TATE & LYLE

Annual Report 2011
Focus, Fix, Grow.

Contents

This report is available online at
www.tateandlyle.com/annualreport2011

We are always reviewing the way that we communicate with our shareholders and this year we have also produced this report as an iPad app which you can download for free from the AppStore.

Basis of preparation
Unless stated otherwise, the Group's financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Adjusted operating profit, adjusted profit before tax and adjusted earnings per share
Unless stated otherwise, adjusted operating profit, adjusted profit before tax and adjusted earnings per share in this annual report and accounts exclude discontinued operations and are before exceptional items and amortisation of acquired intangible assets.

Amortisation
Unless stated otherwise, the use of 'amortisation' or 'amortisation of acquired intangibles' on pages 1 to 59 in this annual report relates to the amortisation of intangible assets acquired through business combinations.

Continuing operations
Unless stated otherwise, all comments in this annual report and accounts refer to the continuing operations adjusted to exclude exceptional items and amortisation of acquired intangible assets. A reconciliation of reported and adjusted information is included in Note 43 on page 111.

Cautionary statement
Please read the full cautionary and non-reliance statements which can be found on the inside back cover.

Definitions
In this report, 'Company' means Tate & Lyle PLC; 'Tate & Lyle' or 'Group' means Tate & Lyle PLC and its subsidiary and joint-venture companies.

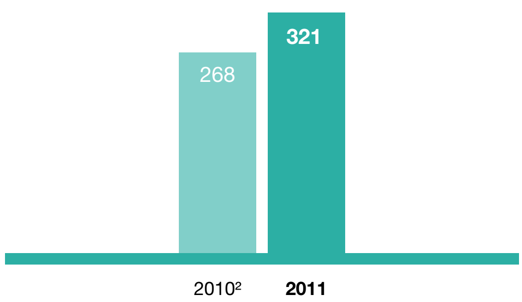
Trademarks
SPLENDA® and the SPLENDA® logo are trademarks of McNeil Nutritionals, LLC.

The DuPont Oval logo, DuPont™ and Sorona® are trademarks or registered trademarks of E. I. du Pont de Nemours and Company.

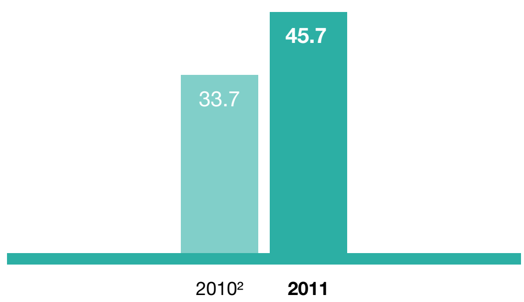
* These sections make up the Directors' report. This part of the annual report sets out the information on the Group's principal activities, together with a review of the development and performance of the Group, including financial performance, in accordance with Section 417 of the Companies Act 2006.

Business review Performance highlights

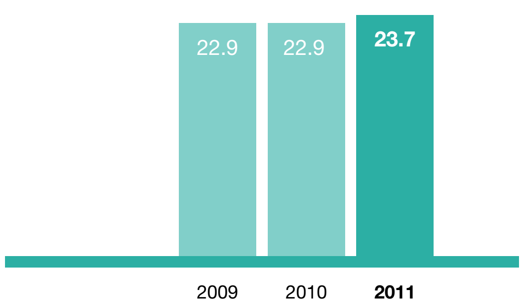
Adjusted operating profit[1]
£m



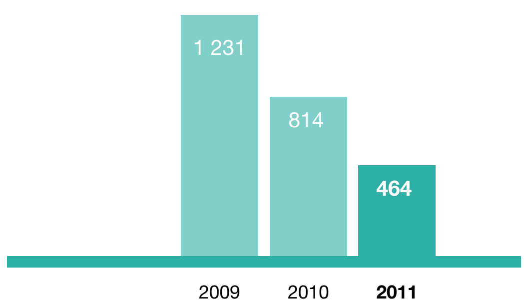
Adjusted diluted earnings per share[1]
pence



Dividend per share
pence



Net debt[3]
£m



Notes

1 Before exceptional items and amortisation of acquired intangible assets.

2 The results for the year ended 31 March 2010 have been restated to reflect the reclassification of the Sugars segment as discontinued operations.

3 Exchange rate movements reduced net debt by £27 million in the year ended 31 March 2011. Excluding movements in exchange rates, net debt reduced by £323 million.

Statutory results	Year to 31 March 2011	2010
Operating profit/(loss)	**£303m**	£(44)m
Profit/(loss) before tax (continuing operations)	**£245m**	£(116)m
Profit for the year (total operations)	**£167m**	£19m
Diluted earnings per share (total operations)	**34.7p**	3.3p

Business review
Governance
Financial statements
Shareholder information

Tate & Lyle is a global provider of ingredients and solutions to the food, beverage and other industries. Through our production facilities around the world, we turn raw materials into distinctive, high quality ingredients for our customers. Our ingredients and solutions add taste, texture, nutrition and functionality to products used or consumed by millions of people every day.

Here we explain how our business works.

