2,107
Other investments	24	54	56
Other financial assets	25	2,035	617
Cash and cash equivalents	16	327	184
Income tax receivable		31	27
		10,466	7,339
Total assets		16,344	13,145
Equity and liabilities			
Capital and reserves – attributable to equity holders			
Share capital	17	1	1
Reserves and retained earnings		4,085	3,689
		4,086	3,690
Non-controlling interests	29	189	199
Total equity		4,275	3,889
Non-current liabilities			
Borrowings	18	2,576	3,451
Deferred tax liabilities	7	328	282
Provisions	19	155	139
Other long-term liabilities		28	11
		3,087	3,883
Current liabilities			
Borrowings	18	4,353	2,770
Accounts payable	21	2,556	1,810
Provisions	19	32	41
Other financial liabilities	25	2,012	684
Income tax payable		28	67
Other current liabilities		1	1
		8,982	5,373
Total equity and liabilities		16,344	13,145

These financial statements were authorized and approved by the Board of Directors on 19 March 2021 and signed on behalf of the Board.

D.W. Mattiske - Director

Consolidated statement of cash flows

For the year ended 31 December 2020

US\$ million	Notes	2020	2019
Operating activities			
Income before income taxes		527	126
Adjustments for:			
Depreciation and amortisation	8, 9	539	534
Share of income from associates and joint ventures	11	(16)	(5)
Increase in other long term liabilities		6	12
Loss/(gain) on disposals and investments	3	3	(192)
Impairments	5	3	207
Other non-cash items – net		1	3
Interest expense – net		163	193
Cash generated by operating activities before working capital changes		1,226	878
Working capital changes			
Increase in accounts receivable ¹		(1,619)	(177)
Increase in inventories ²		(1,299)	(143)
Increase/(decrease) in accounts payable ³		1,960	(221)
Total working capital changes		(958)	(541)
Income taxes paid		(122)	(115)
Interest received		7	14
Interest paid		(183)	(183)
Net cash (used)/generated by operating activities		(30)	53
Investing activities			
Net cash used in acquisition of subsidiaries	22	(19)	(123)
Net cash received from disposal of subsidiaries	22	4	-
Purchase of investments		(11)	(7)
Purchase of property, plant and equipment and intangibles	8, 9	(272)	(266)
Proceeds from sale of property, plant and equipment and intangibles		5	20
Dividends received from associates and joint ventures	11	4	2
Net cash used by investing activities		(289)	(374)
Financing activities⁴			
Net proceeds from other non-current bank facilities		(833)	474
Repayment of capital market notes		(400)	-
Proceeds from/(repayment of) current borrowings – net		1,916	114
Repayments of lease liabilities		(220)	(264)
Distributions to non-controlling interests		(2)	(3)
Net cash generated by financing activities		461	321
Increase/(decrease) in cash and cash equivalents		142	(1)
Foreign exchange movement in cash		1	5
Cash and cash equivalents, beginning of period		184	180
Cash and cash equivalents, end of period		327	184

1 Includes movements in advances and loans and other financial assets.

2 Includes movements in biological assets.

3 Includes movements in other financial liabilities and provisions.

4 Refer to note 18 for reconciliation of movement in borrowings.

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statement of changes of equity

For the year ended 31 December 2020

US\$ million	Retained earnings	Share premium	Other reserves (note 17)	Total reserves and retained earnings	Share capital (note 17)	Total equity attributable to equity holders	Non-controlling interests (note 29)	Total equity
1 January 2020	1,420	3,096	(827)	3,689	1	3,690	199	3,889
Income for the period	391	-	-	391	-	391	(8)	383
Other comprehensive income/(loss)	(8)	-	13	5	-	5	-	5
Total comprehensive income/(loss)	383	-	13	396	-	396	(8)	388
Distributions paid	-	-	-	-	-	-	(2)	(2)
At 31 December 2020	1,803	3,096	(814)	4,085	1	4,086	189	4,275

US\$ million	Retained earnings	Share premium	Other reserves (note 17)	Total reserves and retained earnings	Share capital (note 17)	Total equity attributable to equity holders	Non-controlling interests (note 29)	Total equity
1 January 2019	1,330	3,096	(814)	3,612	1	3,613	36	3,649
Income for the period	87	-	-	87	-	87	2	89
Other comprehensive income/(loss)	3	-	(13)	(10)	-	(10)	2	(8)
Total comprehensive income/(loss)	90	-	(13)	77	-	77	4	81
Acquisition of Business	-	-	-	-	-	-	162	162
Distributions paid	-	-	-	-	-	-	(3)	(3)
At 31 December 2019	1,420	3,096	(827)	3,689	1	3,690	199	3,889

The accompanying notes are an integral part of the consolidated financial statements.

Notes to the financial statements

1. ACCOUNTING POLICIES

Corporate information

During 2020, the Glencore Agriculture Limited Group was rebranded, resulting in name changes of various Group entities. As a result Glencore Agriculture Limited changed its name to Viterra Limited.

Viterra Limited (the "Company" or "Parent") together with its subsidiaries (the "Group" or "Viterra"), is a leading integrated producer and marketer of agricultural products, with worldwide activities in the production, refining, processing, storage, transport and marketing of agricultural products. Viterra operates on a global scale, marketing and distributing physical commodities mainly sourced from third party producers to industrial consumers, such as those in the oil and food processing industries. Viterra also provides financing, logistics and other services to producers and consumers of commodities. In this regard, Viterra seeks to capture value throughout the commodity supply chain. Viterra's long experience in production, processing, storage and handling, and marketing of commodities has allowed it to develop and build upon its expertise in the commodities which it markets and cultivate long-term relationships with a broad supplier and customer base across diverse industries and in multiple geographic regions.

Viterra Limited is a privately held company incorporated and domiciled in Jersey.

These audited consolidated financial statements for the year ended 31 December 2020 were authorised for issue on 19 March 2021.

Statement of compliance

The accounting policies adopted are based on the Company's consolidated financial statements which are prepared in accordance with:

- International Financial Reporting Standards ("IFRS") adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union; and
- IFRS and interpretations as issued by the International Accounting Standards Board ("IASB") effective as at 31 December 2020.

Under Article 105(11) of the Companies (Jersey) Law 1991, the directors of a holding company need not prepare separate financial statements (i.e. Company only financial statements) if consolidated accounts for the company are prepared, unless required to do so by the member of the Company by ordinary resolution. The members of the Company had not passed a resolution requiring separate financial statements and in the Directors' opinion, the Company meets the definition of a holding company. As permitted by law, the Company's Board of Directors has elected not to prepare separate financial statements for the Company.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and relevant under the circumstances, independent estimates, quoted market prices and common, industry standard modelling techniques. Actual outcomes could result in a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Notes to the financial statements

1. ACCOUNTING POLICIES (continued)

Viterra has identified the following areas as being critical to understanding Viterra's financial position as they require management to make complex and/or subjective judgements, estimates and assumptions about matters that are inherently uncertain:

Critical accounting judgements

In the process of applying Viterra's accounting policies, management has made the following judgements based on the relevant facts and circumstances including macro-economic circumstances and, where applicable, interpretation of underlying agreements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

(i) Determination of control of subsidiaries and joint arrangements (notes 11, 22 and 31)

Judgement is required to determine when Viterra has control of subsidiaries or joint control of joint arrangements. This requires an assessment of the relevant activities (those relating to the operating and capital decisions of the arrangement, such as: the approval of the capital expenditure programme for each year, and appointing, remunerating and terminating the key management personnel or service providers of the operations) and when the decisions in relation to those activities are under the control of Viterra or require unanimous consent. See note 22 for a summary of the acquisitions of subsidiaries completed during the year and the key judgements made in determining control thereof.

Judgement is also required in determining the classification of a joint arrangement between a joint venture or a joint operation through an evaluation of the rights and obligations arising from the arrangement and in particular, if the joint arrangement has been structured through a separate vehicle, further consideration is required of whether:

- (1) the legal form of the separate vehicle gives the parties rights to the assets and obligations for the liabilities;
- (2) the contractual terms and conditions give the parties rights to the assets and obligations for the liabilities; and
- (3) other facts and circumstances give the parties rights to the assets and obligations for the liabilities.

Joint arrangements in which the primary activity is the provision of output to the shareholders, typically convey substantially all the economic benefits of the assets to the parties and judgement is required in assessing whether the terms of the offtake agreements and any other obligations for liabilities of the arrangement result in the parties being substantially the only source of cash flows contributing to the continuity of the operations of the arrangement.

Differing conclusions around these judgements, may materially impact how these businesses are presented in the consolidated financial statements – under the full consolidation method, equity method or recognition of Viterra's share of assets, liabilities, revenue and expenses, including any assets or liabilities held jointly. See note 11 for a summary of these joint arrangements and the key judgements made in determining the applicable accounting treatment for the material joint arrangements entered during the year.

Notes to the financial statements

1. ACCOUNTING POLICIES (continued)

(ii) Credit and performance risk (note 23)

The Group's global marketing operations expose it to credit and performance (the risk that counterparties fail to sell or purchase physical commodities on agreed terms) risks; performance risk arises particularly in physical markets demonstrating significant price volatility.

Judgement is required to determine whether receivables, loans and advances are recoverable and if contracted product deliveries will be received and if open contracts will eventually be executed at the contracted prices. Judgements about recoverability and contractual performance may materially impact both non-current and current assets as recognised in the consolidated statement of financial position. Any estimation uncertainty related to these judgements is not anticipated to result in a material change to the carrying value of these assets within the next financial year.

(iii) Classification of liabilities as amortised cost or fair value through profit and loss (notes 15 and 21)

Judgement is required to determine the appropriate IFRS 9 classification of trade payables containing provisional pricing features (i.e. the final purchase price is subject to movements in market prices after the date of purchase) to be measured at amortised cost or fair value through profit and loss. The Group elected to designate the payable that contain provisional price features as at amortised cost with embedded derivative recognised as at fair value through profit and loss. The balance of trade payables are classified as at 'amortised cost' (see note 21).

Differing conclusions around classification of these instruments, may impact the presentation of these financial assets or liabilities within their respective note disclosures. However, as these types of financial assets and liabilities have short maturities, any estimation uncertainty related to these judgements and / or a differing measurement criteria (i.e. an expected credit loss impairment model or fair value methodology) is not anticipated to result in a material change to the carrying value of the financial asset or liability within the next financial year.

(iv) Classification of transactions which contain a financing element (note 21)

Transactions for the purchase of commodities may contain a financing element such as extended payment terms, such as supplier financing arrangements. Under such an arrangement, a financial institution may issue a letter of credit on behalf of Viterra and act as the paying party upon delivery of product by the supplier, whereby Viterra will subsequently settle the liability directly with the financial institution, generally up to 90 days after physical supply. Judgement is required to determine the most appropriate classification and presentation of these transactions within the statements of cash flows and financial position. In determining the appropriate classification, management considers the underlying economic substance of the transaction and the significance of the financing element to the transaction. Typically, the economic substance of the transaction is determined to be operating in nature as the financing element is insignificant and the time frame in which the original arrangement is extended by, is consistent and within supply terms commonly provided in the market. As a result, the entire cash flow is presented as operating in the statement of cash flow with a corresponding trade payable in the statement of financial position.

As at 31 December 2020 there are no such supplier financing arrangements.

Notes to the financial statements

1. ACCOUNTING POLICIES (continued)

Key sources of estimation uncertainty

In the process of applying Viterra's accounting policies, management has made key estimates and assumptions concerning the future and other key sources of estimation uncertainty. The key assumptions and estimates at the reporting date that have a significant impact on the financial position and the results of operations, are described below. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

(i) Recognition of deferred tax assets (note 7)

Deferred tax assets are recognised only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse, and a judgement as to whether there will be sufficient taxable income available to offset the tax assets when they do reverse. These judgements are subject to risk and uncertainty and therefore, to the extent assumptions regarding future profitability change, there can be a material increase or decrease in the amounts recognised in the consolidated statement of income in the period in which the change occurs. The recoverability of deferred tax assets including the estimates and assumptions contained therein are reviewed regularly by management.

(ii) Valuation of derivative instruments (note 25)

Derivative instruments are carried at fair value and Viterra evaluates the quality and reliability of the assumptions and data used to measure fair value in the three hierarchy levels, Level 1, 2 and 3, as prescribed by IFRS 13 Fair Value Measurement. Fair values are determined in the following ways: externally verified via comparison to quoted market prices in active markets (Level 1); by using models with externally verifiable inputs (Level 2); or by using alternative procedures such as comparison to comparable instruments and/or using models with unobservable market inputs requiring Viterra to make market-based assumptions (Level 3). Level 3 inputs therefore include the highest level of estimation uncertainty.

(iii) Impairments (notes 4, 5, 8, 9, 10, 11 and 12)

Investments in associates and joint ventures, other investments, advances and loans, property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable or at least annually for goodwill and other indefinite life intangible assets. If an asset's recoverable amount is less than the asset's carrying amount, an impairment loss is recognised in the consolidated statement of income. Future cash flow estimates which are used to calculate the asset's fair value are discounted using asset specific discount rates and are based on expectations about future operations, primarily comprising estimates about production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), operating, rehabilitation and restoration costs and capital expenditures. Estimates are reviewed regularly by management. Changes in such estimates and in particular, further deterioration in the pricing outlook, could impact the recoverable values of these assets whereby, some or all of the carrying amount may be impaired or the impairment charge reduced (if pricing outlook improves significantly) with the impact recorded in the consolidated statement of income.

Notes to the financial statements

1. ACCOUNTING POLICIES (continued)

(iv) Restoration, rehabilitation and decommissioning costs (note 19)

A provision for future restoration, rehabilitation and decommissioning costs requires estimates and assumptions to be made around the relevant regulatory framework, the magnitude of the possible disturbance and the timing, extent and costs of the required closure and rehabilitation activities. Most of these rehabilitation and decommissioning events are expected to take place many years in the future and the currently estimated requirements and costs that will have to be met when the restoration event occurs are inherently uncertain and could materially change over time.

In calculating the appropriate provision for the expected restoration, rehabilitation or decommissioning obligations, cost estimates of the future potential cash outflows based on current studies of the expected rehabilitation activities and timing thereof, are prepared. These forecasts are then discounted to their present value using a risk free rate specific to the liability and the currency in which they are denominated.

Any changes in the expected future costs or risk free rate are initially reflected in both the provision and the asset and subsequently in the consolidated statement of income over the remaining economic life of the asset. As the actual future costs can differ from the estimates due to changes in laws, regulations, technology, costs and timing, the provisions including the estimates and assumptions contained therein are reviewed regularly by management.

(v) Estimation of current tax payable and current tax expense in relation to an uncertain tax position (note 7)

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the most likely amount or expected value of the tax treatment. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

(vi) Fair value measurements (notes 10, 13, 14, 23, 24 and 25)

In addition to recognising derivative instruments at fair value, as discussed above, an assessment of the fair value of assets and liabilities is also required in accounting for other transactions, most notably, biological assets and marketing inventories and disclosures related to fair values of financial assets and liabilities. In such instances, fair value measurements are estimated based on the amounts for which the assets and liabilities could be exchanged at the relevant transaction date or reporting period end, and are therefore not necessarily reflective of the likely cash flow upon actual settlements. Where fair value measurements cannot be derived from publicly available information, they are estimated using models and other valuation methods. To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. However, such information is by nature subject to uncertainty, particularly where comparable market-based transactions often do not exist.