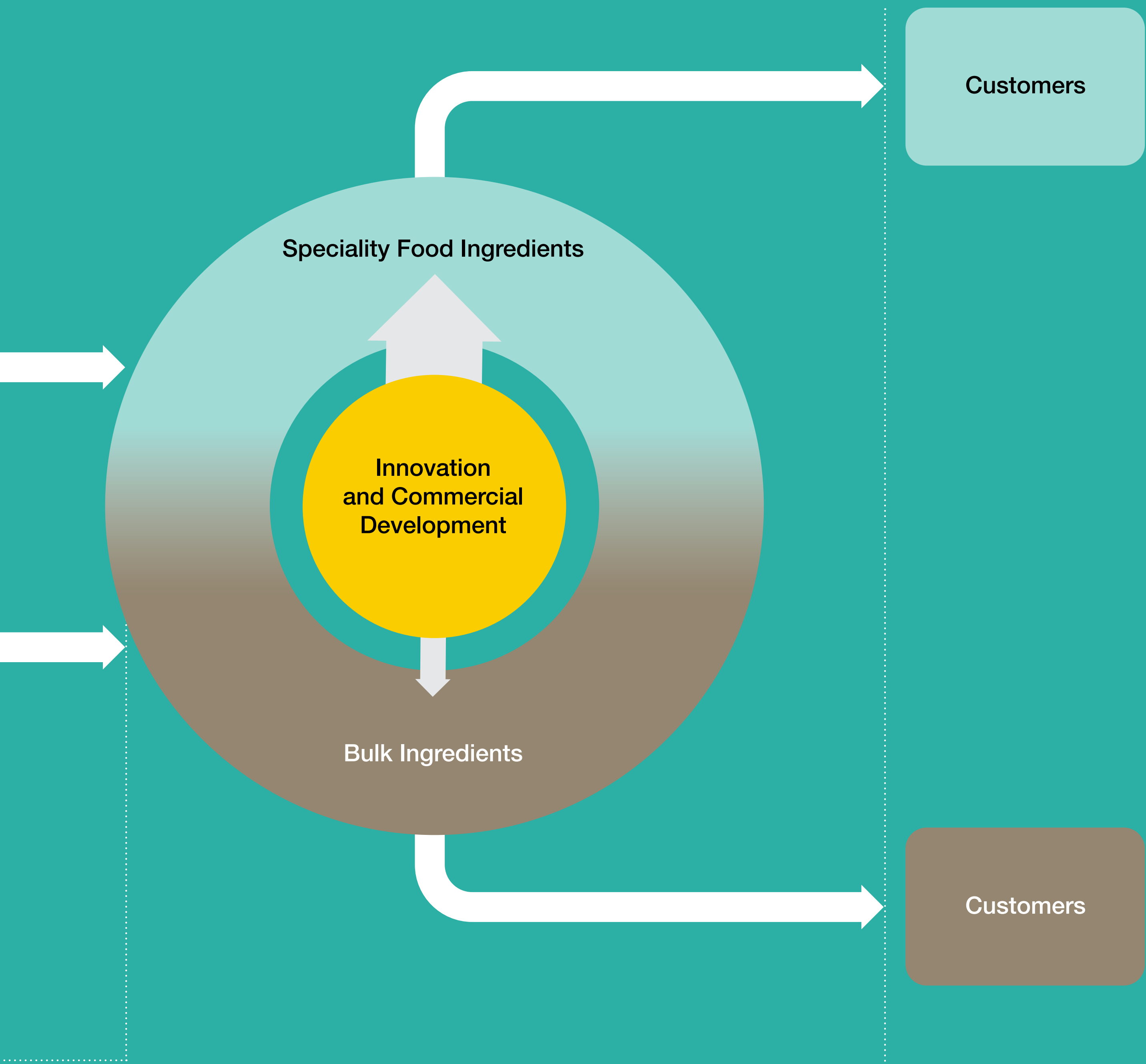
Raw materials

Sources

All our ingredients are produced from crops, predominantly corn. Ensuring we have a reliable source of corn for our plants is essential. This involves developing long-term, mutually beneficial relationships with growers, farmers and other commercial partners to secure supply; understanding commodity markets; and hedging costs where feasible. Supply chain ethics are important to us. We apply rigorous standards, both practical and ethical, to all suppliers, and work with them to help them meet our compliance needs. This is essential if we are to meet our customers' requirements for traceability and quality throughout the supply chain.

Operations

We operate through two global business divisions – Bulk Ingredients (BI) and Speciality Food Ingredients (SFI). Each division has its own dedicated manufacturing base as well as separate commercial organisations to provide the necessary focus and expertise for customers in their two different end markets. BI produces ingredients which are relatively undifferentiated and are sold in markets where customers principally look for supplier reliability, quality and value. SFI on the other hand produces distinctive, high-value ingredients which are sold in markets where customers look for technical and innovation capability, insight and flexibility.



SFI also has a food systems or blending business which sources ingredients and uses them along with our own to develop bespoke combinations of ingredients primarily for small- to medium-sized customers.

Both divisions – but principally SFI – are supported by the Innovation and Commercial Development (ICD) group. ICD brings together product development, marketing and platform management into one global team, enabling a fully integrated approach to developing and commercialising innovation.

Customers

Food and beverage is our most significant market comprising over 75% of Group sales. Other markets we sell into include industrial, animal feed, and pharmaceutical and personal care.

Customer understanding drives all that we do. We use market research to understand the consumer (our customer's customer), the markets we operate in and our customers' needs. We use this insight to drive our own product development, to differentiate ourselves from our competitors and, importantly, to give our customers an advantage by working with us. For large customers, our ICD group provides technical and applications support. For smaller customers, our ICD group is often their R&D team.

Business review Chairman's statement

Sir Peter Gershon
Chairman

Tate & Lyle has made progress during the year, delivering a good financial performance and having taken a number of important steps in line with our strategy to 'focus, fix and grow' the business.

Overview
We have refocused the business through the sale of our EU Sugar Refining Operations, Molasses business and ethanol facility in Fort Dodge, Iowa, USA, and the reorganisation of the Group into two global operating divisions, Speciality Food Ingredients and Bulk Ingredients, supported by the creation of the Innovation and Commercial Development group, a unit dedicated to driving long-term growth.

During the year, the Board approved two major strategic initiatives to support the transformation of the business. The first, the Commercial and Food Innovation Centre in Chicago, USA will transform our product development capability and the way we work with our customers; the second, the development of a single set of business processes supported by one global IT infrastructure and a global Shared Services Centre in Łódź, Poland, will make the business more efficient and responsive.

Financial performance
Profit before tax, exceptional items and amortisation of acquired intangible assets of £263 million represents growth of 34% (32% in constant currency) on the previous year, with Speciality Food Ingredients and Bulk Ingredients delivering an increase of 26% and 15% in adjusted operating profit respectively.

Through a combination of continued tight financial discipline, strong cash generation and proceeds from disposals, net debt at the year end stood at £464 million, a 43% reduction on the previous year (2010 – £814 million).

I am also pleased to report that we have made progress reducing the amount of adverse exceptional items reported within these results.

Dividend
The Board is recommending a 5% increase in the final dividend to 16.9p, making a full-year dividend of 23.7p per share, up 3.5% on the prior year. The proposed increase in the dividend reflects the Board's confidence in the business.

Safety
The Board deeply regrets the fatality that occurred at our joint-venture plant in Turkey in May 2010 as reported last year. Whilst our overall safety performance has continued to compare well against the industry we are very disappointed that our performance has deteriorated from last year.

We have no higher priority than safety. In light of the above, during the year we asked DuPont, recognised as an industry leader in safety, to undertake a review of safety across the Group. The results of this audit have catalysed an action plan which will help us achieve our long-term goal of world-class safety performance. My colleagues on the Board and I will continue to pay close attention to this.

Corporate responsibility and risk management
Following its 2010 effectiveness review, the Board established a Corporate Responsibility Committee to strengthen its oversight of safety, social, environmental and ethical matters.

> "Profit before tax, exceptional items and amortisation of acquired intangible assets of £263 million represents growth of 34% (32% in constant currency)."

Providing strong, effective leadership within a sound framework of control is the Board's primary duty and requires directors to have a deep understanding of the business. We began a programme of individual site visits by directors which has helped us enormously in our work this year to enhance risk management and determine an appropriate risk appetite for Tate & Lyle. It has also made the directors more visible to employees. This will be very important in the coming year as we continue to implement our strategy and intensify our focus on safety.

Finally, I would like to thank all our employees who have worked immensely hard during a period of great change to deliver this year's results.

Sir Peter Gershon
Chairman

26 May 2011

Javed Ahmed
Chief Executive

Our objective remains to build a platform on which we can deliver steady and sustainable long term growth and value for shareholders. We remain on track to deliver on this objective.

Results for the continuing operations are adjusted to exclude exceptional items and amortisation of acquired intangible assets. Except where specifically stated to the contrary, this commentary relates only to the adjusted results for the continuing operations. A reconciliation of statutory and adjusted information is included at Note 43.

Overview of Group's financial performance

Tate & Lyle performed well in the year achieving steady volume growth across a number of our markets, very strong returns from co-products and lower sucralose manufacturing costs.

Sales for the year were £2,720 million (2010 – £2,533 million), an increase of 7% (5% in constant currency) on the prior year. In Speciality Food Ingredients, sales increased by 2% (2% in constant currency) to £805 million (2010 – £788 million) with sales volumes up by 7%. The rate of sales growth was impacted by reduced selling prices for SPLENDA® Sucralose reflecting our strategy of securing long-term volume incentive contracts with our customers. Within Bulk Ingredients, sales increased by 10% (7% in constant currency) to £1,915 million (2010 – £1,745 million).

Adjusted operating profit increased by 20% (17% in constant currency) to £321 million (2010 – £268 million). In Speciality Food Ingredients, adjusted operating profit increased by 26% (25% in constant currency) to £206 million (2010 – £163 million), driven by increased sales volumes, operational leverage, improved product mix and lower SPLENDA® Sucralose manufacturing costs. The effect of exchange translation was to increase adjusted operating profit by £2 million. In Bulk Ingredients, adjusted operating profit increased by 15% (11% in constant currency) to £157 million (2010 – £136 million), driven by volume growth, very strong returns from co-products and an improved performance from ethanol offset by lower margins in sweeteners and industrial starches. Higher corn prices, particularly in the second half of the year, resulted in an additional £16 million of co-product returns compared to the prior year. The effect of exchange translation was to increase adjusted operating profit by £5 million.

Central costs, which include head office, treasury and reinsurance activities, increased by £11 million to £42 million reflecting the costs associated with strengthening the Group's senior management team, costs associated with our financing portfolio and one-off costs of £6 million in the first half relating to the review of the Group's activities.

The net finance expense from continuing operations decreased from £72 million to £58 million principally as a result of lower pension interest expense. Adjusted profit before tax was up 34% (32% in constant currency) to £263 million (2010 – £196 million) reflecting the strong operating performance and reduction in net interest charge.