Derivative instruments are carried at fair value for which the Group evaluates the quality and reliability of the assumptions and data used to measure fair value in the three hierarchy levels, Level 1, 2 and 3, as prescribed by IFRS 13 Fair Value Measurement. Fair values are determined in the following ways: externally verified via comparison to quoted market prices in active markets (Level 1); by using models with externally verifiable inputs (Level 2); or by using alternative procedures such as comparison to comparable instruments and/or using models with unobservable market inputs requiring the Group to make market-based assumptions (Level 3). Level 3 inputs therefore include the highest level of estimation uncertainty.

Notes to the financial statements

1. ACCOUNTING POLICIES (continued)

(vii) Business combinations (note 22)

Fair value measurements used in recognition of business combinations are estimated based on the amounts for which the assets and liabilities could be exchanged at the relevant transaction date or reporting period end. As the fair values for the net assets acquired in the business combination as well as the fair value of previously held equity interests cannot be derived from publicly available information, the fair value measurement is estimated using discounted future cashflow models, discounting future cashflows at the relevant WACC rate, and other valuation methods with the involvement of external experts. To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. The valuations use Level 3 valuation techniques. However, such information is by nature subject to uncertainty, particularly where comparable transactions often do not exist.

Basis of preparation

The consolidated financial statements are prepared under the historical cost convention except for the revaluation of certain financial assets, financial liabilities, biological assets, pension obligations and marketing inventories that are measured at revalued amounts or fair values at the end of each reporting period as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies adopted are set out below.

The Directors have assessed that they have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the 12 months from the date of approval of the consolidated financial statements. Therefore, they continue to adopt the going concern basis of accounting in preparing these financial statements. Further information on Viterra's objectives, policies and processes for managing its capital and financial risks are detailed in note 23.

All amounts are expressed in millions of United States Dollars ("USD" or "US Dollar"), unless otherwise stated, consistent with the predominant functional currency of Viterra's operations.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Control is achieved when Viterra is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, Viterra controls an investee if, and only if, Viterra has all of the following:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and;
- the ability to use its power over the investee to affect its returns.

Notes to the financial statements

1. ACCOUNTING POLICIES (continued)

When Viterra has less than a majority of the voting rights of an investee or similar rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over the investee including:

- the size of Viterra's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by Viterra, other vote holders or other parties;
- rights arising from other contractual arrangements; and,
- any additional facts and circumstances that indicate that Viterra has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when Viterra obtains control over the subsidiary and ceases when Viterra loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income and consolidated statement of comprehensive income/(loss) from the date Viterra gains control until the date when Viterra ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in Viterra's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions with any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received being recognised directly in equity and attributed to equity holders of Viterra.

When Viterra loses control of a subsidiary, a gain or loss is recognised in the consolidated statement of income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if Viterra had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Notes to the financial statements

1. ACCOUNTING POLICIES (continued)

Business combinations and goodwill

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method of accounting. The cost of the acquisition is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred, liabilities incurred to the former owners of the acquiree and the equity interests issued in exchange for control of the acquiree. The identifiable assets, liabilities and contingent liabilities ("identifiable net assets") are recognised at their fair value at the date of acquisition. Acquisition related costs are recognised in the consolidated statement of income as incurred.

Where a business combination is achieved in stages, Viterra's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date Viterra attains control) and the resulting gain or loss, if any, is recognised in the consolidated statement of income.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the cash-generating units ("CGU") that are expected to benefit from the synergies of the combination. The CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit.

Any impairment loss is recognised directly in profit or loss. An impairment loss recognised for goodwill is not able to be reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, Viterra reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted for additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

Notes to the financial statements

1. ACCOUNTING POLICIES (continued)

Similar procedures are applied in accounting for the purchases of interests in associates. Any goodwill arising from such purchases is included within the carrying amount of the investment in associates, but not amortised thereafter. Any excess of Viterra's share of the net fair value of the associate's identifiable net assets over the cost of the investment is included in the consolidated statement of income in the period of the purchase.

Viterra recognises negative goodwill in situations where the Group as an acquirer paid less to acquire an entity than the fair value of its net assets. When a bargain purchase takes place, the negative goodwill should be recognised in the consolidated profit and loss for the period.

Investments in associates and joint ventures

Associates and joint ventures (together "Associates") in which Viterra exercises significant influence or joint control are accounted for using the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Significant influence is presumed if Viterra holds between 20% and 50% of the voting rights, unless evidence exists to the contrary.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control over an arrangement, which exists only when decisions about relevant strategic and/or key operating decisions require unanimous consent of the parties sharing control. Equity accounting involves Viterra recording its share of the Associate's net income and equity. Viterra's interest in an Associate is initially recorded at cost and is subsequently adjusted for Viterra's share of changes in net assets of the Associate, less any impairment in the value of individual investments. Where Viterra transacts with an Associate, unrealised profits and losses are eliminated to the extent of Viterra's interest in that Associate.

Changes in Viterra's interests in Associates are accounted for as a gain or loss on disposal with any difference between the amount by which the carrying value of the Associate is adjusted and the fair value of the consideration received being recognised directly in the consolidated statement of income.

Interest in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. When Viterra undertakes its activities under joint operations, Viterra recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output arising from the joint operation its share of the revenue from the sale of the output by the joint operation, and
- its expenses, including its share of any expenses incurred jointly

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses. Where Viterra transacts with a joint operation, unrealised profits and losses are eliminated to the extent of Viterra's interest in that joint operation.

Notes to the financial statements

1. ACCOUNTING POLICIES (continued)

Non-current assets held for sale

In compliance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition.

Non-current assets are measured at the lower of the previous carrying amount or the fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

If an asset or disposal group no longer meets the requirements to be classified as held for sale, the asset or disposal group is remeasured to the lower of its previous carrying amount adjusted for any depreciation, impairment or revaluations if it had not been held for sale or at its recoverable amount at the date of decision not to sell.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resell.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Notes to the financial statements

1. ACCOUNTING POLICIES (continued)

Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer. Revenue also includes mark-to-market movements on physical forward sales contracts that do not meet own use exemption.

Sales of goods

Revenue is derived principally from the sale of goods and recognised when control of the goods has transferred to the customer based on the contract terms. Normally, revenue is recognised when the contract terms are fulfilled, which could be when the product is delivered to the destination specified by the customer or cash is received. Mark-to-market gains and losses on such contracts, prior to physical delivery, are presented in revenue.

Revenue from the sale of material by-products are included within revenue. Where a by-product is not regarded as significant, revenue may be credit against cost of goods sold.

Rendering of services

Revenue is recognized in the accounting period in which services are rendered.

The main type of services provided by the Group are transshipment services by port terminals, chartering of seagoing vessels, crop cleaning, drying and storage services by the Group's silo network. Revenue from transshipment services is recognized based on work actually performed. Revenue from seagoing vessels/chartering services provided to customers is recognized when the performance obligation is satisfied and vessel arrives at destination. Revenue from grain cleaning and drying is recognized at the point in time when service is provided, revenue from storage services is recognised over time.

Interest and dividend income

Interest and dividend income is recognised when the right to receive payment has been established, it is probable that the economic benefits will flow to Viterra and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the applicable effective interest rate.

Foreign currency translation, transactions and advance considerations

Viterra's reporting currency and the functional currency of the majority of its operations is the US dollar as this is assessed to be the principal currency of the economic environment in which it operates.

(i) Translation of financial statements

For the purposes of consolidation, assets and liabilities of group companies whose functional currency is in a currency other than the US dollar are translated into US dollars using year-end exchange rates, while their statements of income are translated using average rates of exchange for the year.

Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing rate. Translation adjustments are included as a separate component of shareholders' equity and have no impact to the consolidated statement of income to the extent that no disposal of the foreign operation has occurred.

Notes to the financial statements

1. ACCOUNTING POLICIES (continued)

(ii) Foreign currency transactions and advance considerations

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the Viterra has determined a date of the transaction for each payment or receipt of advance consideration.

Borrowing costs

Borrowing costs are expensed as incurred except where they relate to the financing of construction or development of qualifying assets in which case they are capitalised up to the date when the qualifying asset is ready for its intended use.

Retirement benefits

Viterra operates various pension schemes in accordance with local requirements and practices of the respective countries. The annual costs for defined contribution plans that are funded by payments to separate trustee administered funds or insurance companies equal the contributions that are required under the plans and accounted for as an expense.

Viterra uses the Projected Unit Credit Actuarial method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

The cost of providing pensions is charged to the consolidated statement of income so as to recognise current and past service costs, interest cost on defined benefit obligations, and the effect of any curtailments or settlements, net of expected returns on plan assets. Actuarial gains and losses are recognised directly in other comprehensive income and will not be reclassified to the consolidated statement of income in the future periods.

The retirement benefit obligation/asset recognised in the consolidated statement of financial position represents the actual deficit or surplus in Viterra's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Viterra also provides post-retirement healthcare benefits to certain employees in Canada. These are accounted for in a similar manner to the defined benefit pension plans, however are unfunded.

Notes to the financial statements

1. ACCOUNTING POLICIES (continued)

Income taxes

Income taxes consist of current and deferred income taxes. Current taxes represent income taxes expected to be payable based on enacted or substantively enacted tax rates at the period end on expected current taxable income, and any adjustment to tax payable in respect of previous years. Deferred taxes are recognised for temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income, using enacted or substantively enacted income tax rates which are expected to be effective at the time of reversal of the underlying temporary difference. Deferred tax assets and unused tax losses are only recognised to the extent that their recoverability is probable. Deferred tax assets are reviewed at reporting period end and amended to the extent that it is no longer probable that the related benefit will be realised. To the extent that a deferred tax asset not previously recognised but which subsequently fulfils the criteria for recognition, an asset is then recognised.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same authority and Viterra has both the right and the intention to settle its current tax assets and liabilities on a net or simultaneous basis. The tax effect of certain temporary differences is not recognised principally with respect to the initial recognition of an asset or liability (other than those arising in a business combination or in a manner that initially impacted accounting or taxable profit) and temporary differences relating to investments in subsidiaries and associates to the extent that Viterra can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is provided in respect of fair value adjustments on acquisitions. These adjustments may relate to assets that, in general, are not eligible for income tax allowances.

Current and deferred tax are recognised as an expense or income in the consolidated statement of income, except when they relate to items that are recognised outside the consolidated statement of income (whether in other comprehensive income or directly in equity) or where they arise from the initial accounting for a business combination.

Viterra assesses its liabilities and contingencies for all tax years open to audit based upon the latest information available. Inherent uncertainties exist in estimates of tax contingencies due to complexities of interpretation and changes in tax laws. A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

Notes to the financial statements

1. ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost, being the fair value of the consideration given to acquire or construct the asset, including directly attributable costs required to bring the asset to the location or to a condition necessary for operation and the direct cost of dismantling and removing the asset, less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment are depreciated to their estimated residual value over the estimated useful life of the specific asset.

Right of use assets under leases, where substantially all the risks and rewards of ownership transfer to the Group as lessee, are capitalised and amortised over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Depreciation commences when the asset is available for use. The major categories of property, plant and equipment are depreciated/amortised on a straight-line basis as follows:

Buildings	10 – 45 years
Freehold land	not depreciated
Plant and equipment	10 – 30 years
Bearer plants	Unit of production method

Restoration, rehabilitation and decommissioning

Restoration, rehabilitation and decommissioning costs arising from the installation of plant and other site preparation work, discounted using a risk adjusted discount rate to their net present value, are provided for and capitalised at the time such an obligation arises. The costs are charged to the consolidated statement of income over the life of the operation through depreciation of the asset and the unwinding of the discount on the provision.

Changes in the estimated timing of the rehabilitation or changes to the estimated future costs are accounted for prospectively by recognising an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates, provided the reduction in the provision is not greater than the depreciated capitalised cost of the related asset, in which case the capitalised cost is reduced to nil and the remaining adjustment recognised in the consolidated statement of income. In the case of closed sites, changes to estimated costs are recognised immediately in the consolidated statement of income.

Notes to the financial statements

1. ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition intangible assets are carried at cost less any accumulated amortisation (calculated on a straight-line basis over their useful lives) and accumulated impairment losses, if any.

Viterra shall recognise internally generated intangible asset only if it is probable that the future economic benefits attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. Future economic benefits are based on reasonable and supportable assumptions about conditions over the life of the asset. Identifiable intangible assets with a finite life are amortised on a straight-line basis over their expected useful life. The amortisation policy is reviewed annually and impairment testing is undertaken once circumstances indicate the carrying amount may not be recoverable. Other than goodwill which is not depreciated, Viterra has no identifiable intangible assets with an indefinite life.

The major categories of intangibles are amortised on a straight-line basis as follows:

Port allocation rights	20 – 25 years
Licences, trademarks and software	3 – 20 years

Other investments

Equity investments, other than investments in associates and joint ventures, are recorded at fair value unless such fair value is not reliably determinable in which case they are carried at cost. Changes in fair value are recorded in the consolidated statement of income.

Impairment

Viterra conducts, at least annually, an internal review of asset values which is used as a source of information to assess for any indications of impairment. Formal impairment tests are carried out, at least annually, for cash generating units containing goodwill and for all other non-current assets when events or changes in circumstances indicate the carrying value may not be recoverable. The test involves determining whether the carrying amounts are in excess of their recoverable amounts.

An asset's recoverable amount is determined as the higher of its fair value less costs of disposal and its value in use. Such reviews are undertaken on an asset-by-asset basis, except where assets do not generate cash flows independent of other assets, in which case the review is undertaken at the CGU level. The recoverable amounts of the property, plant and equipment are measured based on value in use ("VIU"), determined by discounted cash flow techniques based on the most recent approved financial budgets and 3 year business plans. The valuation models use the most recent estimates, relevant cost assumptions generally based on past experience and where possible, market forecasts of commodity price and foreign exchange rate assumptions discounted using operation specific discount rates. The valuations remain sensitive to price and further deterioration/improvements in the pricing outlook may result in additional impairments/impairment reversals. The determination of VIU uses Level 3 valuation techniques.

Notes to the financial statements

1. ACCOUNTING POLICIES (continued)

In cases where the carrying amount of an asset will principally be recovered through sale and not use, the recoverable amount of assets are based on the estimated fair-value less costs of disposal, if this can be reasonably estimated.

If the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recorded in the consolidated statement of income to reflect the asset at the lower amount.

An impairment loss is reversed in the consolidated statement of income if there is a change in the estimates used to determine the recoverable amount since the prior impairment loss was recognised. The carrying amount is increased to the recoverable amount but not beyond the carrying amount net of depreciation or amortisation which would have arisen if the prior impairment loss had not been recognised. Goodwill impairments and impairments of available for sale equity investments cannot be subsequently reversed.

Provisions

Provisions are recognised when Viterra has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources embodying economic benefits that can be reliably estimated will be required to settle the liability.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Leases

As of 1 January 2019, the Group has adopted IFRS 16 Leases. The Group recognises a right-of-use asset and a corresponding lease liability at the lease commencement date if a contract is or contains a lease. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not yet paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

For short-term leases (lease term of twelve months or less) and leases of low-value assets, the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This lease expense is presented within cost of goods sold and selling and administrative expenses in the statement of income.

Notes to the financial statements

1. ACCOUNTING POLICIES (continued)

Inventories

The vast majority of inventories held by the marketing activities ("marketing inventories") are valued at fair value less costs of disposal with the remainder valued at the lower of cost or net realisable value. Unrealised gains and losses from changes in fair value are reported in cost of goods sold.

Inventories held by the industrial activities ("production inventories") are valued at the lower of cost or net realisable value. Inventories of agricultural produce after harvest are measured at net realisable value. Cost is determined using the first-in-first-out ("FIFO") or the weighted average method and comprises material costs, labour costs and allocated production related overhead costs. Financing and storage costs related to inventory are expensed as incurred.

Biological assets

Biological assets are carried at their fair value less estimated selling costs. Any changes in fair value less estimated selling costs are included in the consolidated statement of income in the period in which they arise. Costs to sell include all costs that would be necessary to sell the assets, including costs necessary to get the assets to market.

Agricultural produce harvested from biological assets is measured at its fair value less costs to sell at the point of harvest. A gain or loss arising from the initial recognition of agricultural produce at fair value less costs to sell is included in the consolidated statement of income.

Biological assets for which quoted market prices are not available and for which alternative estimates of fair value are considered to be clearly unreliable are measured using the present value of expected net cash flows from the sale of an asset discounted at a current market-determined rate, using Level 3 valuation techniques.

The objective of a calculation of the present value of expected net cash flows is to determine the fair value of a biological asset in its present location and condition.

The Group classifies biological assets as current or non-current depending upon the average useful life of the particular group of biological assets. All of the Group's biological assets were classified as current, as their average useful life is less than one year.

Cash and cash equivalents

Cash and cash equivalents comprise cash held at bank, cash in hand and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

Notes to the financial statements

1. ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are classified as either financial assets at amortised cost, at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL) depending upon the business model for managing the financial assets and the nature of the contractual cash flow characteristics of the financial asset. Financial assets are initially recognised at fair value on the trade date, including, in the case of instruments not recorded at fair value through profit or loss, directly attributable transaction costs. Subsequently, other investments, provisionally priced trade receivables and derivatives are carried at fair value and trade receivables, loans and other receivables are carried at amortised cost adjusted for any loss allowance.

Financial liabilities, other than derivatives and those containing provisional price features, are initially recognised at fair value of consideration received net of transaction costs as appropriate and subsequently carried at amortised cost. Financial liabilities that contain provisional pricing features are measured as financial liabilities that include embedded derivatives with separating host contract from embedded derivative under trade payables. Host contract will be classified at amortized cost and embedded derivative at fair value through profit or loss.

(i) Impairment of financial assets

A loss allowance for expected credit losses is determined for all financial assets, other than those at FVTPL, at the end of each reporting period. The expected credit loss recognised represents a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Group applies the simplified approach to measure the loss allowance for trade receivables classified at amortised cost, using the lifetime expected loss provision. The expected credit losses on these financial assets is estimated using a provision matrix by reference to past default experience and an equivalent credit rating, adjusted as appropriate for current observable data and forward-looking information.

For all other financial assets at amortised cost, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition, which is determined by:

- a review of overdue amounts and for those balances that are beyond 30 days overdue it is presumed to be an indicative indicator of a significant increase in credit risk;
- comparing the risk of default at the reporting date and at the date of initial recognition; and
- an assessment of relevant historical and forward-looking quantitative and qualitative information.

If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-months expected credit loss, which comprises the expected lifetime loss from the instrument were a default to occur within 12 months of the reporting date.

Notes to the financial statements

1. ACCOUNTING POLICIES (continued)

The Group considers an event of default has materialised when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay the Group without taking into account any collateral held by the Group or if the financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

(ii) Derecognition of financial assets and financial liabilities

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or have expired.

On derecognition of a financial asset/financial liability in its entirety, the difference between the carrying amount of the financial asset/financial liability and the sum of the consideration received and receivable/paid and payable is recognised in profit and loss. On derecognition of equity investments designated and measured at FVTOCI, the cumulative gain or loss recognised in other comprehensive income is reclassified directly to retained earnings.

(iii) Derivatives and hedging activities

Derivative instruments, which include physical contracts to sell or purchase commodities that do not meet the own use exemption, and provisionally priced sales and purchases are initially recognised at fair value when Viterra becomes a party to the contractual provisions of the instrument and are subsequently re-measured to fair value at the end of each reporting period. Fair values are determined using quoted market prices, dealer price quotations, the key inputs for which include current market and contractual prices for the underlying instrument, time to expiry, volatility of the underlying instrument and counterparty risk.

Gains and losses on derivative instruments for which hedge accounting is not applied are recognised in either cost of goods sold or revenue. Gains and losses arising on physical forward sales contracts are recognised in revenue and all other gains and losses on derivative instruments are recognised in cost of goods sold.

Those derivatives qualifying and designated as hedges are either (i) a Fair Value Hedge of the change in fair value of a recognised asset or liability or an unrecognised firm commitment, or (ii) a Cash Flow Hedge of the change in cash flows to be received or paid relating to a recognised asset or liability or a highly probable transaction.

Notes to the financial statements

1. ACCOUNTING POLICIES (continued)

At the inception of the hedge and on an ongoing basis, Viterra documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationship meets the qualifying hedge effectiveness requirements.

Viterra discontinues hedge accounting when the qualifying criteria for the hedged relationship is no longer met. A change in the fair value of derivatives designated as a Fair Value Hedge is reflected together with the change in the fair value of the hedged item in the consolidated statement of income.

A change in the fair value of derivatives designated as a Cash Flow Hedge is initially recognised as a cash flow hedge reserve in shareholders' equity. The deferred amount is then released to the consolidated statement of income in the same periods during which the hedged transaction affects the consolidated statement of income. Hedge ineffectiveness is recorded in the consolidated statement of income when it occurs.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in shareholders' equity and is recognised in the consolidated statement of income when the committed or forecast transaction is ultimately recognised in the consolidated statement of income. However, if a forecast or committed transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately transferred to the consolidated statement of income.

A derivative may be embedded in a non-derivative "host contract". Such combinations are known as hybrid instruments. If a hybrid contract contains a host that is a financial asset within the scope of IFRS 9, then the relevant classification and measurement requirements are applied to the entire contract at the date of initial recognition. Should the host contract not be a financial asset within the scope of IFRS 9, the embedded derivative is separated from the host contract and accounted for as a standalone derivative. Where the embedded is separated, the host contract is accounted for in accordance with its relevant accounting policy, unless the entire instrument is designated at FVTPL in accordance with IFRS 9.

Notes to the financial statements

1. ACCOUNTING POLICIES (continued)

Adoption of new and revised standards

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but not yet effective.

(i) Amendments to IFRS 3 Definition of business – effective for the year ends beginning on or after 1 January 2020

The amendments intend to assist the determination of whether a transaction should be accounted for as a business combination or as an asset acquisition. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. IFRS 3 continues to adopt a market participant's perspective to determine whether an acquired set of activities and assets is a business, but clarifies the minimum requirements to be a business and removes the assessment of a market participant's ability to replace missing elements. The amendments also introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business - it is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The amended definitions shall be applicable for any future acquisition within the scope of IFRS 3 following the effective date.

(ii) Amendments to IAS 1 and IAS 8 – Definition of material – effective for year ends beginning on or after 1 January 2020

The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has been featured elsewhere in IFRS Standards, and ensures that the definition of material is consistent across all IFRS Standards. Information is considered material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. There were no significant changes to presentation or disclosures within these financial statements following adoption of this amendment.

(iii) Amendments to IFRS 9, IAS 39 and IFRS 7 (September 2019) – Interest Rate Benchmark Report – effective for year ends beginning on or after 1 January 2020

These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments permit continuation of hedge accounting even if in the future USD LIBOR may no longer be separately identifiable. However, this relief does not extend to the requirement that the designated interest rate risk component must continue to be reliably measurable. If the risk component is no longer reliably measurable, the hedging relationship is discontinued.

The amendments are applied retrospectively to those hedging relationships that existed at the beginning of the reporting period in which an entity first applies the amendments or that were designated thereafter.

The adoption of the amendments has no material impact on the financial statements as the Group does not apply hedge accounting for such types of the financial instruments.

Notes to the financial statements

1. ACCOUNTING POLICIES (continued)

(iv) New conceptual framework for financial reporting

A new conceptual framework has been issued in March 2018, it is effective for annual periods beginning on or after 1 January 2020.

The new version of the framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. In instances where no other IFRS standard applies to a particular transaction or event, the conceptual framework shall be referred to.

The application of the new conceptual framework has no material impact on the financial statements of the Group.

(v) Amendments to IFRS 16, Covid-19-Related Rent Concessions

The amendment to IFRS 16 will provide relief to lessees for accounting for rent concessions from lessors specifically arising from the covid-19 pandemic.

As a practical expedient, a lessee may elect not to assess whether a covid-19 related rent concession from a lessor is a lease modification, when certain conditions are met. A lessee that makes this election accounts for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The application of this amendment to IFRS 16 has no impact on the financial statements of the Group.

Notes to the financial statements

1. ACCOUNTING POLICIES (continued)

Revised standards not yet effective

At the date of issuance of these consolidated financial statements, the following revised IFRS standards, which are applicable to the Group, were issued but not yet effective:

(i) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2 – effective for year ends beginning on or after 1 January 2021

These amendments provide temporary relief which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

This relief includes: A practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform; permission of changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued and temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The adoption of the amendments will have no material impact on the financial statements of the Group.

Notes to the financial statements

2. REVENUE

Revenue for the period is comprised of the following:

US\$ million	2020	2019
Oilseeds	11,586	10,468
Grain	14,688	12,683
Freight	410	486
Cotton	847	885
Sugar	583	334
Total	28,114	24,856

3. (LOSS)/GAIN ON DISPOSALS AND INVESTMENTS

US\$ million	Notes	2020	2019
(Loss)/gain on step acquisition of Renova SA		(2)	197
Loss on disposal of subsidiaries ¹		(1)	(6)
Gain on sale of other operations		-	1
Total		(3)	192

¹ Consists of foreign currency translation losses recycled to the statement of income upon entity disposal.

2020

No acquisitions or disposals took place in 2020 which resulted in material gains or losses.

2019

Renova SA

In December 2019 Viterro acquired an additional 16.67% interest in Renova SA, a soybean crushing facility in Argentina, increasing Viterro's total ownership interest to 66.67% from 50%. Prior to acquiring the additional interest, Renova SA was equity accounted as a joint venture. The gain represents remeasurement of the Group's previously held interest.

Notes to the financial statements

4. OTHER (EXPENSE)/INCOME – NET

US\$ million	Notes	2020	2019
Impairments	5	(3)	(207)
Foreign exchange (loss)		(6)	(3)
Change in mark to market valuations on investments held for trading		5	(5)
Deferred income release		-	15
Provision other receivables		(15)	-
Other expense – net		(6)	(15)
Total		(25)	(215)

Together with foreign exchange movements and mark-to-market movements on investments held for trading, other expense – net includes other significant items of income and expense which due to their non-operational or incidental nature are reported separately from operating results.

5. IMPAIRMENTS

US\$ million	Notes	2020	2019
Property, plant and equipment	8	(3)	(175)
Goodwill	10	-	(32)
Total impairments		(3)	(207)

As part of a regular portfolio review, Viterra carries out an assessment of whether there is an indication of asset impairment or whether a previously recorded impairment may no longer be required. If indications of impairment exist, an impairment test is performed

The recoverable amounts of the property, plant and equipment were measured based on the value in use (“VIU”), determined by discounted cash flow techniques based on the most recent approved financial budgets and 3 year business plans. The budgets and valuation models use the most recent estimates, relevant cost assumptions which are generally based on past experience and where possible, market forecasts of commodity prices and exchange rates. The future cash flows are discounted using the Group’s weighted average cost of capital at 6.5% (2019: 7.5%). The valuations remain sensitive to price and further deterioration/improvements in the pricing outlook may result in additional impairments/reversals. The determination of the VIU uses Level 3 valuation techniques for the current and prior years.

Notes to the financial statements

5. IMPAIRMENTS (continued)

2020

No significant impairments were recognised during 2020.

2019

Due to continued deteriorating results, the property, plant and equipment of a processing plant was impaired by \$115 million to its recoverable amount of nil.

Due to significant decreases in forecast margins, certain milling and crushing assets focusing on the local market in South America were impaired by \$31 million to their recoverable amounts of nil.

The balance of impairment charges on property, plant and equipment (none of which are individually material) relate to various individual assets where utilisation is no longer required.

6. INTEREST EXPENSE

Interest expense for the period is comprised of the following:

US\$ million	Notes	2020	2019
Capital market notes		(14)	(24)
Revolving credit facility		(43)	(74)
Lease obligations		(30)	(32)
Other bank loans		(87)	(64)
Other		3	(13)
Total		(171)	(207)

Notes to the financial statements

7. INCOME TAXES

The Group calculates income tax expense for the current period using the tax rate that would be applicable to the expected total annual earnings. The major components of income expense in the consolidated statement of income are:

US\$ million	2020	2019
Current income tax expense	(103)	(61)
Deferred income tax credit/(expense) relating to origination and reversal of temporary differences	(41)	24
Total tax expense reported in the statement of income	(144)	(37)

The effective Group tax rate is different from the weighted average income tax rate of 24% (2019: 6%) for the following reasons:

US\$ million	2020	2019
Income before income taxes and attribution	527	126
Less: Share of income from associates and joint ventures	(16)	(5)
Parent Company's and subsidiaries' income before income tax	511	121
Income tax expense calculated at the weighted average income tax rate	(122)	(8)
Tax effects of:		
Tax exempt income	13	66
Items not tax deductible	(18)	(30)
Foreign exchange fluctuations	(24)	2
Changes in tax rates and adjustments in respect of prior years	6	(4)
Utilisation and changes in recognition of tax losses and temporary differences	23	(22)
Tax losses of current year not recognised	(23)	(40)
Other	1	(1)
Income tax expense	(144)	(37)

The weighted average income tax rates were calculated as a product of the standalone profit/(loss) before tax generated by the Company and its subsidiaries and the prevailing tax rate of the relevant jurisdiction.

Adjusting for a \$24 million (2019: \$60 million) income tax expense related to tax losses not recognised and forex, the 2020 income tax expense would be \$120 million (2019: income tax income \$23 million) resulting in an adjusted effective tax rate of 24% (2019: adjusted effective tax rate of negative 19%).

Notes to the financial statements

7. INCOME TAXES (continued)

Deferred taxes as at 31 December 2020 and 2019 are attributable to the items detailed in the table below:

US\$ million	Notes	2020	2019
Deferred tax assets¹			
Tax losses carried forward		11	21
Mark-to-market valuations		37	24
Depreciation and amortisation		16	12
Leases		24	25
Other		5	9
Total		93	91

US\$ million	Notes	2020	2019
Deferred tax liabilities¹			
Depreciation and amortisation		(259)	(237)
Mark-to-market valuations		(62)	(44)
Other		(7)	(1)
Total		(328)	(282)
Total Deferred tax - net		(235)	(191)

Reconciliation of deferred tax - net

1 January		(191)	(72)
Recognised in income for the year		(41)	24
Recognised in other comprehensive income		2	-
Business combinations	22	(3)	(142)
Effect of foreign currency exchange movements		(2)	(1)
Total Deferred tax - net		(235)	(191)

¹ Asset and liability positions in the same category reflect the impact of tax assets and liabilities arising in local tax jurisdictions that cannot be offset against tax assets and liabilities arising in other tax jurisdictions.