Adjusted diluted earnings per share increased by 36% (34% in constant currency) to 45.7p benefiting from improved operating performance and a lower effective tax rate of 18.5% (2010 – 20.8%).

"In Speciality Food Ingredients, adjusted operating profit increased by 26% (25% in constant currency)."

Exceptional items on continuing and discontinued operations totalled a charge of £48 million (2010 – £276 million). Within continuing operations there was a net £10 million gain on the sale of the Fort Dodge facility and £15 million of costs associated with the business transformation programme. Within discontinued operations a loss of £55 million was booked on the disposal of the EU Sugar Refining Operations (EU Sugars), which remains subject to closing adjustments and adjudication as discussed in Note 35, and a gain of £12 million on the disposal of Molasses.

Balance sheet

We continue to focus on managing our working capital closely resulting in our average quarterly cash conversion cycle falling from 45 days to 34 days.

The key performance indicators (KPIs) of our financial strength, the ratio of net debt to earnings before interest, tax, depreciation and amortisation (EBITDA) and interest cover, remain well within our internal targets. At 31 March 2011, the net debt to EBITDA ratio was 1.1 times (2010 – 1.8 times), against our target of 2.0 times. Interest cover on total operations at 31 March 2011 was 6.9 times (2010 – 5.8 times), again ahead of our minimum target of 5.0 times.

The Group's balance sheet was strengthened significantly during the year. Net debt reduced by 43% to £464 million at 31 March 2011 (31 March 2010 – £814 million). This improvement in net debt, which builds upon the considerable reduction achieved in the prior year, was driven by the disposals of EU Sugars, Molasses and Fort Dodge, resulting in a net cash inflow of £316 million, and the underlying cash generated by the business.

Return on capital employed increased from 13.6% to 20.6% as a result of increased profits, a reduction in operating assets reflecting the writedown of Fort Dodge, the reduced average levels of working capital within the business and exchange rate effects.

Dividend

The Board is recommending a 5% increase in the final dividend to 16.9p (2010 – 16.1p) making a full year dividend of 23.7p (2010 – 22.9p) per share, up 3.5% on the prior year. Subject to shareholder approval, the proposed final dividend will be due and payable on 5 August 2011 to all shareholders on the Register of Members at 1 July 2011. In addition to the cash dividend option, shareholders will also be offered a Dividend Reinvestment Plan (DRIP) alternative. The DRIP replaces the scrip alternative that was previously available to shareholders.

> "Our new operating model is simple and transparent and provides an efficient platform for future growth."

Safety

We have no higher priority than safety and are committed to providing safe and healthy working conditions for all our employees, contractors and visitors. Whilst we are pleased that the safety performance at most of our locations improved in the 2010 calendar year, and that our safety performance continues to compare favourably against the industry, the Group's overall safety performance (as detailed in the KPI table on pages 8 and 9) deteriorated in 2010. Having set ourselves very high standards, we take any reduction in performance very seriously. A detailed plan has been put in place to drive an improvement in safety performance which our global safety teams, employees and contractors are working hard to embed across the Group.

Focus, fix, grow: update

As we set out in May 2010, Tate & Lyle's strategy is to grow our Speciality Food Ingredients business supported by cash generated from Bulk Ingredients. To deliver on this strategy, and to reinvigorate Tate & Lyle, we have taken a number of steps during the year to 'focus, fix and grow' the business.

Focus

We have disposed of a number of businesses and assets to ensure that our resources are focused on delivering our strategy and maximising returns to shareholders. During the year we sold EU Sugars, Molasses, Fort Dodge and, after the year-end, we announced the conditional sale of our Vietnam sugar interests. As a result of these disposals, Tate & Lyle is a more focused, less complex business with a reduced exposure to commodity markets.

Fix

The new operating model implemented on 1 June 2010 based on two global business units, Speciality Food Ingredients and Bulk Ingredients, supported by a global unit dedicated to driving growth, Innovation and Commercial Development, and shared support services is being embedded. This new operating model is simple and transparent and provides an efficient platform for future growth, both organically and through bolt-on acquisition. We have also taken steps to strengthen the customer-facing areas of our business – for example, the commercial organisations of the speciality and bulk businesses have been separated and are now fully focused on serving their different end markets.

In May 2010, we announced two major two-year initiatives to transform our operational capabilities – firstly, to implement a common global IS/IT platform and secondly, to provide global support services through the use of shared service centres. After a detailed and thorough planning process, both initiatives were launched on 1 January 2011 and are making good progress. Following an evaluation of a number of different locations, the decision was made to locate our global Shared Service Centre in Łódź, Poland. The new centre is expected to be operational by the end of 2011 with the various services to be provided migrated to the new centre in a phased process over a 12- to 15-month period. The new IS/IT platform will also be implemented via a phased process starting in the first half of 2012.

Building a high-performance culture is a key part of the 'fix' phase. To help achieve this, during the year we put in place a new global performance management system, a new global sales incentive system and established common global metrics in areas such as working capital, customer service and quality. Ensuring we have the right skills and talent in the business is also very important. We are developing our high potential employees by providing them with more training and opportunities to learn, particularly with international assignments, and are also recruiting new staff both to fill skills gaps and to refresh our talent base.

The new process for capital investment planning and implementation has now been fully embedded within the organisation. All new investments are now evaluated against clear strategic and financial criteria with greater scrutiny and clear execution milestones for approved investments.

Grow
The Innovation and Commercial Development (ICD) group, which was formed on 1 June 2010, has made good progress during the year working closely with customers on product development and innovation initiatives. ICD is responsible for the innovation pipeline and, during the year, the processes used by ICD to manage and review the pipeline, and the way it launches new products, were completely overhauled. During the year we launched RESISTAMYL™ 140, a bakery cream starch in Europe, and PROMITOR™ Soluble Corn Fiber 85 in the USA and Latin America. We also recently announced a five-year strategic partnership agreement with BioVittoria Ltd for the exclusive global marketing and distribution rights for BioVittoria's monk fruit extract, marketed under the PUREFRUIT™ brand name. PUREFRUIT™ is the only fruit-based calorie-free sweetening ingredient available today and is a good addition to our sweetener and wellness portfolios.

To enhance how we engage with our customers, and improve our access to them, in October 2010 we announced that we would be establishing a new Commercial and Food Innovation Centre in Chicago, USA. The centre, which is due to be operational in early 2012, will be the global headquarters of ICD and will feature laboratories, a demonstration kitchen, sensory testing, and analytical and pilot plant facilities.

The underlying global consumer trends of health and wellness and convenience continue to underpin long-term growth in the speciality food ingredients market. Customer demand for both new and existing products that meet consumers' needs in these key areas remains strong, particularly for products that can help address rising levels of diabetes and obesity in the developed and, increasingly, the developing world. Cost optimisation in the face of high and volatile commodity (e.g. sugar) prices is also driving demand. In light of the strong pipeline of demand for SPLENDA® Sucralose both from existing and new customers, and having carried out a comprehensive review of the available options, we have decided to restart sucralose production at our mothballed facility in McIntosh, Alabama, USA. The restart of production, which we expect to take place during the first half of financial year 2013, reinforces our commitment to the sucralose business, provides further resilience in our supply chain and further strengthens our position as the leading global manufacturer and supplier of sucralose.

We are also looking to build our business and capabilities in two areas where we see long-term growth – new customer segments and emerging markets. Dedicated resources have now been put in place in Europe and the USA to serve small and medium enterprise (SMEs) and private label customers. In emerging markets, we have changed our senior management team in Asia Pacific to provide fresh impetus to our efforts in that region. We are also building new application laboratories in Mexico and Brazil to add to our global network, and have strengthened our sales teams in both Latin America and China.

In our Bulk Ingredients division, we are looking at ways to diversify our business by leveraging our fermentation expertise and facilities to partner with businesses in the bio-based materials industry. In November 2010, we signed an agreement with Amyris under which Tate & Lyle will produce farnesene at its facilities in Decatur, Illinois, USA with the end product being distributed by Amyris. Then in March 2011, we signed an agreement with Genomatica under which we will dedicate a demonstration-scale production facility in Decatur for exclusive use by Genomatica for the scale-up of the Bio-BDO process.

> "The grow phase is beginning to yield some small but tangible benefits."

Costs
The total costs associated with the delivery of the new Commercial and Food Innovation Centre are expected to be £37 million and the common IS/IT platform and global support services to be £57 million. Of the total amount of £94 million, £40 million is expected to be treated as exceptional costs within the income statement and £54 million as capital expenditure. During the financial year 2011, £6 million of capital and £10 million of exceptional costs were incurred and we anticipate around £65 million of expenditure in relation to these projects during the year ending 31 March 2012. The remaining expenditure relating to IS/IT and global shared services will be incurred in the year ending 31 March 2013. We expect the investment made in the common IS/IT platform and global support services to pay back over a period of three years.

Risk management
We have embedded a framework of risk management into the various programmes undertaking the initiatives to focus, fix and grow the business, to address the execution risk associated with them. This framework has been supplemented by internal and external risk and assurance activities over the life of the programmes.

Conclusion
We have taken a number of important steps during the year to deliver on our commitment to focus, fix and grow the business. The focus phase is now largely complete and the fix phase is progressing well, although there is still more work to do. Whilst the grow phase is beginning to yield some small but tangible benefits it is still early days. Our objective remains to build a platform on which we can deliver steady and sustainable long-term growth and value for shareholders. We remain on track to deliver on this objective.

Javed Ahmed
Chief Executive

26 May 2011

Strategy and key performance indicators

Our vision is to become the leading global provider of speciality food ingredients and solutions. Our strategy is to deliver this vision through:

- A disciplined focus on growing our speciality food ingredients business
  - Deeper customer understanding, continuous innovation and agility
  - Stronger positions in high growth markets
- Driving our bulk ingredients business for sustained cash generation to fuel this growth

PERFORMANCE

We focus on a number of financial performance measures to ensure that our strategy successfully delivers increased value for our shareholders.

What we measure

- **Sales of speciality food ingredients.**
- **Adjusted operating profit.**
- **Return on capital employed:** adjusted profit before interest, tax and exceptional items divided by adjusted average net operating assets for continuing operations.
- **Cash conversion cycle:** controllable working capital divided by quarterly sales, multiplied by the number of days in quarter.

FINANCIAL STRENGTH

We look at measures of financial strength to ensure that we maintain the financial flexibility to grow the business whilst maintaining investment credit ratings.

What we measure

- **Net debt to EBITDA multiple[1]:** the number of times the Group's net borrowing exceeds its trading cash flow. EBITDA is earnings before exceptional items, interest, tax, depreciation and amortisation.
- **Interest cover[1]:** the number of times the profit of the Group exceeds interest payments made to service its debt.

CORPORATE RESPONSIBILITY

It is important that we act responsibly and consider carefully the impact our activities have on all stakeholders including employees, customers and the communities in which we operate.

What we measure

- **Recordable incident rate[2]:** the number of injuries per 200,000 employee hours that require more than first aid.
- **Lost-time accident rate[2]:** the number of recordable injuries sufficiently serious to result in lost work days or restricted work activities per 200,000 hours.

Update on environmental sustainability
We are establishing an index for environmental sustainability which we will report on as a key performance indicator from calendar year 2011. Like safety, we report environmental figures by calendar year because we are required to do so for other regulatory reporting.

1 Net debt, EBITDA and interest as defined in our banking covenants.

2 In previous years we measured the safety index, a weighted average of injuries sustained in the workplace. This year we have begun instead to report our recordable incident and lost-time accident rates, because they are recognised industry standards for benchmarking. The rates reported above are combined rates covering both employees and contractors. Further detail on employee and contractor rates is provided in the Corporate responsibility report on page 27.

The Board has chosen a number of key performance indicators to measure the Group's progress. The table below sets out these indicators, explaining how they relate to our strategic priorities, and how we performed against them this year.

Why we measure it	How we performed 2011	2010 (restated)	Change (constant currency)
• To ensure we are successful in growing the division which is the key area of strategic focus for the business.	£805m	£788m	+2%
• To track the underlying performance of the business and to ensure sales growth translates into increased profits.	£321m	£268m	+17%
• To ensure that we continue to generate a strong rate of return on the assets that we employ and that we have a disciplined approach to capital investment.	20.6%	13.6%	+700bps[3]
• To track how efficient we are in turning increased sales into cash and to ensure that working capital is managed effectively.	34 days	45 days	+11 days

Why we measure it	How we performed 2011	2010
• To ensure that we have the appropriate level of financial gearing and that we generate sufficient profits to service our debt. These measures are a key focus for banks and providers of both debt and equity capital.	1.1x	1.8x
	6.9x	5.8x

Why we measure it	How we performed 2010[4]	2009[4]	Change
• The safety of our employees and contractors is of paramount importance. Ensuring safe and healthy conditions for employees at all our locations is essential to our operation as a successful business.	0.93	0.89	-5%
	0.58	0.39	-49%

3 Basis points (one hundred basis points equates to one percentage point).

4 Unlike our other KPIs, we report safety figures by calendar year because we are required to do so for other regulatory reporting.

Sales were up 5%[1] at £2.7 billion, while adjusted operating profit was up 17%[1], with a 25%[1] increase in profits from our Speciality Food Ingredients division, our focus for growth. With lower interest and tax, earnings per share increased by 34%[1], and net debt reduced by 43% to £464m, just over a third of the level at the end of financial year 2009.

Summary of Group financial results

£m (unless stated otherwise)	**Year to 31 March 2011**	Year to 31 March 2010	Change reported %	Constant currency change %
Continuing operations				
Sales	**2 720**	2 533	+7	+5
Adjusted operating profit	**321**	268	+20	+17
Net finance expense	**(58)**	(72)		
Adjusted profit before tax	**263**	196	+34	+32
Exceptional items	**(5)**	(298)		
Amortisation of acquired intangibles	**(13)**	(14)		
Profit/(loss) before tax	**245**	(116)		
Income tax (expense)/credit	**(49)**	95		
Profit/(loss) for the year from continuing operations	**196**	(21)		
(Loss)/profit for the year from discontinued operations	**(29)**	40		
Profit for the year	**167**	19		
Earnings/(loss) per share from continuing operations				
Basic	**42.6p**	(4.7)p		
Diluted	**41.9p**	(4.7)p		
Adjusted earnings per share from continuing operations				
Basic	**46.5p**	33.9p	+37	+36
Diluted	**45.7p**	33.7p	+36	+34
Dividends per share				
Interim paid	**6.8p**	6.8p	–	
Final proposed	**16.9p**	16.1p	+5	
	23.7p	22.9p	+3.5	
Net debt at 31 March	**464**	814	+43	

1 Constant currency change.

Sales of £2,720 million (2010 – £2,533 million) from continuing operations were 7% higher than the prior year (5% in constant currency). Sales in Speciality Food Ingredients increased by 2% (2% in constant currency) from £788 million to £805 million with sales volume increasing 7% year on year. The rate of sales growth was impacted by reduced selling prices for sucralose reflecting our strategy of securing long-term volume incentive contracts with our customers. Sales in Bulk Ingredients grew by 10% (7% in constant currency) to £1,915 million (2010 – £1,745 million).

Adjusted operating profit increased by 20% over the prior year (17% in constant currency) to £321 million (2010 – £268 million). Adjusted operating profits in Speciality Food Ingredients increased by 26% (25% in constant currency) to £206 million (2010 – £163 million) driven by increased volumes, operational leverage, improved product mix and lower manufacturing costs for sucralose. In Bulk Ingredients, adjusted operating profit grew by 15% (11% in constant currency) to £157 million (2010 – £136 million) driven by increased volumes, very strong returns from co-products on the back of the high corn price and an improved performance from ethanol, despite lower margins in sweeteners and industrial starches.

Central costs, which include head office, treasury and reinsurance activities, increased by £11 million to £42 million reflecting the costs associated with strengthening the Group's senior management team, costs associated with our financing portfolio and one-off costs of £6 million in the first half relating to the review of the Group's activities.