Notes to the financial statements

7. INCOME TAXES (continued)

Deferred tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable. As at 31 December 2020, \$62 million (2019: \$91 million) of deferred tax assets related to available loss carry forwards have been brought to account, of which \$11 million (2019: \$21 million) are disclosed as deferred tax assets with the remaining balance being offset against deferred tax liabilities arising in the same respective entity. \$6 million (2019: \$19 million) of net deferred tax assets arise in entities that have been loss making for tax purposes in either 2020 or 2019 (among these entities, none of them are loss making in both years 2019 and 2020). In evaluating whether it is probable that taxable profits will be earned in future accounting periods prior to any tax loss expiry as may be the case, all available evidence was considered, including approved budgets, forecasts and business plans and, in certain cases, analysis of historical operating results. These forecasts are consistent with those prepared and used internally for business planning and impairment testing purposes. Following this evaluation, it was determined there would be sufficient taxable income generated to realise the benefit of the deferred tax assets and that no reasonably possible change in any of the key assumptions would result in a material reduction in forecast headroom of tax profits so that the recognised deferred tax asset would not be realised.

Available gross tax losses carried forward, for which no deferred tax assets have been recognised in the consolidated financial statements, are detailed below and will expire as follows:

US\$ million	2020	2019
1 year	42	57
2 years	34	43
3 years	25	34
Thereafter	323	320
Unlimited	210	241
Total	634	695

The Group has available tax credits of \$11 million and deductible temporary differences of \$129 million, for which no deferred tax assets have been recognised in the consolidated financial statements.

As at 31 December 2020, unremitted earnings of \$2,411 million (2019: \$2,119 million) have been retained by subsidiaries, joint ventures and associates for reinvestment. The Group does not recognise a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, joint ventures and associates as it is not able to control the timing of the reversal of such temporary differences and it is probable that they will not reverse in the foreseeable future.

Notes to the financial statements

8. PROPERTY, PLANT AND EQUIPMENT

US\$ million	Notes	Freehold land and buildings	Plant and equipment	Bearer plants	Total
Gross carrying amount:					
1 January 2020		1,072	5,029	164	6,265
Acquisition of subsidiaries	22	4	27	-	31
Disposal of subsidiaries	22	-	(27)	-	(27)
Acquisitions		1	229	23	253
Additions of right-of-use assets		64	181	-	245
Disposals		(10)	(90)	(10)	(110)
Effect of foreign currency exchange movements		(28)	54	(38)	(12)
Other movements		(11)	22	-	11
31 December 2020		1,092	5,425	139	6,656
Accumulated depreciation and impairment:					
1 January 2020		303	1,696	59	2,058
Disposal of subsidiaries		-	(23)	-	(23)
Depreciation		52	458	23	533
Disposals		(7)	(86)	(11)	(104)
Impairment	5	-	3	-	3
Effect of foreign currency exchange movements		-	37	(12)	25
Other movements		(12)	6	-	(6)
31 December 2020		336	2,091	59	2,486
Net book value 31 December 2020		756	3,334	80	4,170

Notes to the financial statements

8. PROPERTY, PLANT AND EQUIPMENT (continued)

US\$ million	Notes	Freehold land and buildings	Plant and equipment	Bearer plants	Total
Gross carrying amount:					
1 January 2019		946	3,807	151	4,904
Acquisition of subsidiaries	22	44	899	–	943
Acquisitions		8	207	47	262
Additions of right-of-use assets		47	227	–	274
Disposals		(7)	(76)	(30)	(113)
Effect of foreign currency exchange movements		(2)	(17)	(6)	(25)
Other movements		36	(18)	2	20
31 December 2019		1,072	5,029	164	6,265
Accumulated depreciation and impairment:					
1 January 2019		199	1,196	67	1,462
Depreciation		54	448	25	527
Disposals		(2)	(61)	(30)	(93)
Impairment	5	49	126	–	175
Effect of foreign currency exchange movements		–	(5)	(3)	(8)
Other movements		3	(8)	–	(5)
31 December 2019		303	1,696	59	2,058
Net book value 31 December 2019		769	3,333	105	4,207

Plant and equipment includes expenditure for construction in progress of \$184 million (2019: \$171 million). Depreciation expenses included in cost of goods sold are \$521 million (2019: \$517 million) and in selling and administrative expenses \$12 million (2019: \$10 million). Property, plant and equipment with a carrying amount of \$895 million (2019: \$910 million) have been pledged to secure borrowings of the Group.

Notes to the financial statements

Leases

The Group leases various assets including land and buildings and plant and equipment. As at 31 December 2020 the net book value of recognized right-of-use assets relating to freehold land and buildings was \$179 million (2019: \$164 million) and relating to plant and equipment was \$405 million (2019: \$421 million). The net book value of obligations recognised under finance lease agreements amounts to \$585 million (2019: \$585 million) as at 31 December 2020.

Gross carrying amount of right of use assets disposed of during the year amounted to \$81 million (2019:\$54 million) with accompanying accumulated depreciation of \$80 million (2019: \$49 million).

In respect of these leases, during the year the Group has recognised depreciation charges from these leases of \$232 million (2019: \$278 million), the depreciation charges relating to freehold land and buildings was \$28 million (2019: \$29 million) and relating to plant and equipment was \$204 million (2019: \$249 million). In this respect, the Group also recognised \$30 million (2019: \$32 million) interest costs and \$21 million (2019: \$39 million) income from subleasing right-of-use assets during the year ended 31 December 2020. The total cash outflow for repayments of lease liabilities amounts to \$220 million (2019: \$296 million). The Group recognised \$373 million (2019: \$327 million) for expense relating to short-term and low value leases during the year ended 31 December 2020.

Disclosure of amounts recognised as lease liabilities in the statement of financial position for the leases in the year are included in note 18 and their maturity analysis in note 24, future commitments are disclosed in note 26.

9. INTANGIBLE ASSETS

US\$ million	Notes	Goodwill	Port allocation rights	Licences, software and other	Total
Cost:					
1 January 2020		981	36	59	1,076
Acquisition of business	22	32	-	-	32
Additions		-	-	19	19
Disposals		-	-	(1)	(1)
Effect of foreign currency exchange movements		9	-	(4)	5
Other movements		-	-	2	2
31 December 2020		1,022	36	75	1,133
Accumulated amortisation and impairment:					
1 January 2020		33	14	28	75
Amortisation expense ¹		-	1	5	6
Disposals		-	-	(1)	(1)
Effect of foreign currency exchange movements		(7)	-	(2)	(9)
Other movements		-	-	-	-
31 December 2020		26	15	30	71
Net carrying amount 31 December 2020		996	21	45	1,062

¹ Recognised in cost of goods sold.

Notes to the financial statements

9. INTANGIBLE ASSETS (continued)

US\$ million	Notes	Goodwill	Port allocation rights	Licences, software and other	Total
Cost:					
1 January 2019		783	36	67	886
Acquisition of business	22	199	-	-	199
Additions		-	-	4	4
Disposals		-	-	(12)	(12)
Effect of foreign currency exchange movements		(1)	-	(1)	(2)
Other movements		-	-	1	1
31 December 2019		981	36	59	1,076
Accumulated amortisation and impairment:					
1 January 2019		-	13	27	40
Amortisation expense ¹		-	1	6	7
Impairments	10	32	-	-	32
Disposals		-	-	(3)	(3)
Effect of foreign currency exchange movements		-	-	-	-
Other movements		1	-	(2)	(1)
31 December 2019		33	14	28	75
Net carrying amount 31 December 2019		948	22	31	1,001

¹ Recognised in cost of goods sold.

Goodwill

The carrying amount of goodwill has been allocated to the Grains business CGU \$765 million (2019: \$749 million) and to the Oilseeds business CGU \$231 million (2019: \$199 million). The goodwill of \$964 million (2019: \$948 million) was recognised in previous business combinations attributable to synergies expected to accrue to the respective grains components as a result of increased volumes and freight and logistics arbitrage opportunities.

In September 2020 the Group acquired a 100% interest in Everi LLC, a Ukrainian vegetable oil terminal. The goodwill is allocated to the Oilseeds business CGU which amounts to \$32 million and is attributable to expected increased volumes and increased commercial opportunities. The goodwill is not tax deductible.

Port allocation rights

Port allocation rights represent contractual entitlements to export certain amounts on an annual basis from terminals in Brazil and Russia. The rights are amortised on a straight line basis over the estimated economic life of the ports which ranges between 20 – 25 years.

Licences, trademarks and software

Intangibles related to internally developed technology and patents were recognised in previous business combinations and are amortised over the estimated economic life of the technology which ranges between 3 – 20 years.

Notes to the financial statements

10. GOODWILL IMPAIRMENT TESTING

For the purpose of impairment testing, goodwill has been allocated to the CGU that is expected to benefit from the synergies of the business combination and which represent the level at which management monitor and manage the goodwill as follows:

US\$ million	2020	2019
Grains business	765	749
Oilseeds business	231	199
Total	996	948

In assessing whether an impairment is required, the carrying value of the CGU is compared with its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal ("FVLCD") and its value in use ("VIU"). If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated statement of income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Given the nature of the CGU's activities, information on its fair value is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. Consequently, the recoverable amount for all CGUs containing goodwill is determined by reference to the VIU cash flow projection which utilises a discounted cash flow approach.

The calculations use cash flow projections based on the 2021 approved financial budget and financial plans for 2022 – 2024 approved by management. The calculation of VIU for all CGUs is most sensitive to the following assumptions:

- Gross margins
- Discount rates
- Growth rates used to extrapolate cash flows beyond the forecast period.

Gross margins: gross margins are determined with reference to relevant commodity market prices and historical financial data reported by the Group.

Discount rate: the discount rate is calculated based on the specific circumstances of the Group and derived from its weighted average cost of capital (WACC) which takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. The Group performed impairment testing using a range of WACC rates from 6% - 7%.

Notes to the financial statements

10. GOODWILL IMPAIRMENT TESTING (continued)

Growth rate estimates: cash flows beyond the forecast periods are extrapolated using the estimated growth rate of 2% which is based on industry research and global growth forecasts.

For the grains and oilseeds CGUs, Viterro believes that no reasonably possible change in any of the above key assumptions would cause a material change in the overall outcome of the impairment testing. The determination of VIU for the CGUs uses Level 3 valuation techniques in both years.

11. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Investments in associates, joint ventures and joint operations

US\$ million	Notes	2020	2019
1 January		359	548
Additions		16	7
Disposals		-	-
Share of income from associates and joint ventures		16	5
Share of other comprehensive income from associates and joint ventures		2	-
Dividends received		(4)	(2)
Reclassification ¹		-	(199)
Other movements		-	-
31 December		389	359

¹ On 2 December 2019 the Group acquired an additional 16.67% interest in Renova SA, resulting in control of Renova SA being held by the Group. As from 2 December 2019, Renova SA is fully consolidated and was reclassified to principal subsidiaries.

Notes to the financial statements

11. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

2020 Details of material associates and joint ventures

Summarised financial information in respect of Viterra's material associates and joint ventures, reflecting 100% of the underlying joint venture's relevant figures, is set out below:

	IGT	Taman Grain Terminal	Barcarena	Lartirigoyen y Cia	Total of material joint ventures
2020					
Non-current assets	107	231	250	92	680
Current assets	10	16	17	194	237
Non-current liabilities	(4)	(41)	(29)	(18)	(92)
Current liabilities	(7)	(5)	(13)	(150)	(175)
<i>The above assets and liabilities include the following:</i>					
Cash and cash equivalents	10	4	9	27	50
Current financial liabilities ¹	-	(2)	(10)	(76)	(88)
Non-current financial liabilities ¹	(1)	-	(29)	(17)	(47)
Net assets 31 December 2020	106	201	225	118	650
Viterra's ownership interest	50%	50%	50%	50%	
Carrying value	53	101	112	59	325

¹ Financial liabilities exclude trade payables, other payables and provisions.

Summarised profit and loss in respect of Viterra's associates and joint ventures, reflecting 100% of the underlying joint venture's relevant figures for the year ended 31 December 2020, is set out below:

	IGT	Taman Grain Terminal	Barcarena	Lartirigoyen y Cia	Total of material joint ventures
2020					
Revenue	15	50	28	654	747
Profit/(loss) for the year	1	4	6	27	38
Other comprehensive income	-	-	-	-	-
Total comprehensive profit/(loss)	1	4	6	27	38
Viterra's share of dividends paid	-	-	-	(4)	(4)
<i>The above results include the following:</i>					
Depreciation and amortisation	(5)	(13)	(10)	(4)	(32)
Interest income	-	-	-	5	5
Interest expense ¹	-	-	(2)	(20)	(22)
Income tax expense	(1)	(6)	(1)	(12)	(20)
Foreign currency gain/(loss)	-	1	(1)	-	-

¹ Includes foreign exchange gain of \$1 million.

Notes to the financial statements

11. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

2019 Details of material associates and joint ventures

Summarised financial information in respect of Viterra's material associates and joint ventures, reflecting 100% of the underlying joint venture's relevant figures, is set out below.

	Taman Grain Terminal	Barcarena	Lartirigoyen y Cia	Total of material joint ventures
2019				
Non-current assets	244	258	84	586
Current assets	6	12	162	180
Non-current liabilities	(44)	(39)	(27)	(110)
Current liabilities	(9)	(12)	(120)	(141)
<i>The above assets and liabilities include the following:</i>				
Cash and cash equivalents	-	5	3	8
Current financial liabilities ¹	(4)	(10)	(39)	(53)
Non-current financial liabilities ¹	(3)	(39)	(27)	(68)
Net assets 31 December 2019	197	219	99	515
Viterra's ownership interest	50%	50%	50%	
Carrying value	99	109	49	257

¹ Financial liabilities exclude trade payables, other payables and provisions.

Summarised profit and loss in respect of Viterra's associates and joint ventures, reflecting 100% of the underlying joint venture's relevant figures for the year ended 31 December 2019, is set out below.

	Renova SA ²	Taman Grain Terminal	Barcarena	Lartirigoyen y Cia	Total of material joint ventures
2019					
Revenue	351	32	28	661	1,072
Profit/(loss) for the year ²	(8)	(2)	3	15	8
Other comprehensive income	-	-	-	-	-
Total comprehensive profit/(loss)	(8)	(2)	3	15	8
Viterra's share of dividends paid	-	-	-	-	-
<i>The above results include the following:</i>					
Depreciation and amortisation	(46)	(13)	(11)	(4)	(74)
Interest income	-	-	-	2	2
Interest expense ¹	(31)	(1)	(1)	(14)	(47)
Income tax credit/(expense)	(14)	-	1	(7)	(20)

¹ Includes foreign exchange gain of \$1 million.