Amortisation of intangibles acquired through business combinations was £13 million (2010 – £14 million).

Exceptional items from continuing and discontinued operations totalled a charge of £48 million (2010 – £276 million). Within continuing operations there was a net £10 million gain on the sale of the Fort Dodge facility and £15 million of costs associated with the business transformation programme. Within discontinued operations a loss of £55 million was booked on the disposal of EU Sugars, which remains subject to closing adjustments and adjudication as discussed in Note 35, partially offset by a gain of £12 million on the disposal of Molasses.

"Speciality Food Ingredients accounts for 64% of operating profit, with margins around three times those of Bulk Ingredients."

The net finance expense from continuing operations decreased from £72 million to £58 million principally as a result of lower pension interest expense. We were not able to benefit fully in the year from the decrease in average net debt due to the predominantly fixed nature of our gross borrowings. However the net interest charge is expected to be lower in the 2012 financial year as a result of lower levels of average net debt, the repayment of our US$300 million 6.125% bond in June 2011 and a positive impact from pension interest.

"Net debt reduced by 43% to £464 million."

Adjusted profit before tax increased by 34% (32% in constant currency) to £263 million (2010 – £196 million). On a statutory basis, profit before tax was £245 million compared to a loss of £116 million in the prior year. The effective rate of tax on adjusted profit from continuing operations was 18.5% (2010 – 20.8%). The decrease was due mainly to changes in the geographical origin of profits and also the resolution of some historical tax issues.

Discontinued operations comprise the EU Sugars, Molasses, International Sugar Trading, and the sugar operations in Vietnam and Israel. The operating loss from discontinued operations was £45 million after exceptional losses of £43 million (2010 – profit of £50 million, after exceptional gains of £22 million). On 20 April 2011, we announced the conditional sale of our Vietnam sugar interests. Any profit on disposal will be recognised as and when the sale completes. The loss from discontinued operations after taxation for the year was £29 million (2010 – profit of £40 million).

Total basic earnings per share was 35.3p (2010 – 3.3p) and total diluted earnings per share was 34.7p (2010 – 3.3p). Adjusted diluted earnings per share from continuing operations was 45.7p (2010 – 33.7p) and on the same basis basic earnings per share was 46.5p (2010 – 33.9p).

Business review Speciality Food Ingredients

Speciality Food Ingredients develops, produces and markets distinctive, high-quality ingredients for food and beverage customers across the world. By leveraging our manufacturing facilities, innovative technology and formulation expertise, we help them create more cost-effective, better tasting products for consumers. Speciality Food Ingredients works closely with our Innovation and Commercial Development team (see page 18) to develop a pipeline of new products.

Olivier Rigaud
President

Sales

£805m

Operating profit

+25%[1]

£206m

Operating cashflow

£263m

Main locations

Americas
Houlton, Maine
Lafayette, Indiana
McIntosh, Alabama
Sycamore, Illinois
Van Buren, Arkansas

EMEA
Lübeck, Germany
Bergamo, Italy
Noto, Italy
Ossona, Italy
Koog, The Netherlands
St Petersburg, Russia
Kya Sand, South Africa
Mold, UK

Asia Pacific
Brisbane, Australia
Jurong Island, Singapore

Customers

- Large, multi-national food and beverage manufacturers
- Small and medium-sized food and beverage manufacturers
- Private label food and beverage manufacturers

Products

- Starch-based speciality ingredients:
  - Speciality starches including fat-replacers and stabilisers
  - Speciality sweeteners including crystalline fructose
  - Soluble corn fibres including polydextrose and PROMITOR™ Soluble Corn Fiber
- High-intensity sweeteners:
  - SPLENDA® Sucralose
  - PUREFRUIT™
- Food systems:
  - Stabilisers systems
  - Flavoured systems

Summary of financial results

	Year to 31 March		Change	
£m (unless stated otherwise)	**2011**	2010	Reported	Constant currency
Sales	**805**	788	+2%	+2%
Adjusted operating profit	**206**	163	+26%	+25%
Margin	**25.6%**	20.7%	+490bps[2]	+480bps[2]

1 Constant currency change.

2 Basis points (one hundred basis points equates to one percentage point).

Market conditions

In food starches, increased demand for starch derivatives and the poor availability in Europe of potato-based starches due to the poor harvest, has tightened European industry capacity resulting in increased demand for corn-based starches and a firming of starch margins overall. A short supply of tapioca-based starches in Asia resulted in an increase in corn-based modified food starch sales in the region. In the USA and Europe the continuing, albeit gradual, recovery from the recession has seen a strengthening demand for modified food starch in the convenience food industry with innovation in snacks leading the recovery.

Continuing high and volatile sugar prices have had a positive impact on demand for starch-based speciality and high-intensity sweeteners. Increased regulation in some markets, notably Latin America, where some countries are now mandating stricter labelling of sugar levels in foods or restricting the use of competing sweeteners, further contribute to this trend.

Rising levels of obesity and diabetes in both the developed and emerging markets as well as the high and volatile price of sugar continue to support the market for high-intensity sweeteners. Sucralose again increased its value share of the high-intensity sweeteners market, increasing from 27% to 28%. SPLENDA® Sucralose's share of the global market for sucralose remains approximately 90%.

The increased focus on healthier lifestyles is also driving demand in the health and wellness space and we have seen robust growth in this area driven by new product launches during the year. In addition, the favourable opinions granted by the European Food Safety Authority (EFSA) for polydextrose and sucralose in April 2011 are expected to increase the focus on these ingredients as key contributors to healthy diets.

Within Food Systems, a key driver of growth continues to be the need for customers to develop and formulate more cost effective solutions against a backdrop of high commodities prices.

Financial performance

Sales volumes increased by 7% with volume growth across all value-added product categories. Sales increased by 2% (2% in constant currency) to £805 million (2010 – £788 million). Adjusted operating profit increased by 26% (25% in constant currency) to £206 million (2010 – £163 million). The increase in operating profit and margin was driven by higher volumes, operational leverage, improved product mix and lower sucralose manufacturing costs. The effect of exchange translation was to increase adjusted operating profit by £2 million.

This division comprises three broad product platforms namely: starch-based speciality ingredients, high-intensity sweeteners and food systems.

Starch-based speciality ingredients

In starch-based speciality ingredients sales increased by 4% (2% in constant currency) to £434 million (2010 – £418 million). Margins increased by five percentage points and our aim is to hold on to most of these margin gains during financial year 2012. The benefits of operational leverage derived from selling additional volumes of higher margin products with only a relatively small uplift in our fixed cost base was the key driver of the profitability growth of this product segment.

In modified food starches, sales volume increases were driven by increased demand across all regions. Steady growth in developing markets, especially the Asia Pacific region, was driven by the demand for more convenience and manufactured foods. During the year we launched RESISTAMYL™ 140, a bakery cream starch, in Europe and the initial sales response has been encouraging.

> “Adjusted operating profit increased by 26% (25% in constant currency).”

Speciality corn sweeteners benefited from higher sales volumes in Europe, the USA and developing markets, particularly Latin America on the back of high and volatile sugar prices.

The successful launch of our high-fibre, low-sugar and low-calorie prebiotic fibre – PROMITOR™ Soluble Corn Fiber 85 – in the USA and Latin America has driven growth in our health and wellness platform which we expect will continue to benefit from the consumer trend towards healthier lifestyles. During the year we also commissioned the first polydextrose fibre manufacturing operation in Europe, providing our European customers with a shorter supply chain and a broader product range. We are very pleased with the customer reaction to our fibre product range. As high-value products, their growth has improved product mix leading to an improvement in margin.

Whilst sales to developing markets increased strongly across this product category during the year, they are building from a low base and thus the contribution to operating profit remains modest.

High-intensity sweeteners

Within high-intensity sweeteners, we saw good sales volume growth during the year. As expected, average selling prices were lower than the comparative period, reflecting our strategy of securing long-term sucralose contracts with volume incentive arrangements. As a result, sales by value decreased by 1% (3% in constant currency) to £185 million (2010 – £187 million). Looking forward, we expect the decline we have seen in selling prices for SPLENDA® Sucralose to moderate towards the end of this financial year as contracts renew. A reduction in SPLENDA® Sucralose manufacturing costs was an important driver of increased profitability in this product segment and Speciality Food Ingredients overall.