² Represents profit and loss up and until the Group acquired an additional 16.67% interest in Renova SA, resulting in control being held by the Group, after which Renova SA is fully consolidated.

Notes to the financial statements

11. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

Aggregate information of associates and joint ventures that are not individually material:

US\$ million	2020	2019
The Group's share of income	(3)	(3)
The Group's share of other comprehensive income	2	-
The Group's share of total comprehensive income	(1)	(3)
Aggregate carrying value of the Group's interests	64	102

12. ADVANCES AND LOANS

US\$ million	Notes	2020	2019
Financial assets at amortised cost			
Loans to associates ¹		24	21
Other non-current receivables and loans		31	4
Non-financial instruments			
Pension surpluses	20	79	84
Advances repayable with product		10	15
Other non-current receivables		10	13
Total		154	137

¹ Loans to associates generally bear interest at applicable floating market rates plus a premium.

Loss allowances of financial assets at amortised cost

The Group determines the expected credit loss of other non-current receivables and loans based on different scenarios of probability of default and expected loss applicable to each of the material underlying balances. The movement in loss allowance for financial assets classified at amortised cost is detailed below.

US\$ million	Notes	2020	2019
1 January		4	5
Effect of foreign currency exchange movements		(1)	(1)
Charged during the year	4	1	-
Total		4	4

Notes to the financial statements

13. BIOLOGICAL ASSETS

US\$ million	2020	2019
1 January	26	21
Increase due to purchase and subsequent expenditures capitalised in biological assets	29	29
Changes in fair value due to physical changes and market price fluctuations	(3)	(1)
Decrease due to harvest	(23)	(22)
Effect of Foreign currency exchange movement	(12)	(1)
Total	17	26

The Group's biological assets correspond to the agricultural products under development (standing-sugarcane) produced at sugarcane plantations, which will be used as a raw material for the production of sugar, ethanol and bioenergy at the time of harvest. Fair value is estimated using the discounted cash flow method, using Level 3 valuation techniques. The valuation model considers net present value of cash flows to be generated by the sugarcane that is expected to be harvested in the upcoming crop. Planted areas refer only to sugarcane plantations.

The main assumptions which impact the net present value of future expected cashflows include crop care costs, harvest area, sugar yields and sugar cane price per ton and WACC rate for the sugar business. These are summarised below:

US\$ million	2020	2019
Estimated harvest area, ha	74,123	76,759
Productivity expected, MT of sugarcane per ha	78	72
Amount of total recoverable sugar ('TRS'), kg/MT of cane	142	140
TRS price per ton projected (\$/ton)	0.16	0.17
Weighted average cost of capital for sugar business	7%	5%

When determining the fair value, the Company takes the following into consideration:

Market overview

Own or third-party sugarcane is processed by the plant or ethanol distillery. Own sugar cane is grown by the Group on land belonging to third parties under agricultural partnerships. The Group typically enters into agricultural partnerships with such land owners for a duration of minimum 6 years (one sugarcane cycle) and is responsible for all farming and harvesting activities. The sugarcane from third parties is acquired by the plant under supply contracts. Either the supplier or the plant itself can be responsible for the transportation of sugarcane to the plant.

The price is determined based on the formula Conselho dos Produtores de Cana-de-Açúcar, Açúcar e Álcool (CONSECANA) calculates the consideration per ton of sugarcane based on a) the volume of TRS/kg delivered by the sugarcane supplier; b) the share of the sugarcane production cost as a percentage of the sugar, ethanol residue, anhydrous ethanol and hydrated ethanol; c) the net prices of sugar in the domestic and foreign markets, and the prices of anhydrous ethanol and ethyl ethanol fuel, hydrated ethanol, and ethanol for other purposes and; d) the plant's production mix for said crop. CONSECANA's reference price is published on a monthly basis. The Company periodically reviews assumptions used to calculate biological assets, adjusting it in case there are significant variations in relation to those previously projected.

Notes to the financial statements

13. BIOLOGICAL ASSETS (continued)

Risks

The Group is exposed to certain risks related to its plantations, such as (i) supply offer and demand, based on which the Group continuously monitors the market of its products and analysis the trends that regularly support the selling strategy in order to define and/or adjust the purchase and sale volumes of products or raw materials; (ii) regulatory and environmental risks, subject to specific laws and regulations, which are monitored by establishing policies and procedures to ensure the compliance with these rules; and (iii) climate risks, which expose the Company to the damages arising from climate changes, which are mitigated by monitoring the progress of these risks in the Company's routine and operating strategically in the sugarcane crops in order to minimize the damages to its biological assets. The Company seeks to optimize the crop sequence in order to avoid dry and frost periods, use the irrigation system in periods of shortage of water, handle of varied products in accordance with the edaphoclimatic environments and adopt good agricultural practices in the field to maintain the sugarcane crop productivity.

14. INVENTORIES

Total inventories of \$5,635 million (2019: \$4,322 million) comprise \$4,890 million (2019: \$3,990 million) of inventories carried at fair value less costs of disposal and \$745 million (2019: \$332 million) valued at the lower of cost or net realisable value.

Readily marketable inventories ("RMI") comprising the core inventories which underpin and facilitate Viterra's marketing activities, represent inventories, that in Viterra's assessment, are readily convertible into cash in the short term due to their liquid nature, widely available markets and the fact that price risk is covered either by a forward physical sale or hedge transaction. Viterra regularly assesses the composition of these inventories and their applicability, relevance and availability to the marketing activities. As at 31 December 2020, \$5,497 million (2019: \$4,220 million) of inventories were considered readily marketable. This comprises \$4,890 million (2019: \$3,990 million) of inventories carried at fair value less costs of disposal and \$607 million (2019: \$230 million) carried at the lower of cost or net realisable value. Given the highly liquid nature of these inventories, which represent a significant share of current assets, the Group believes it is appropriate to consider them together with cash equivalents in analysing Group net debt levels and computing certain debt coverage ratios and credit trends.

No charge has been recognised during 2020 in respect of write-downs of inventory to net realisable value (2019: \$nil).

Fair value of inventories is a Level 2 fair value measurement (see note 25) using observable market prices obtained from exchanges, traded reference indices or market survey services adjusted for relevant location and quality differentials. There are no significant unobservable inputs in the fair value measurement of such inventories.

Viterra has a number of dedicated financing facilities, which finance a portion of its inventories. In each case, the inventory has not been derecognised as the Group retains control of the inventory. The proceeds received are recognised as current borrowings (see note 18). As at 31 December 2020, the total amount of inventory secured under such facilities was \$833 million (2019: \$359 million) and proceeds received and classified as current borrowings amounted to \$687 million (2019: \$398 million).

Notes to the financial statements

15. ACCOUNTS RECEIVABLE

US\$ million	2020	2019
Financial assets at amortised cost		
Trade receivables ¹	1,303	1,302
Margin calls paid	609	144
Associated companies ¹	13	20
Other receivables ²	12	39
Non-financial instruments		
Advances repayable with product	130	137
Prepaid expenses	25	21
Other tax and related receivables	275	444
Total	2,367	2,107

¹ Collectively referred to as receivables presented net of allowance for doubtful debts.

² Includes loans receivable in amount of \$4 million (2019: \$21 million).

The average credit period on sales of goods is 17 days (2019: 18 days).

As at 31 December 2020, 7% (2019: 12%) of the trade related receivables were between 1 to 60 days overdue, and 4% (2019: 4%) were greater than 60 days overdue. Such receivables, although contractually past their due dates, are not considered impaired as there has not been a significant change in credit quality of the relevant counterparty, and the amounts are still considered recoverable taking into account customary payment patterns and in many cases, offsetting accounts payable balances.

Viterra has a number of dedicated financing facilities, which finance a portion of its receivables. The receivables have not been derecognised, as the Group retains the principal risks and rewards of ownership. The proceeds received are recognised as current borrowings (see note 18). As at 31 December 2020, the total amount of trade receivables secured was \$416 million (2019: \$178 million) and proceeds received and classified as current borrowings amounted to \$308 million (2019: \$100 million).

The movement in allowance for doubtful accounts is detailed below:

US\$ million	2020	2019
1 January	86	92
Released during the period	(32)	(31)
Charged during the period	70	45
Utilised during the period	(33)	(20)
31 December	91	86

16. CASH AND CASH EQUIVALENTS

US\$ million	2020	2019
Banks and cash on hand	256	140
Deposits and treasury bills	71	44
Total	327	184

There were no restricted cash amounts at either 31 December 2020 or 31 December 2019.

Notes to the financial statements

17. SHARE CAPITAL AND RESERVES

	Number of shares	Share capital (US\$ million)	Share premium (US\$ million)
1 January 2019	350,100	1	3,096
Equity contribution	-	-	-
31 December 2019 - Ordinary and restricted shares	350,100	1	3,096
1 January 2020	350,100	1	3,096
Equity contribution	-	-	-
31 December 2020 - Ordinary and restricted shares	350,100	1	3,096

The number of shares in issue relates to authorised, issued, called up and fully paid share capital. All ordinary shares carry equal voting rights. Total authorised share capital is 800,000 ordinary shares with par value of \$0.01 each and 200,000 restricted shares with a par value of \$0.01 each.

Other reserves

US\$ million	Translation Adjustment	Cash flow hedge reserve	Net unrealised loss	Net ownership changes in subsidiaries	Total
1 January 2019	(759)	-	(7)	(48)	(814)
Exchange loss on translation of foreign operations	(19)	-	-	-	(19)
Foreign currency translation losses recycled to the statement of income	6	-	-	-	6
31 December 2019	(772)	-	(7)	(48)	(827)
1 January 2020	(772)	-	(7)	(48)	(827)
Exchange loss on translation of foreign operations	9	-	-	-	9
Gain on cash flow hedges	-	3	-	-	3
Foreign currency translation losses recycled to the statement of income	-	-	1	-	1
31 December 2020	(763)	3	(6)	(48)	(814)

Notes to the financial statements

18. BORROWINGS

US\$ million	Notes	2020	2019
Non-current borrowings			
Revolving credit facility ¹		1,843	2,621
Lease liabilities		411	414
Other bank loans		322	416
Total non-current borrowings		2,576	3,451
Current borrowings			
Capital market notes		-	400
Secured inventory/receivables facilities	14, 15	995	498
Lease liabilities		203	191
Other bank loans ²		3,155	1,681
Total current borrowings		4,353	2,770

1 Includes capitalised issuance costs of \$6 million (2019: \$4 million)

2 Comprises various uncommitted and unsecured bilateral bank credit facilities and other financings.

The capital market notes matured in August 2020 (2019: \$400 million). Other non-current bank loans mainly include a loan with an outstanding balance of \$237 million at an interest rate of LIBOR + 453bps, a facility obtained by the Group with an outstanding balance of \$29 million (2019: \$59 million) at an interest rate of US\$ CIRR +0 bps and various loans received by sugar, wheat milling and port assets in Brazil of \$28 million (2019: \$55 million) denominated in USD and BRL and bearing various fixed interest rates.

The outstanding secured inventory/receivables facilities of \$995 million (2019: \$498 million) are comprised of an inventory borrowing base facility of \$687 million (2019: \$398 million) that accumulates interest at a rate of BBSY +80 bps and a borrowing base facility of \$308 million (2019: \$100 million) at an interest rate of US\$ LIBOR +90 bps as at 31 December 2020.

Revolving credit facility

2020

On 14 May 2020, Viterra signed a \$2.955 billion one-year revolving credit facility with a twelve month borrower's term-out option (to May 2022), and a twelve month lender's extension option. This facility refinanced the \$2.940 billion revolving credit facility signed in May 2019. On 13 August 2020, this facility was increased to \$3.040 billion.

On 14 May 2020 \$540 million out of the \$600 million three-year revolving credit facility was extended with an additional year, with \$60 million out of the \$600 million having a remaining tenure of two-years. Funds drawn under the new and extended facilities bear interest at US\$ LIBOR plus a margin of 75 and 60 basis points per annum respectively.

On 31 July 2020 Viterra signed a €345 million one-year bridge revolving credit facility with a six-month extension option. Funds drawn under the facility bear interest at EURIBOR plus a margin between 110 and 180 basis points per annum.

On 16 December 2020, Viterra signed a new \$300 million one-year revolving credit facility with a twelve month lender's extension option. Funds drawn under the facility bear interest at US\$ LIBOR plus a margin of 80 basis points per annum. No funds were drawn under this facility as at 31 December 2020.

Notes to the financial statements

2019

On 9 May 2019, Viterro signed a \$2.940 billion one-year revolving credit facility with a twelve month borrower's term-out option (to May 2021), and a twelve month lender's extension option. This facility refinanced the \$3.375 billion revolving credit facility signed in May 2018. On 9 May 2019 the \$600 million three-year revolving credit facility was extended with an additional year. Funds drawn under the new and extended facilities bear interest at US\$ LIBOR plus a margin of 50 and 60 basis points per annum respectively.

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

Reconciliation of cash flow to movement in borrowings

US\$ million	Notes	2020	2019
Cash related movements in borrowings¹			
Proceeds/(Repayment) of other non-current bank facilities		(833)	474
Proceeds from current borrowings – net		1,916	114
Repayments for lease liabilities under IFRS 16		(220)	(264)
Repayment of capital market notes		(400)	-
		463	324
Non-cash related movements in borrowings			
Borrowings acquired/(disposed) in business combinations	22	30	392
Foreign exchange movements		(20)	(27)
Change in lease liabilities		241	268
Other non-cash movements		(6)	3
		246	636
Increase/(decrease) in borrowings for the period		709	959
Total borrowings – opening		6,221	4,664
Adjustment on transition to IFRS 16		-	598
Total borrowings - opening after adjustment on transition to IFRS 16		-	5,262
Total borrowings – closing		6,929	6,221

¹ See consolidated statement of cash flows.

Notes to the financial statements

19. PROVISIONS

	Notes	Rehabilitation costs	Employee benefits	Other	Total
US\$ million					
1 January 2020		98	25	57	180
Accretion in the year		2	-	-	2
Additional provision in the year		21	11	7	39
Effect of foreign currency exchange difference		4	1	(4)	1
Other movements		(6)	(9)	(20)	(35)
31 December 2020		119	28	40	187
Current		2	-	30	32
Non-current		117	28	10	155
1 January 2019		77	17	42	136
Accretion in the year		2	-	-	2
Additional provision in the year		18	1	15	34
Effect of foreign currency exchange difference		3	-	-	3
Other movements		(2)	7	-	5
31 December 2019		98	25	57	180
Current		1	-	40	41
Non-current		97	25	17	139

Rehabilitation costs

Rehabilitation provision represents the accrued cost required to provide adequate restoration and rehabilitation upon the completion of production activities. These amounts will be settled when rehabilitation is undertaken, generally at the end of a project's life, with the majority of the costs expected to be incurred in the final years of the underlying operations. The majority of the Group's rehabilitation obligations are in Australia and Canada. The estimated future cash flows are discounted at a rate of 2% (2019: 2%), which is based on current market risk free rates.

Other

Other comprises provisions for legal and tax (other than income tax) related claims, \$36 million and \$4 million respectively.