> “We anticipate the current steady demand patterns to continue and a year of good sales growth.”

We have seen continuing strong growth in demand for SPLENDA® Sucralose. This growth has come not only from more mature markets such as Europe and the USA but also emerging markets, particularly Asia and Latin America where, as in developed markets, obesity and diabetes is becoming more prevalent. These markets provide an excellent opportunity to expand our footprint where the taste preferences of consumers for beverages and other products are less well established and where the heat stability of SPLENDA® Sucralose make it well suited to less well developed supply chains. In addition, we have also seen increased demand for SPLENDA® Sucralose from customers looking to use more cost-efficient alternatives in an environment of volatile and high-priced sugar.

We expect these long-term structural drivers to sustain the growth levels achieved over the last few years, supported by a strong pipeline of demand for SPLENDA® Sucralose both from existing and new customers. This means that we will need further capacity to meet future demand and as a result we are going to restart production of SPLENDA® Sucralose at McIntosh, Alabama, USA during the first half of the year ending 31 March 2013. The decision to restart production at McIntosh, which was taken following a comprehensive review of alternative options, reinforces our commitment to the sucralose business, provides further resilience in our supply chain and further strengthens our position as the leading global manufacturer and supplier of sucralose.

In restarting McIntosh, we will incur approximately £3 million of additional costs which will reduce profit in the year to 31 March 2012 and the loss for the plant will be around twice that amount the following year as fixed costs increase. The increase in fixed costs includes the impact of additional depreciation as the plant is brought back into operation. We plan to operate the two plants in such a way as to minimise the additional fixed costs incurred and expect to achieve good levels of operational leverage as volumes increase.

In May 2009, following the significant increase in manufacturing yields achieved during the 2009 financial year, we announced the mothballing of the McIntosh facility and that production of all SPLENDA® Sucralose would take place at our Singapore facility. At that time, we recognised an impairment of £97 million and took a provision of £55 million to cover the cash costs associated with mothballing McIntosh, in anticipation of cash payback over three years. In restarting McIntosh we expect to reverse approximately £50 million of this impairment this financial year, adjusting the original amount by the notional depreciation over the last two years and for some equipment which needs to be replaced. We expect to incur a further £13 million of capital expenditure this financial year to bring the plant back into operation and will employ more working capital once we restart production. We have achieved the annual savings from the mothballing as anticipated but expect to be able to release approximately £20 million of the original £55 million provision this financial year once we re-commission the facility. This saving more than covers the cash costs of the restart.

Food Systems

During the year, sales from Food Systems increased by 2% (3% in constant currency) to £186 million (2010 – £183 million) impacted by weaker second half volume on the back of tougher trading conditions in some markets, notably Russia. Volume growth of 4% was driven by increases in Asia Pacific, the USA and South Africa. We continue to leverage our product formulation expertise to provide cost-effective solutions for our customers against a backdrop of high and rising prices in raw materials.

Outlook

In Speciality Food Ingredients, we anticipate the current steady demand patterns to continue and a year of good sales growth. The lower sucralose manufacturing costs are now reflected in the performance of this division and, accordingly, the level of profit growth in the coming financial year is expected to be more modest than the strong result achieved in financial year 2011.

Bulk Ingredients manufactures and markets a range of products including nutritive sweeteners, industrial starches, ethanol, acidulants and animal feed, for food and beverage, industrial and agricultural customers around the world. Bulk Ingredients also partners with an increasing number of bio-based materials companies seeking expertise in the commercialisation of green chemistry fermentation. One such partnership is our joint venture with DuPont which manufactures Bio-PDO™ a bio-based ingredient used in the textile and plastics industries.

Matt Wineinger
President

Sales

£1,915m

Operating profit

+11%[1]

£157m

Operating cashflow

£99m

Main locations

Americas
Dayton, Ohio
Decatur, Illinois
Duluth, Minnesota
Lafayette, Indiana
Loudon, Tennessee
Santa Rosa, Brazil
Cali, Colombia[2]
Guadalajara, Mexico[2]

EMEA
Razgrad, Bulgaria[2]
Szabadegyháza (Hungrana plant), Hungary[2]
Casablanca, Morocco
Boleraz, Slovakia[2]
Adana, Turkey[2]

Customers

- Large, multi-national food and beverage manufacturers
- Paper and board producers
- Fuel and gasoline suppliers
- Textile manufacturers
- Animal feed compounders

Products

- Liquid sweeteners including corn sugar, dextrose and glucose
- Industrial starches
- Citric acid
- Bio-fuels
- Animal feed including corn gluten feed and corn gluten meal

Summary of financial results

	Year to 31 March		Change	
£m (unless stated otherwise)	**2011**	2010	Reported	Constant currency
Sales	**1 915**	1 745	+10%	+7%
Adjusted operating profit	**157**	136	+15%	+11%
Margin	**8.2%**	7.8%	+40bps[3]	+30bps[3]

1 Constant currency change.

2 Joint venture.

3 Basis points (one hundred basis points equates to one percentage point).

Market conditions
Whilst US domestic demand for nutritive sweeteners in the 2011 financial year continued its gradual long-term downward trend, strong seasonal demand and increased exports of corn sweeteners to Mexico offset this impact. Higher Mexican demand was driven by high domestic sugar prices in the Mexican market, and a relative recovery of the Mexican peso against the US dollar which accelerated the substitution of cane sugar with corn sugar.

> “Adjusted operating profit increased by 15% (11% in constant currency).”

US corn yields for the 2010 harvest were low compared with recent experience. The fall in production is expected to reduce stocks to their lowest level since 1996 and the forecast stocks-to-use ratio for the end of the current crop year is the lowest on record. The latest planting intentions, reported by the United States Department of Agriculture (USDA), indicate that planted corn would increase to the second highest level on record, driven by high corn prices. The European corn price has followed similar trends to the US market.

In the European sweetener market world sugar prices rose above the EU preferential rate thereby discouraging traditional suppliers of cane sugar, some of whom also experienced harvest difficulties, from supplying to Europe. This supply restriction was compounded by lower beet sugar yields from the harsh winter resulting in higher sugar prices. The selling price of isoglucose (corn sugar), which is closely correlated to the sugar price, rose towards the end of the financial year but not at the same rate as corn prices, resulting in a squeeze on margins.

Although demand for industrial starches in the USA recovered modestly, it still remains significantly below the levels experienced before the economic downturn. The demand for industrial starches in Europe also improved with demand for corn starches receiving an additional boost on the back of the poor potato harvest. In US ethanol, whilst cash margins have increased, levels of profitability within the industry remain low overall.

Co-product prices were supported by fundamental demand and improved through the year on the back of higher corn and competing commodity prices. The market for US corn gluten feed was boosted by the reopening of European markets to EU-approved genetically modified varieties and by China’s increased imports of competing feed products. Demand for corn gluten meal, primarily for pet food, remained firm and exports to Latin America were stronger as aquaculture companies continued to increase production. In addition, demand for corn oil remained strong.

Financial performance
Sales increased by 10% (7% in constant currency) to £1,915 million (2010 – £1,745 million). Adjusted operating profit increased by 15% to £157 million (11% in constant currency) driven by strong levels of co-product income and an improved performance from our ethanol business, despite lower margins in sweeteners and industrial starches. The effect of exchange translation was to increase operating profit by £5 million.

This division comprises three broad product platforms namely: sweeteners; industrial starches, acidulants and ethanol; and co-products.

Sweeteners
In the Americas, bulk corn sweetener volumes increased by 14% and sales by 3% (decreased by 1% in constant currency) to £734 million (2010 – £715 million). As anticipated at the time of the announcement of our contracting round in January 2010, corn sugar (HFCS) unit margins were somewhat below the comparative period after taking into account lower input costs. Whilst we experienced firm demand patterns for Corn Sugar 55 and 42 in Mexico and strong US domestic demand as good weather provided an uplift in seasonal demand, the higher volumes did not offset the lower margins which had resulted from the 2010 calendar year pricing round and profits for the full year were below the comparative period.