Viterra assessed its liabilities and contingencies for all tax years open to audit based upon the latest information available. Inherent uncertainties exist in estimates of tax contingencies due to complexities of interpretation and changes in tax laws. For those matters where it is probable that an adjustment will be made, the Group records its reasoned estimate of these tax liabilities, including related interest charges. These current open tax matters are spread across numerous jurisdictions and consists primarily of legacy transfer pricing and VAT matters that have been open for a number of years and may take several more years to resolve, none of which are individually material.

Notes to the financial statements

20. PERSONNEL COSTS AND EMPLOYEE BENEFITS

Total personnel costs, which include salaries, wages, social security and other personnel costs, incurred for the years ended 31 December 2020 and 2019, were \$466 million and \$430 million, respectively. Personnel costs related to consolidated industrial subsidiaries of \$306 million (2019: \$284 million) are included in cost of goods sold. Other personnel costs are included in selling and administrative expenses.

The Company and certain subsidiaries sponsor various pension schemes in accordance with local regulations and practices. Eligibility for participation in the various plans is either based on completion of a specified period of continuous service or date of hire. Among these schemes are defined contribution plans as well as defined benefit plans.

Defined contribution plans

Viterra's contributions under these plans amounted to \$12 million in 2020 (2019: \$11 million).

Post-retirement medical plans

The Company participates in one post-retirement medical plan in Canada which provides coverage for prescription drugs, medical, dental, hospital and life insurance to eligible retirees. The post-retirement medical plan is unfunded. This plan amounted to \$17 million (2019: \$15 million).

Defined benefit pension plans

The Company operates defined benefit plans in a handful of countries, the main location being Canada to which 75% (2019: 77%) of the present value of obligations accrued to date relates. These defined benefit plans are pension plans that provide benefits to members in the form of a guaranteed level of pension payable for life. Contributions to the Canadian plans are made to meet or exceed minimum funding requirements based on provincial statutory requirements and associated federal taxation rules.

The majority of benefit payments are from trustee-administered funds; however, there are also a number of unfunded plans where Viterra meets the benefit payments as they fall due. Plan assets held in trusts are governed by local regulations and practices in each country. Responsibility for governance of the plans – overseeing all aspects of the plans including investment decisions and contribution schedules – lies with Viterra. Viterra has set up committees to assist in the management of the plans and has also appointed experienced, independent professional experts such as investment managers, actuaries, custodians, and trustees.

Notes to the financial statements

20. PERSONNEL COSTS AND EMPLOYEE BENEFITS (continued)

The movement in the defined benefit pension and post-retirement medical plans over the year is as follows:

US\$ million	Notes	Post- retirement medical plans	Present value of defined benefit obligation	Defined benefit pension plans		Net (asset)/ liability for defined benefit pension plans
				Fair value of plan assets	Asset ceiling	
1 January 2020		15	480	(578)	24	(74)
Current service cost		-	1	-	-	1
Past Service Cost - curtailments		-	(1)	-	-	(1)
Interest expense/(income)		-	12	(15)	1	(2)
Total expense/(income) recognised in consolidated statement of income		-	12	(15)	1	(2)
Gain on plan assets, excluding amounts included in interest expense – net		-	-	(38)	-	(38)
Loss from change in demographic assumptions		-	(2)	-	-	(2)
(Gain)/loss from change in financial assumptions		1	44	-	-	44
Change in asset ceiling, excluding amounts in interest expense		-	-	-	5	5
Actuarial (gains)/losses recognised in consolidated statement of comprehensive income		1	42	(38)	5	9
Employer contributions		-	-	(2)	-	(2)
Employee contributions		-	-	-	-	-
Benefits paid directly by the Company		-	-	-	-	-
Benefits paid from plan assets		-	(27)	27	-	-
Net cash (outflow)/inflow		-	(27)	25	-	(2)
Exchange differences		1	14	(14)	1	1
31 December 2020		17	521	(620)	31	(68)
Of which:						
Pension surpluses	12	-	-	-	-	(79)
Pension deficits	19	17	-	-	-	11

The Group expects to make a contribution of \$2 million to the defined benefit pension and post-retirement medical plans during the next financial year.

Notes to the financial statements

20. PERSONNEL COSTS AND EMPLOYEE BENEFITS (continued)

US\$ million	Notes	Post- retirement medical plans	Defined benefit pension plans			Net (asset)/ liability for defined benefit pension plans
			Present value of defined benefit obligation	Fair value of plan assets	Asset ceiling	
1 January 2019		11	424	(508)	19	(65)
Current service cost		-	1	-	-	1
Past Service Cost - curtailments		2	-	-	-	-
Interest expense/(income)		-	15	(18)	1	(2)
Total expense/(income) recognised in consolidated statement of income		2	16	(18)	1	(1)
Gain on plan assets, excluding amounts included in interest expense - net		-	-	(58)	-	(58)
Loss from change in demographic assumptions		-	-	-	-	-
(Gain)/loss from change in financial assumptions		1	52	-	-	52
(Gain)/loss from actuarial experience		-	(1)	-	-	(1)
Change in asset ceiling, excluding amounts in interest expense		-	-	-	3	3
Actuarial (gains)/losses recognised in consolidated statement of comprehensive income		1	51	(58)	3	(4)
Employer contributions		-	-	(2)	-	(2)
Employee contributions		-	-	-	-	-
Benefits paid directly by the Company		-	-	-	-	-
Benefits paid from plan assets		-	(28)	28	-	-
Net cash (outflow)/inflow		-	(28)	26	-	(2)
Exchange differences		1	18	(21)	1	(2)
31 December 2019		15	480	(578)	24	(74)
Of which:						
Pension surpluses	12	-	-	-	-	(84)
Pension deficits	19	15	-	-	-	10

Notes to the financial statements

20. PERSONNEL COSTS AND EMPLOYEE BENEFITS (continued)

The defined benefit obligation accrued to date in Canada represents the majority of the total obligation of the Company. The breakdown below provides details of the Canadian plans for both the balance sheet and the weighted average duration of the defined benefit obligation as at 31 December 2020 and 2019. The defined benefit obligation of any other of the Group's defined benefit plans as at 31 December 2020 does not exceed \$88 million (2019: \$72 million).

US\$ million 2020	Canada	Other	Total
Post-retirement medical plans			
Present value of defined benefit obligation	17	-	17
of which: amounts owing to active members	6	-	7
of which: amounts owing to pensioners	11	-	11
Defined benefit pension plans			
Present value of defined benefit obligation	393	128	521
of which: amounts owing to active members	44	18	62
of which: amounts owing to not active members	53	90	143
of which: amounts owing to pensioners	296	20	316
Fair value of plan assets	(499)	(121)	(620)
Asset Ceiling	31	-	31
Net defined benefit (asset)/liability at 31 December 2020	(76)	8	(68)
Weighted average duration of defined benefit obligation - years	12	27	15

US\$ million 2019	Canada	Other	Total
Post-retirement medical plans			
Present value of defined benefit obligation	15	-	15
of which: amounts owing to active members	5	-	5
of which: amounts owing to pensioners	10	-	10
Defined benefit pension plans			
Present value of defined benefit obligation	372	108	480
of which: amounts owing to active members	43	16	59
of which: amounts owing to not active members	49	74	123
of which: amounts owing to pensioners	279	18	297
Fair value of plan assets	(467)	(101)	(578)
Asset Ceiling	24	-	24
Net defined benefit (asset)/liability at 31 December 2019	(81)	7	(74)
Weighted average duration of defined benefit obligation - years	9	24	12

The actual return on plan assets in respect of defined benefit pension plans amounted to a gain of \$67 million (2019: \$97 million loss), mainly resulting from actuarial gains, interest income and foreign exchange movements.

Notes to the financial statements

20. PERSONNEL COSTS AND EMPLOYEE BENEFITS (continued)

The plan assets consist of the following:

US\$ million	2020	2019
Cash and short-term investments	11	8
Fixed income	326	312
Equities	146	144
Other ¹	137	114
Total	620	578

¹ Includes securities in non-active markets in the amount of \$86 million (2019: \$70 million).

The fair value of plan assets includes none of Viterra's own financial instruments and no property occupied by or other assets used by Viterra. For many of the plans, representing a large portion of the global plan assets, asset-liability matching strategies are in place, where the fixed-income assets are invested broadly in alignment with the duration of the plan liabilities, and the proportion allocated to fixed-income assets is raised when the plan funding level increases.

Through its defined benefit plans, Viterra is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The funded plans hold a significant proportion of equities, which are expected to outperform bonds in the long-term while contributing volatility and risk in the short-term. Viterra believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of Viterra's long-term strategy to manage the plans efficiently.

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

Inflation risk: Some of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities, although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation.

Life expectancy: The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liability.

Salary increases: Some of the plans' benefit obligations related to active members are linked to their salaries. Higher salary increases will therefore tend to lead to higher plan liabilities.

The principal weighted-average actuarial assumptions used were as follows:

	Post-retirement medical plans		Defined benefit pension plans	
	2020	2019	2020	2019
Discount rate	2.3%	3.0%	1.9%	2.6%
Future salary increases	3.0%	3.0%	2.5%	2.6%
Future pension increases	-	-	1.2%	1.3%
Ultimate medical cost trend rate	4.5%	4.5%	-	-

Notes to the financial statements

20. PERSONNEL COSTS AND EMPLOYEE BENEFITS (continued)

Mortality assumptions are based on the latest available standard mortality tables for the individual countries concerned. As at 31 December 2020, these tables imply expected future life expectancy, for employees aged 65, 21 to 23 years for males (2019: 21 to 23) and 23 to 26 years for females (2019: 23 to 26). The assumptions for each country are reviewed each year and are adjusted where necessary to reflect changes in fund experience and actuarial recommendations.

The sensitivity of the defined benefit obligation to changes in principal assumptions as at 31 December 2020 is set out below, assuming that all other assumptions are held constant and the effect of interrelationships is excluded.

US\$ million	Increase/(decrease) in pension obligation		Total
	Post-retirement medical plans	Defined benefit pension plans	
Discount rate			
Increase by 100 basis points	(2)	(71)	(73)
Decrease by 100 basis points	2	84	86
Rate of future salary increase			
Increase by 100 basis points	-	2	2
Decrease by 100 basis points	-	(1)	(1)
Rate of future pension benefit increase			
Increase by 100 basis points	-	5	5
Decrease by 100 basis points	-	(4)	(4)
Medical cost trend rate			
Increase by 100 basis points	1	-	1
Decrease by 100 basis points	(2)	-	(2)
Life expectancy			
Increase in longevity by 1 year	-	17	17

21. ACCOUNTS PAYABLE

US\$ million	2020	2019
Financial liabilities at amortised cost		
Trade payables	2,246	1,565
Margin calls received	5	-
Associated companies	8	4
Other payables and accrued liabilities	97	88
Non-financial instruments		
Advances settled in product	58	37
Payables to employee	109	87
Other tax and related payables	33	29
Total	2,556	1,810

Trade payables are obligations to pay for goods and services. Trade payables typically have maturities up to 90 days depending on the type of material and the geographic area in which the purchase transaction occurs and the agreed terms. The carrying value of trade payables approximates fair value.

Notes to the financial statements

22. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

2020 Acquisitions

In September 2020, the Group acquired 100% of the shares and voting interest in Everi LLC, a Ukrainian vegetable oil terminal with installed annual throughput capacity of 1.5 million tonnes. The fair-value of the consideration for the 100% equity stake was \$29 million. The acquisition will enable the Group to expand its supply chain capacity and marketing possibilities within the vegetable oil market.

If the acquisition had taken place effective 1 January 2020, the operation would have contributed additional revenue of \$11.8 million and \$8.4 million in attributable net losses. From the date of acquisition the operation contributed additional revenue of \$5 million and an increase in attributable income of \$1 million to Viterra

The net cash used in the acquisition of subsidiaries and fair value of assets acquired and liabilities assumed on the acquisition dates are detailed below:

US\$ million	Notes	Everi LLC	Total
Non-current assets			
Property, plant and equipment	8	31	31
		31	31
Current assets			
Accounts receivable		1	1
		1	1
Non-current liabilities			
Deferred tax liability	7	3	3
		3	3
Current liabilities			
Borrowings	18	30	30
Accounts payable		1	1
		31	31
Total fair value of net assets acquired			
Goodwill arising on acquisition		(2)	(2)
Less: contingent consideration		31	31
		(10)	(10)
Net cash used in acquisition of subsidiaries			
		19	19

Notes to the financial statements

22. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

2020 Disposals

In the year ended 31 December 2020 Viterra had no material disposals of subsidiaries.

2019 Acquisitions

In December 2019, the Group acquired 16.67% of the shares and voting interests in Renova S.A., an Argentinian soybean processing business. As a result, the Group's equity interest in Renova S.A. increased from 50% to 66.67%, resulting in the Group obtaining control of Renova S.A. The fair-value of consideration transferred for the 16.67% was \$126 million. Taking control of Renova S.A. will enable the Group to take advantage of increased usage of the plant capacity and further integrate the business in to the Group's global supply chain.

The fair value of the previously held equity interest at date of acquisition was valued at \$397 million, resulting in a fair value gain of \$197 million which is recognised in gains on disposals and investments in the statement of income. The fair value is based on discounted cashflow model and uses Level 3 valuation techniques and a real WACC rate of 9.5%.

If the acquisition had taken place effective 1 January 2019, the operation would have contributed additional revenue of \$199 million and \$8 million in attributable net losses. From the date of acquisition the operation contributed additional revenue of \$19 million and an increase in attributable income of \$1 million to Viterra.

Notes to the financial statements

The net cash used in the acquisition of subsidiaries and fair value of assets acquired and liabilities assumed on the acquisition dates are detailed below:

US\$ million	Notes	Renova S.A.	Other	Total
Non-current assets				
Property, plant and equipment	8	941	2	943
		941	2	943
Current assets				
Inventories		23	-	23
Accounts receivable		87	-	87
Income tax receivable		1	-	1
Cash and cash equivalents		1	-	1
		112	-	112
Non-current liabilities				
Borrowings	18	298	-	298
Deferred tax liability	7	142	-	142
		440	-	440
Current liabilities				
Borrowings	18	94	-	94
Accounts payable		35	-	35
		129	-	129
Total fair value of net assets acquired		484	2	486
Goodwill arising on acquisition		199	-	199
Less: revaluation of the existing shareholding		(196)	(1)	(197)
Less: non-controlling interest		(162)	-	(162)
Less: amounts previously recognised through investments		(199)	-	(199)
Less: contingent consideration		(3)	-	(3)
Less: Cash and cash equivalents acquired		(1)	-	(1)
Net cash used in acquisition of subsidiaries		122	1	123

The net assets recognised in the 31 December 2019 financial statements were based on a provisional assessment of their fair value while the group sought an independent valuation for the property, plant and equipment owned by Renova S. A. The valuation had not been completed by the date the 2019 financial statements were approved for issue by the Board of Directors, but has been finalised in 2020.

2019 Disposals

In the year ended 31 December 2019 Viterra had no material disposals of subsidiaries.