> “Co-product prices were supported by fundamental demand and improved through the year on the back of higher corn and competing commodity prices.”

In Europe, sales of bulk corn sweeteners increased by 10% (14% in constant currency) to £123 million (2010 – £112 million). Volumes increased by 11% year on year reflecting the increased capacity from our Slovakian expansion and increased quotas. Unit margins were lower, particularly in the second half, on the back of higher corn costs which increased at a faster rate than the price of sugar, which effectively determines the price for isoglucose (corn sugar) in the EU.

Operating profits from Almex, our Mexican joint venture, were up significantly on the comparative period, reflecting higher volumes and improved pricing.

Industrial starches, acidulants and ethanol
Sales of industrial starches, acidulants and ethanol increased by 13% (10% in constant currency) to £709 million (2010 – £629 million).

Industrial starch volumes grew by 8%. Whilst we have seen a modest recovery in market conditions, margins continued to be under pressure in the USA where the market remains very competitive. The performance for the year was below the prior year as the increased volumes were more than offset by lower unit margins. In Europe, tighter supply-side conditions as a result of the poor starch potato harvest resulted in improved margins towards the end of the year.

> “In Europe, sales of bulk corn sweeteners increased by 10% (14% in constant currency).”

Whilst we experienced improved positive cash margins in US ethanol, this product continued to generate a loss at the operating level. At the end of the period, we completed the sale of our Fort Dodge facility for cash consideration of £36 million resulting in an exceptional credit for the full year of £10 million (2010 – impairment of £217 million). The disposal reduces our exposure to what remains a volatile and highly commoditised industry.

Whilst citric acid sales increased within our acidulants business, profits were lower than the prior year as a result of higher input costs. As in the prior year, the Bio-PDO™ joint venture broke even in the 2011 financial year.

Co-products
Sales of co-products increased by 21% (19% in constant currency) to £349 million (2010 – £289 million).

The impact of rising US corn prices throughout the year resulted in additional profits of £16 million from co-products compared with the prior year. Since over 80% of our corn grind is utilised to produce Bulk Ingredients, the majority of this impact is recorded within this segment. In anticipation of potential supply tightness in the run up to the new harvest, we plan to hold our silos full to the beginning of the harvest year. With the larger volumes in inventory combined with the higher price of corn, we increased the amount of working capital tied up in US corn inventories by approximately £126 million at 31 March 2011. European corn prices also rose increasing co-product sales. However, hedging options are more limited than in the USA so that higher corn prices had a modest negative impact on profitability in the second half.

Outlook
In Bulk Ingredients, we expect sweetener margins to remain flat calendar year on year with volumes slightly down as we diversify some grind to Speciality Food Ingredients. Elsewhere, industrial starches are expected to perform better, particularly in Europe, but not sufficiently to offset more normal co-product returns.

Business review Innovation and Commercial Development

> "The role of the Innovation and Commercial Development team is to identify and develop new business opportunities and to create and commercialise new ingredients, thereby providing long-term growth for Tate & Lyle."

Karl Kramer
President

Remit

The Innovation and Commercial Development (ICD) group is a key enabler of Tate & Lyle's strategy. Established on 1 June 2010, its remit is to drive long-term growth across Tate & Lyle.

ICD brings together three areas – product development, marketing, and platform management – into one global team, providing an integrated approach to developing and commercialising innovation.

While ICD supports both of Tate & Lyle's global business units, it concentrates mainly on growing our Speciality Food Ingredients division. As a result, ICD's resources are predominantly focused on three broad areas within the global speciality food ingredients market – sweeteners, texturants and health and wellness.

Within ICD, we have a dedicated Open Innovation team which looks to develop partnerships with universities, customers and start-ups specialising in food science, with a goal of bringing their new technologies or products to market.

ICD is responsible for developing and managing the Group's innovation pipeline, and also for launching commercially successful new products.

Innovation centres and laboratories

ICD is currently headquartered in Decatur, Illinois, USA but, by early 2012, its global headquarters will be the new Commercial and Food Innovation Centre in Chicago, USA. This new centre, which will feature state-of-the-art laboratories, a demonstration kitchen, and sensory testing, analytical and pilot plant facilities, will give us the ideal facilities for working more closely with customers. In this centre we will be able to develop solutions to meet their functional, formulation and nutritional needs.

As well as the new centre in Chicago, ICD has a research centre in Lille, France. These two centres are supported by a global network of smaller regional applications laboratories (in countries such as China, Germany, Argentina, Australia, and South Africa) where our local applications specialists take our customers' products from a written brief to prototype at high speed, while ensuring the final product reflects local tastes. We are currently building two more applications laboratories, one in Brazil and one in Mexico.

Pilot plants

ICD also operates the Group's pilot plant facilities, both laboratory scale and within our manufacturing facilities. Scaling up and testing formulations and ideas at our pilot plants allows us to assess the feasibility of new processes, new products and new technology, ensuring we get them right before investing in commercial-scale processes.

Market research

Customer understanding drives all that we do. We use market research to help us better understand the consumer (our customers' customer). Through our research programme, ICD measures consumers' views on particular ingredients; gets their opinions on the latest trends; analyses their dietary habits; and understands their attitudes towards 'healthy' food. Our research covers all the regions of the world we operate in, giving us the insights necessary to offer tailor-made solutions for our customers that we know will work in local markets.

Business review Risk management

Tate & Lyle could be affected by a number of risks, which might have a material adverse effect on our reputation, operations and financial performance.

The Board of directors has overall responsibility for the Group's system of risk management and internal control. The schedule of matters reserved to the Board ensures that the directors control, among other matters, all significant strategic, financial and organisational issues.

Approach

The Group's enterprise-wide risk management and reporting process helps management to identify, assess, prioritise and mitigate risk. The process involves an ongoing programme of workshops, facilitated by the risk management function, held around the Group. The risks identified are collated and reported through functional and divisional levels to the Group Executive Committee. This culminates in the identification of the Group's key business, financial, operational and compliance risks with associated action plans and controls to mitigate them where possible (and to the extent deemed appropriate taking account of costs and benefits). The output is then reviewed by the Board. Responsibility for managing each key risk and the associated mitigating controls is allocated to an individual executive within each division. As part of the process, senior executive management formally confirms that these key risks are being managed appropriately within their operations and that controls have been examined and are effective. The confirmations and any exceptions are discussed at the Audit Committee and Corporate Responsibility Committee once a year.

During the year ended 31 March 2011, the risk management process was enhanced further through an exercise undertaken by the Board of directors and the Group Executive Committee to consider the nature and extent of the Group's risk appetite. The results of this exercise are being used as part of the Group's strategic planning activities, and in considering ongoing mitigating actions.

The Group's risk management process continues to follow the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Enterprise Risk framework. The COSO framework provides a process to manage the risk of failure to achieve business objectives and assurance against material loss or misstatement.

Key risks

Key risks and uncertainties identified as part of the risk management process undertaken during the year, together with some of the mitigating actions that we are taking, are set out below. It is not possible to identify or anticipate every risk that may affect the Group. Our overall success as a global business depends, in part, upon our ability to succeed in different economic, social and political environments and to manage and to mitigate these risks.