Notes to the financial statements

23. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial risks arising in the normal course of business from Viterra's operations comprise market risk (including commodity price risk, interest rate risk and currency risk), credit risk (including performance risk) and liquidity risk. It is Viterra's policy and practice to identify and, where appropriate and practical, actively manage such risks to support its objectives in managing its capital and future financial security and flexibility. It is under this objective that Viterra only undertakes risks which are in line with the corporate risk appetite and any unintended risks identified are suppressed. Viterra's overall risk management programme is described in the Enterprise Risk Management Policy as adopted by the Board of Directors and focuses on the unpredictability of financial markets and seeks to protect its financial security and flexibility by using derivative financial instruments where possible to substantially hedge these financial risks. Viterra's finance and risk professionals ensure compliance with the Enterprise Risk Management Policy, working in coordination with the commodity departments, by monitoring, managing and reporting regularly Viterra's risk to senior management and the Board of Directors on the approach and effectiveness in managing financial risks along with the financial exposures facing the Group.

Viterra's objectives in managing its "capital attributable to equity holders" include preserving its overall financial health and strength for the benefit of all stakeholders, maintaining an optimal capital structure in order to provide a high degree of financial flexibility at an attractive cost of capital and safeguarding its ability to continue as a going concern, while generating sustainable long-term profitability.

Distribution policy and other capital management initiatives

The manner and timing of future distributions will be determined after consultation with shareholders.

Commodity price risk

Viterra is exposed to price movements for the inventory it holds and the products it produces which are not held to meet priced forward contract obligations and forward priced purchase or sale contracts. Viterra manages a significant portion of this exposure through futures and options transactions on worldwide commodity exchanges or in over the counter (OTC) markets, to the extent available. Commodity price risk management activities are considered an integral part of Viterra's physical commodity marketing activities and the related assets and liabilities are included in other financial assets from and other financial liabilities to derivative counterparties, including clearing brokers and exchanges. Whilst it is Viterra's policy to substantially hedge its commodity price risks, there remains the possibility that the hedging instruments chosen may not always provide effective mitigation of the underlying price risk. The hedging instruments available to the marketing businesses may differ in specific characteristics to the risk exposure to be hedged, resulting in an ongoing and unavoidable basis risk exposure. Residual basis risk exposures represent a key focus point for Viterra's commodity department teams who actively engage in the management of such.

Notes to the financial statements

23. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Value at risk

One of the tools used by Viterra to monitor and limit its primary market risk exposure, principally commodity price risk related to its physical marketing activities, is the use of a value at risk ("VaR") computation. VaR is a risk measurement technique which estimates a threshold for potential loss that could occur on risk positions as a result of movements in risk factors over a specified time horizon, given a specific level of confidence and based on a specific price history. The VaR methodology is a statistically defined, probability based approach that takes into account market volatilities, as well as risk diversification by recognising offsetting positions and correlations between commodities and markets. In this way, risks can be measured consistently across markets and commodities and risk measures can be aggregated to derive a single risk value. Viterra's Board has set a consolidated VaR limit (one day 95% confidence level) of \$20 million representing less than 0.5% of total equity, which the Board reviews annually. While the limit was still at \$18 million, the consolidated VaR breached on two occasions, where it reverted after two days.

Viterra uses a VaR approach based on Monte Carlo simulations computed at a 95% confidence level and utilising an exponentially weighted data history for a one day time horizon.

Position sheets are regularly distributed and monitored and daily Monte Carlo simulations are applied to the various business groups' marketing positions to determine potential losses.

Market risk VaR (one day 95% confidence interval) ranges and the full year levels were as follows:

US\$ million	2020	2019
Average during the year	12	7
High during the year	20	12
Low during the year	5	4

The VaR does not purport to represent actual gains or losses in fair value on earnings to be incurred by Viterra, nor does Viterra claim that these VaR results are indicative of future market movements or representative of any actual impact on its future results. VaR should always be viewed in the context of its limitations; notably, the use of historical data as a proxy for estimating future events, market illiquidity risks and tail risks. Viterra recognises these limitations, and thus complements and continuously refines its VaR analysis by analysing forward looking stress scenarios and back testing calculated VaR against the hypothetical portfolio returns arising in the next business day.

Viterra's VaR computation currently covers its business with grain, oil seeds, sugar, cotton, rice and ethanol and assesses the open priced positions which are subject to price risk, including inventories of these commodities.

Net present value at risk

Viterra's future cash flows related to its forecast production activities are also exposed to commodity price movements. Viterra manages this exposure through a combination of portfolio diversification, occasional hedging via futures and options transactions and continuous internal monitoring, reporting and quantification of the underlying operations' estimated cash flows and valuations.

Notes to the financial statements

23. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Interest rate risk

Viterra is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its assets and liabilities and cash flows. Matching of assets and liabilities is utilised as the dominant method to hedge interest rate risks. Floating rate debt which is predominantly used to fund fast turning working capital (interest is internally charged on the funding of this working capital) is primarily based on US\$ LIBOR plus an appropriate premium. Accordingly, prevailing market interest rates are continuously factored into transactional pricing and terms.

Assuming the amount of floating rate liabilities at the reporting period end were outstanding for the whole year, interest rates were 50 basis points higher/lower and all other variables held constant, Viterra's income and equity for the year ended 31 December 2020 would decrease/increase by \$31 million (2019: \$26 million).

Currency risk

The US dollar is the predominant functional currency of the Group. Currency risk is the risk of loss from movements in exchange rates related to transactions and balances in currencies other than the US dollar. Such transactions include operating expenditure, capital expenditure and to a lesser extent purchases and sales in currencies other than the functional currency. Purchases or sales of commodities concluded in currencies other than the functional currency, apart from certain limited domestic sales at industrial operations which act as a hedge against local operating costs, are ordinarily hedged through forward exchange contracts. Consequently, foreign exchange movements against the US dollar on recognised transactions would have an immaterial financial impact. Viterra enters into currency hedging transactions with leading financial institutions.

Viterra's debt related payments (both principal and interest) are predominantly denominated in US dollars. Viterra's operating expenses, being a small portion of its revenue base, are incurred in a mix of currencies of which the US dollar, Canadian dollar, Australian dollar, Brazilian real, Russian rouble and Euro are the predominant currencies.

Notes to the financial statements

23. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Credit risk

Credit risk arises from the possibility that counterparties may not be able to settle obligations due to Viterra within their agreed payment terms. Financial assets which potentially expose Viterra to credit risk consist principally of cash and cash equivalents, receivables and advances, derivative instruments and non-current advances and loans. Viterra's credit management process includes the assessment, monitoring and reporting of counterparty exposure on a regular basis. Viterra's cash and cash equivalents are placed overnight with a diverse group of highly credit rated financial institutions. The Group deems these financial institutions to have low credit risk. Credit risk with respect to receivables and advances is mitigated by the large number of customers comprising Viterra's customer base, their diversity across various industries and geographical areas, as well as Viterra's policy to mitigate these risks through letters of credit, netting, collateral and insurance arrangements where appropriate. Additionally, it is Viterra's policy that transactions and activities in trade related financial instruments be concluded under master netting agreements or long form confirmations to enable offsetting of balances due to/from a common counterparty in the event of default by the counterparty. Viterra actively and continuously monitors the credit quality of its counterparties through internal reviews and a credit scoring process, which includes, where available, public credit ratings. Balances with counterparties not having a public investment grade or equivalent internal rating are typically enhanced to investment grade through the extensive use of credit enhancement products, such as letters of credit or insurance products.

Viterra has a diverse customer base, with no customer representing more than 4.0% (2019: 4.0%) of its trade receivables (on a gross basis taking into account credit enhancements) or accounting for more than 4.7% of its revenues over the year ended 31 December 2020 (2019: 2.2%).

The maximum exposure to credit risk (including performance risk - see below), without considering netting agreements or without taking account of any collateral held or other credit enhancements, is equal to the carrying amount of Viterra's financial assets (see note 24).

Performance risk

Performance risk (part of the broader credit risk subject matter, discussed above) is inherent in contracts, with agreements in the future, to physically purchase or sell commodities with fixed price attributes, and arises from the possibility that counterparties may not be willing or able to meet their future contractual physical sale or purchase obligations to/from Viterra. Viterra undertakes the assessment, monitoring and reporting of performance risk within its overall credit management process. Viterra closely monitored the performance risk on forward soybean purchase contracts with Brazilian suppliers given the market price volatility during 2020. Viterra's market breadth, diversified supplier and customer base as well as the standard pricing mechanism in the vast majority of Viterra's commodity portfolio, ensure that performance risk is adequately mitigated.

Agricultural markets are characterised by its relative short-term pricing windows of which the majority ranges between spot and 6-month forward.

Notes to the financial statements

23. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that Viterra is unable to meet its payment obligations when due, or that it is unable, on an ongoing basis, to borrow funds in the market on an unsecured or secured basis at an acceptable price to fund actual or proposed commitments. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and availability of adequate committed funding facilities. Viterra's credit profile, diversified funding sources and committed credit facilities, ensure that sufficient liquid funds are maintained to meet its liquidity requirements. As part of its liquidity management, Viterra closely monitors and plans for its future capital expenditure, working capital needs (including matching the significant future payments from purchase obligations with future proceeds from sales contracts) and proposed investments, as well as credit facility refinancing/extension requirements, well ahead of time.

As at 31 December 2020, Viterra had available committed undrawn credit facilities and cash amounting to \$2,845 million (2019: \$1,102 million). The maturity profile of Viterra's financial liabilities based on the contractual terms is as follows:

US\$ million 2020	After 5 years	Due 3-5 years	Due 2-3 years	Due 1-2 years	Due 0-1 year	Total
Borrowings	158	180	162	2,076	4,353	6,929
Expected future interest payments	40	26	28	46	56	196
Accounts payable	-	-	-	-	2,556	2,556
Other financial liabilities	-	-	-	-	2,012	2,012
Total	198	207	190	2,122	8,977	11,693
Current assets					10,466	10,466

US\$ million 2019	After 5 Years	Due 3-5 years	Due 2-3 years	Due 1-2 years	Due 0-1 year	Total
Borrowings	181	178	187	2,905	2,770	6,221
Expected future interest payments	49	35	34	79	111	308
Accounts payable	-	-	-	-	1,810	1,810
Other financial liabilities	-	-	-	-	684	684
Total	230	213	221	2,984	5,375	9,023
Current assets					7,339	7,339

Notes to the financial statements

24. FINANCIAL INSTRUMENTS

Fair value of financial instruments

The following tables present the carrying values and fair values of Viterra's financial instruments. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (most advantageous) market at the measurement date under current market conditions. Where available, market values have been used to determine fair values.

The financial assets and liabilities are presented by class in the tables below at their carrying values, which approximate the fair values.

US\$ million 2020	Notes	Amortised cost	FVtOCI ¹	FVtPL ²	Total
Assets					
Other investments ³		-	10	54	64
Advances and loans	12	55	-	-	55
Accounts receivable	15	1,937	-	-	1,937
Other financial assets	25	-	-	2,035	2,035
Cash and cash equivalents ⁴	16	327	-	-	327
Total financial assets		2,319	10	2,089	4,418
Liabilities					
Borrowings	18	6,929	-	-	6,929
Accounts payable	21	2,356	-	-	2,356
Other financial liabilities	25	-	-	2,012	2,012
Total financial liabilities		9,285	-	2,012	11,297

¹ FVtOCI - Fair value through other comprehensive income. Gain on equity instruments recognised in other comprehensive income in 2020 comprised \$ nil.

² FVtPL - Fair value through profit and loss.

³ Other investments of \$57 million are classified as Level 1 measured using quoted market prices with the remaining balance of \$7 million being investments in private companies, classified as Level 2 measured using discounted cash flow models.

⁴ Classified as Level 1, measured using quoted exchange rates and/or market prices.

Notes to the financial statements

24. FINANCIAL INSTRUMENTS (continued)

US\$ million 2019	Notes	Amortised cost	FVtOCI ¹	FVtPL ²	Total
Assets					
Other investments ³		-	11	56	67
Advances and loans	12	25	-	-	25
Accounts receivable	15	1,505	-	-	1,505
Other financial assets	25	-	-	617	617
Cash and cash equivalents ⁴	16	184	-	-	184
Total financial assets		1,714	11	673	2,398
Liabilities					
Borrowings	18	6,221	-	-	6,221
Accounts payable	21	1,657	-	-	1,657
Other financial liabilities	25	-	-	684	684
Total financial liabilities		7,878	-	684	8,562

¹ FVtOCI - Fair value through other comprehensive income. Gain on equity instruments recognised in other comprehensive income in 2019 comprised \$ nil.

² FVtPL - Fair value through profit and loss.

³ Other investments of \$60 million are classified as Level 1 measured using quoted market prices with the remaining balance of \$7 million being investments in private companies, classified as Level 2 measured using discounted cash flow models.

⁴ Classified as Level 1, measured using quoted exchange rates and/or market prices.

Notes to the financial statements

25. FAIR VALUE MEASUREMENTS

Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows. Viterra classifies the fair values of its financial instruments into a three level hierarchy based on the degree of the source and observability of the inputs that are used to derive the fair value of the financial asset or liability as follows:

Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that Viterra can assess at the measurement date; or

Level 2 Inputs other than quoted inputs included in Level 1 that are observable for the assets or liabilities, either directly or indirectly; or

Level 3 Unobservable inputs for the assets or liabilities, requiring Viterra to make market-based assumptions.

Level 1 classifications include futures and options that are exchange traded, whereas Level 2 classifications primarily include swaps and physical forward transactions which derive their fair value primarily from exchange quotes and readily observable broker quotes.

It is Viterra's policy that transactions and activities in trade related financial instruments be concluded under master netting agreements or long form confirmations to enable balances due to/from a common counterparty to be offset in the event of default, insolvency or bankruptcy by the counterparty.

The following tables show the fair values of the derivative financial instruments including trade related financial and physical forward purchase and sale commitments by type of contract and non-current other financial liabilities as at 31 December 2020 and 31 December 2019. Other assets and liabilities which are measured at fair value on a recurring basis are biological assets, marketing inventories, other investments and cash and cash equivalents. Refer to notes 13, 14, 16 and 24 for disclosure in connection with these fair value measurements. There are no non-recurring fair value measurements.

Other financial assets

US\$ million	Level 1	Level 2	Level 3	Total
2020				
Commodity related contracts				
Futures	172	-	-	172
Options	22	-	-	22
Swaps	-	3	-	3
Physical forwards	1	1,545	-	1,546
Financial contracts				
Foreign currency	3	289	-	292
Total	198	1,837	-	2,035

Notes to the financial statements

25. FAIR VALUE MEASUREMENTS (continued)

Other financial liabilities

US\$ million 2020	Level 1	Level 2	Level 3	Total
Commodity related contracts				
Futures	695	-	-	695
Options	12	-	-	12
Physical forwards	2	1,016	-	1,018
Financial contracts				
Foreign currency	-	287	-	287
Total	709	1,303	-	2,012

Other financial assets

US\$ million 2019	Level 1	Level 2	Level 3	Total
Commodity related contracts				
Futures	69	-	-	69
Options	6	-	-	6
Swaps	-	5	-	5
Physical forwards	-	416	-	416
Financial contracts				
Foreign currency	-	121	-	121
Total	75	542	-	617

Other financial liabilities

US\$ million 2019	Level 1	Level 2	Level 3	Total
Commodity related contracts				
Futures	142	-	-	142
Options	12	-	-	12
Physical forwards	-	459	-	459
Financial contracts				
Foreign currency	-	71	-	71
Total	154	530	-	684

During the period no amounts were transferred between Level 1 and Level 2 of the fair value hierarchy and no amounts were transferred into or out of Level 3 of the fair value hierarchy for either other financial assets or other financial liabilities.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table provides information about how the fair values of these financial assets and financial liabilities are determined, in particular, the valuation techniques and inputs used.

Notes to the financial statements

25. FAIR VALUE MEASUREMENTS (continued)

Fair value of financial assets/financial liabilities		2020	2019
US\$ million			
Futures - Level 1			
	Assets	172	69
	Liabilities	(695)	(142)
Valuation techniques and key inputs:	Quoted bid prices in an active market		
Significant unobservable inputs:	None		
Options - Level 1			
	Assets	22	6
	Liabilities	(12)	(12)
Valuation techniques and key inputs:	Quoted bid prices in an active market		
Significant unobservable inputs:	None		
Swaps - Level 2			
	Assets	3	5
	Liabilities	-	-
Valuation techniques and key inputs:	Discounted cash flow model Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required.		
Significant unobservable inputs:	None		
Physical forwards - Level 1			
	Assets	1	-
	Liabilities	(2)	-
Valuation techniques and key inputs:	Quoted bid prices in an active market		
Significant unobservable inputs:	None		
Physical Forwards - Level 2			
	Assets	1,545	416
	Liabilities	(1,016)	(459)
Valuation techniques and key inputs:	Discounted cash flow model Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, such as history of non-performance, collateral held and current market developments, as required.		
Significant unobservable inputs:	None		
Foreign currency - Level 1			
	Assets	3	-
	Liabilities	-	-
Valuation techniques and key inputs:	Quoted bid prices in an active market		
Significant unobservable inputs:	None		
Foreign currency - Level 2			
	Assets	289	121
	Liabilities	(287)	(71)
Valuation techniques and key inputs:	Discounted cash flow model Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required.		
Significant unobservable inputs:	None		

Notes to the financial statements

26. FUTURE COMMITMENTS

Capital expenditure for the acquisition of property, plant and equipment is generally funded through the cash flow generated by the respective industrial entities. As at 31 December 2020, \$138 million (2019: \$27 million), of which 89% (2019: 88%) relates to expenditure to be incurred over the next year, was contractually committed for the acquisition of property, plant and equipment.

As part of Viterra's ordinary sourcing and procurement of physical commodities and other ordinary marketing obligations, the selling party may request that a financial institution act as either a) the paying party upon the delivery of product and qualifying documents through the issuance of a letter of credit or b) the guarantor by way of issuing a bank guarantee accepting responsibility for Viterra's contractual obligations. In addition, Viterra is required to post pension guarantees in respect of its future obligations. As at 31 December 2020, \$254 million (2019: \$294 million) of such commitments have been issued on behalf of Viterra, which will generally be settled simultaneously with the payment for such commodity or rehabilitation and pension obligation.

Viterra procures seagoing vessels/chartering services to meet its overall marketing objectives and commitments. As at 31 December 2020, Viterra has committed to future vessel hire costs to meet future physical delivery and sale obligations and expectations of \$106 million (2019: \$81 million), of which \$103 million, 98% (2019: 62%) of the total charters are for services to be received over the next two years. Once the chartering date is reached, the vessels and related liabilities are accounted for as leases.

US\$ million	2020	2019
Within 1 year	104	31
Between 2 and 5 years	3	53
After 5 years	2	-
Total	109	84

Notes to the financial statements

27. CONTINGENT LIABILITIES

The amount of corporate guarantees in favour of third parties as at 31 December 2020 was \$24 million (2019: \$5 million).

The Group is subject to various claims which arise in the ordinary course of business as detailed below. These contingent liabilities are reviewed on a regular basis and where practical an estimate is made of the potential financial impact on the Group. As at 31 December 2020 and 31 December 2019, the Group identified no material contingent liabilities.

In March 2019, the Competition Commission of India visited the offices of the Group's business in India. Management currently understands this relates to suspected allegations of cartelization in the years 2015 and 2016. While the Group believes the allegations have no ground, the investigation is ongoing and the outcome is currently uncertain.

Litigation

Certain legal proceedings, claims and unresolved disputes are pending against Viterra in respect of which the timing of resolution and potential outcome (including any future financial obligations) are uncertain and no liabilities have been recognised in relation to these matters.

Environmental contingencies

Viterra's operations are subject to various environmental laws and regulations. Viterra is in material compliance with those laws and regulations. Viterra accrues for environmental contingencies when such contingencies are probable and reasonably estimable. Such accruals are adjusted as new information develops or circumstances change. Recoveries of environmental remediation costs from insurance companies and other parties are recorded as assets when the recoveries are virtually certain. At this time, Viterra is unaware of any material environmental incidents at its locations.

Tax audits

Viterra is exposed to tax risks and uncertainty over tax treatments. Viterra assesses its tax treatments for all tax years open to audit based upon the latest information available. For those that are not expected to be accepted by tax authorities, the Group records its best estimate of these tax liabilities, including related interest charges. Viterra uses the most likely amount or expected value of the tax treatment in line with IFRIC 23. Inherent uncertainties exist in estimates of tax contingencies due to complexities of interpretation and changes in tax laws. Whilst Viterra believes it has adequately provided for the outcome of these matters, future results may include favourable or unfavourable adjustments to these estimated tax liabilities in the period the assessments are made, or resolved.

In May 2018, the Australian Tax Office (ATO) commenced an audit of Glencore PLC's Australian financing arrangements covering the period 2012-2016. As part of these audits, notices were also issued to the current parent company of Viterra's Australian tax group namely Glencore Grain Holdings Australia Pty Ltd (GGHA). The transactions in GGHA during the period under review are material. However, based on the information available, management considers the tax position reflected in the GGHA's tax filings acceptable.

In July 2018, the Canadian Revenue Agency (CRA) commenced an audit of Viterra Canada Inc's tax return for the fiscal year 2014. Following the completion of the audit, the CRA issued a material reassessment in December 2020 for which the Company has not recognized a provision. Although inherent uncertainties exist in estimates of tax contingencies due to complexities of interpretation and changes in tax laws, the Company is of the view that no significant changes are required to be made to its tax position.

Notes to the financial statements

28. RELATED PARTY TRANSACTIONS

In the normal course of business, Viterra enters into various arm's length transactions with related parties, including commitments to sell and to purchase commodities, agency or brokerage agreements, Group financing and management service agreements. Outstanding balances at period end are unsecured and settlement occurs in cash (see notes 12, 15 and 21). There have been no guarantees provided or received for any related party receivables or payables.

All transactions between Viterra and its subsidiaries are eliminated on consolidation along with any unrealised profits and losses between its subsidiaries and associates.

US\$ million	Glencore plc and subsidiaries	Associates and joint ventures	Total
2020			
Transactions			
Sales	32	14	46
Purchases	(90)	(74)	(164)
Interest income	-	2	2
Outstanding balances			
Trade receivables	1	9	10
Loans receivable	0	24	24
Other financial assets	3	-	3
Trade payables	10	8	18
Other financial liabilities	6	0	6

US\$ million	Glencore plc and subsidiaries	Associates and joint ventures	Total
2019			
Transactions			
Sales	43	56	99
Purchases	(53)	(203)	(255)
Interest income	-	4	4
Other	(13)	-	(13)
Outstanding balances			
Trade receivables	22	20	42
Loans receivable	-	24	24
Trade payables	12	4	16

The remuneration of key management personnel recognised in the consolidated statement of income comprises salaries and other short-term employee benefits and amounted to \$10 million (2019: \$6 million).

Notes to the financial statements

29. PRINCIPAL SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Non-controlling interest is comprised of the following:

US\$ million	2020	2019
Cascadia Port Management Corporation	34	34
Renova SA	152	162
Other	3	3
Total	189	199

Summarised financial information in respect of Viterra's subsidiaries that have a material non-controlling interest, reflecting 100% of the underlying subsidiary's relevant figures, is set out below.

US\$ million	2020	2020	2019	2019
	Renova SA ¹	Cascadia Port Management Corporation	Renova SA ¹	Cascadia Port Management Corporation
31 December				
Non-current assets	901	220	941	213
Current assets	57	17	105	8
Total assets	958	237	1,046	221
Non-current liabilities	395	95	439	80
Current liabilities	108	5	121	6
Total liabilities	503	100	560	86
Net assets	455	137	486	135
Equity attributable to owners of the Company	303	103	324	101
Non-controlling interests ²	152	34	162	34
Non-controlling interests in %	33.3%	25.0%	33.3%	25.0%
Year ended 31 December				
US\$ million	2020	2020	2019	2019
Revenue	208	46	19	44
Expenses	(219)	(39)	(18)	(37)
Net profit for the year	(11)	7	1	7
Profit/(loss) attributable to owners of the Company	(21)	5	1	5
Profit attributable to non-controlling interests	10	2	-	2
Other comprehensive gain/(loss) attributable to owners of the Company	-	2	-	5
Other comprehensive gain/(loss) attributable to non-controlling interests	-	1	-	2
Total comprehensive gain/(loss) for the year	(11)	10	1	14
Dividends paid to non-controlling interests	-	(2)	-	(3)
Net cash inflow from operating activities	93	18	10	18
Net cash outflow from investing activities	(8)	(5)	(1)	(9)
Net cash outflow from financing activities	(86)	(8)	(7)	(12)
Total net cash (outflow)/inflow	(1)	5	2	(3)

¹ On 2 December 2019 the Group acquired an additional 16.67% interest in Renova SA, resulting in control of Renova SA being held by the Group. As from 2 December 2019, Renova SA is fully consolidated. Total comprehensive gain and cashflows for 2019 only represent the month of December 2019.

²The 33% non-controlling interest is valued as its proportionate share of the net identifiable assets.

Notes to the financial statements

30. SUBSEQUENT EVENTS

No material subsequent events occurred until the date these audited consolidated financial statements were authorized for issue.

Notes to the financial statements

31. PRINCIPAL OPERATING, FINANCE AND INDUSTRIAL SUBSIDIARIES AND INVESTMENTS

	Country of incorporation	% interest 2020	% interest 2019	Main activity
Principal subsidiaries				
Molinos Libres S.A.	Argentina	100.0	100.0	Rice milling
Oleaginoso Moreno Hermanos S.A.	Argentina	100.0	100.0	Oilseeds crushing
Sucesion de Antonio Moreno S.A.	Argentina	100.0	100.0	Storage and handling
Renova S.A.	Argentina	66.7	66.7	Oilseeds crushing/ Biofuel production
Viterra Holdings Pty Ltd	Australia	100.0	100.0	Storage and handling
Correcta Industria e Comercio Ltda.	Brazil	100.0	100.0	Wheat milling/oilseeds crushing
Glencane Bioenergia S.A.	Brazil	100.0	100.0	Sugar cane/ethanol production
Moinhos Cruzeiro do Sul S.A.	Brazil	100.0	100.0	Wheat milling
Glencore Importadora e Exportadora S.A.	Brazil	100.0	100.0	Marketing
Cascadia Port Management Corporation	Canada	75.0	75.0	Storage and handling
Viterra Canada Inc.	Canada	100.0	100.0	Storage and handling
Viterra China Co., Ltd.	China	100.0	100.0	Marketing
Viterra Czech s.r.o.	Czech Republic	100.0	100.0	Oilseeds crushing
Viterra Agriculture Egypt for Trading LLC	Egypt	100.0	100.0	Marketing
Viterra France S.A.S.	France	100.0	100.0	Marketing
Viterra Rostock GmbH	Germany	100.0	100.0	Biofuel production
Viterra Magdeburg GmbH	Germany	100.0	100.0	Oilseeds crushing/ Biofuel production
Lubmin Oils GmbH	Germany	100.0	100.0	Oilseeds crushing
Viterra Hungary Kft.	Hungary	100.0	100.0	Marketing
Pannon Vegetable Oil Manufacturing LLC	Hungary	100.0	100.0	Oilseeds crushing
Viterra India Private Limited	India	100.0	100.0	Marketing
Viterra Italy S.R.L.	Italy	100.0	100.0	Marketing
Glencore Agriculture Kazakhstan LLP	Kazakhstan	100.0	100.0	Marketing
Viterra Agriculture de Mexico, S.A. de C.V.	Mexico	100.0	100.0	Marketing
Viterra Botlek B.V.	Netherlands	100.0	100.0	Biofuel production
Viterra B.V.	Netherlands	100.0	100.0	Marketing
Viterra Finance B.V.	Netherlands	100.0	100.0	Finance
Renaisco BV	Netherlands	100.0	100.0	Holding
Glencore Agriculture (NZ) Limited	New Zealand	100.0	100.0	Marketing
Viterra Polska sp. z o.o.	Poland	100.0	100.0	Marketing
Przedsiębiorstwo Usług Portowych "Elewator Ewa" Sp. z o.o.	Poland	97.8	97.8	Storage and handling
Zakłady Tłuszczowe W Bodaczowie Sp. zoo	Poland	100.0	100.0	Oilseeds crushing
Glencore Agriculture Romania S.R.L.	Romania	100.0	100.0	Marketing
Glencore Agriculture IGC LLC	Russia	100.0	100.0	Marketing
Rostov SPA	Russia	100.0	100.0	Storage and handling
Viterra Agriculture Asia Pte. Ltd.	Singapore	100.0	100.0	Marketing
Viterra Agrícola España, SAU	Spain	100.0	100.0	Marketing
Viterra Turkey Tarim LIMITED SIRKETI	Turkey	100.0	100.0	Marketing
Viterra UK Ltd.	UK	100.0	100.0	Marketing
EFI Glencore Agriculture Ukraine	Ukraine	100.0	100.0	Marketing
Private Joint Stock Company Kolos	Ukraine	100.0	100.0	Oilseeds crushing
Everi LLC	Ukraine	100.0	0	Storage and handling
Glencore S.A.	Uruguay	100.0	100.0	Rice milling
Viterra USA Agriculture LLC	USA	100.0	100.0	Marketing
Viterra USA LLC	USA	100.0	100.0	Marketing
Viterra Vietnam Company Limited	Vietnam	100.0	100.0	Marketing

Notes to the financial statements

31. PRINCIPAL OPERATING, FINANCE AND INDUSTRIAL SUBSIDIARIES AND INVESTMENTS (continued)

	Country of incorporation	% interest 2020	% interest 2019	Main activity
Principal associates and joint ventures				
Lartirigoyen y Cia S.A.	Argentina	50.0	50.0	Storage and handling
Newcastle Agri Terminal Pty Ltd	Australia	32.5	32.5	Storage and handling
Terminal de Grãos Ponta da Montanha S.A. (‘Barcarena’)	Brazil	50.0	50.0	Storage and handling
Szczecin Bulk Terminal Polska Sp. z.o.o	Poland	49.0	49.0	Storage and handling
Taman Grain Terminal	Russia	50.0	50.0	Storage and handling
Idel Shipping Company Ltd	Russia	50.0	50.0	Freight and handling
Company Ukrmill LLC	Ukraine	50.0	50.0	Storage and handling
IGT, LLC	Ukraine	50.0	50.0	Storage and handling
Wings Agriculture Pvt Ltd	India	50.0	0	Pea processing and marketing