Risk	Impact and description	Examples of mitigating actions
Failure to act safely and to maintain the safe and continuous operation of our facilities	The safety of our employees, contractors, suppliers, and the communities in which we operate is paramount. We must operate within local laws, regulations, rules and ordinances relating to health, safety and the environment, including emissions. The operation of plants involves many risks, including failure or sub-standard performance of critical equipment; improper installation or operation of equipment; failure of critical supplier; and natural disasters. If these risks cause a temporary or permanent stoppage in production, this could have a material adverse effect on the Group.	• Corporate Responsibility Committee in place • Board annual review of Group safety/environmental performance/policies • Separate central global function established, Group Operational Efficiency and Sustainability, outside business unit control, to set and monitor standards • Health and safety policies and procedures at all facilities with dedicated staff to ensure policies are embedded and measured • Environmental management systems at production facilities • Business continuity plans in place to enable supply, as quickly as practicable, of product to customers from alternative sources in the event of a natural disaster or major equipment or plant failure backed by appropriate insurance coverage against business interruption • Periodic review of critical supply or supplier dependencies in principal manufacturing operations.
Failure to maintain the quality of our products and high standards of customer service	The safety of consumers of our products is critical. Poor quality or sub-standard products or poor customer service could have a negative impact on our reputation and relationships with customers.	• Central global function, Group Operational Efficiency and Sustainability, manages Group-wide quality process and procedures • Product safety and quality policies and procedures in place to prevent contamination • Dedicated staff at all locations to ensure policies are embedded and measured • Third-party audits completed • Recall simulation exercises undertaken.

Risk	Impact and description	Examples of mitigating actions
Failure to attract, develop and retain key personnel	Performance, knowledge and skills of employees are central to success. We must attract, integrate and retain the talent required to fulfil our ambitions and deliver the Group's strategy. Inability to retain key knowledge and adequately plan for succession could have a negative impact on Company performance.	• Remuneration policies designed to attract, retain and reward employees with ability and experience to execute Group strategy • Talent strategy to provide opportunities for employees to develop careers • Single global performance appraisal system in place • New Commercial and Food Innovation Centre in Chicago, USA to help attract and retain new talent to the Group.
Non-compliance with legislation and regulation	The Group operates in diverse markets and therefore is exposed to a wide range of legal and regulatory frameworks. We must understand and comply with all applicable legislation. Any breach could have a financial impact and damage our reputation.	• Regulatory managers monitor changes in legislation and develop action plans • Legal teams maintain compliance policies in areas such as antitrust, money laundering and anti-corruption laws; and provide ongoing training to employees • External consultants provide quarterly reports on regulatory change.
Fluctuations in prices, offtake and availability of raw materials, energy, freight and other operating inputs	Margins may be affected by fluctuations in crop prices due to factors such as harvest and weather conditions, crop disease, crop yields, alternative crops and co-product values. In some cases, due to the basis for pricing in sales contracts, or due to competitive markets, we may not be able to pass on to customers the full amount of raw material price increases or higher energy, freight or other operating costs.	• Strategic relationships with suppliers and trading companies • Multiple-source supply agreements for key ingredient supplies • Balanced portfolio of supply and tolling contracts in operation with customers to manage balance of raw material prices and product sales prices and volume risks • Raw material and energy purchasing policies to provide security of supply • Derivatives used where possible to hedge exposure to movements in future prices of commodities.
Failure to protect intellectual property	Our commercial success depends, in part, on obtaining and maintaining patent protection on certain products and technology. We must successfully defend patents against third-party challenges or infringements.	• Group legal department, supported by expert patent lawyers, monitors all patents • Group Intellectual Property (IP) committee in place, chaired by the President of Innovation and Commercial Development, to oversee the Group's IP management • Organised and secure process for identifying and recording innovations, trade secrets and potential patentable ideas.
Competitors may achieve significant advantage through technological step change or higher service levels	Competitors could introduce a major technological step change, such as significantly improving the efficiency of a production process and lowering costs (and thereby commoditising products); or introduce a new product with better functionality which in turn could lead to a decline in our sales and/or profitability. We must ensure we exceed or at least match competitors' service and quality performance.	• Innovation and Commercial Development team to produce innovations in product development, applications, manufacturing technology and customer services • Global key account managers in place for major customers • Improved customer relationship management capabilities as part of the programme to implement a common global IS/IT platform and global support services.

Risk	Impact and description	Examples of mitigating actions
Failure to implement the Group's programme to transform its operational capabilities	The Group has committed to a programme to transform its operational capabilities, primarily by implementing a common global IS/IT platform and global support services. If this programme is not implemented as planned, this would have an adverse impact on the Group's ability to achieve its strategy.	• Dedicated resources allocated to the project • Project scope set out in detailed legal contracts with external system integrator and other providers, with appropriate governance and remedy mechanisms • Detailed project implementation plan subject to both internal and external audit and review • Formal steering committee (executive management) and Board/Audit Committee review of project progress against agreed milestones and timelines.
Failure to counter negative perceptions of the Group's products	We must be fully prepared to counter unexpected/unfounded negative publicity about our products.	• Innovation and Commercial Development and regulatory teams substantiate relevant product claims • Media relations department monitors Group press coverage and has action plans to deal with any negative publicity.
Failure to identify important consumer trends and innovate could impact the business's ability to grow	Falling behind the curve on emerging dietary trends and/or an inability to innovate could impact the delivery of the Group's strategy. This would impact its performance and reputation.	• Innovation and Commercial Development team works closely with customers and advisors to identify emerging trends • Consumer-facing research to ensure we are aware of consumers' needs and expectations • Global key account managers in place for major customers • New Commercial and Food Innovation Centre in Chicago, USA will enable scientists, marketing, sales and technical experts to collaborate more closely with customers • Recruitment and training policies in place to strengthen and upgrade staff skill sets.
Failure to manage capital expenditure and working capital, and deliver key projects	We must manage our finances within strictly controlled parameters, particularly when external financial conditions are uncertain and highly changeable. The change programme currently being undertaken by the Group consists of a number of projects which, if not delivered successfully, could impact the Group's performance and reputation.	• Significant projects approved and monitored by the Board • Debt and working capital levels monitored constantly and reported monthly to the Board • Capital expenditure procedures to control and monitor allocation and spend • Major or key projects have dedicated teams • External resources and expertise used where required or as appropriate.
Failure to maintain an effective system of internal financial controls	Without effective internal financial controls, we could be exposed to financial irregularities and losses from acts which could have a significant impact on the ability of the business to operate. We must safeguard business assets and ensure accuracy and reliability of records and financial reporting.	• Authorisation policies ensure that key tasks are segregated to safeguard assets • Detailed internal finance and capital expenditure manuals set out procedure • Group financial performance monitored with monthly Board reports and regular forecasting • Chief Executive and Chief Financial Officer undertake detailed quarterly business and financial reviews • Internal audit function provides assurance.

Business review Additional financial information

Basis of preparation

Adjusted performance

Adjusted profit is reported as it provides both management and investors with valuable additional information on the performance of the business. The following items are excluded from adjusted profit:

- results of discontinued operations, including gains and losses on disposal (Note 12 and Note 37);
- exceptional items from continuing operations (Note 7); and
- amortisation of intangibles acquired through business combinations.

This adjusted information is used internally for analysing the performance of the business. A reconciliation of reported and adjusted information is included in Note 43.

Impact of changes in exchange rates

Our reported financial performance has been positively impacted this year by exchange rate translation, in particular due to the strengthening of the average US dollar exchange rate against sterling. The movement in exchange rates had led to increased profits and a reduction in net debt as a result of the translation of accounts recorded in foreign exchange. The average and closing exchange rates used to translate reported results were as follows:

	Average rates		Closing rates	
	2011	2010	**2011**	2010
US dollar:sterling	**1.55**	1.61	**1.60**	1.52
Euro:sterling	**1.19**	1.13	**1.13**	1.12

Segmental analysis

Following the change of the organisational structure announced in May 2010, the Group restructured its internal organisation into four distinct segments: Speciality Food Ingredients, Bulk Ingredients, Sugars and central costs. Sugars was subsequently classified as discontinued following the announcement on 1 July 2010 of the disposal of EU Sugars and the launch of processes to sell the remaining businesses within the Sugars division. Comparative information has been reclassified accordingly.

Central costs

Central costs, which include head office, treasury and reinsurance activities, increased by £11 million to £42 million reflecting the costs associated with strengthening the Group's senior management team, costs associated with our financing portfolio and one-off costs of £6 million in the first half relating to the review of the Group's activities. The effect of exchange translation was to increase central costs by £1 million.

Energy costs

Energy costs for the year were £170 million (2010 – £178 million), a decrease of 4% (7% in constant currency). The improvement of £12 million in constant currency was due principally to lower prices (£22 million) and efficiency improvements (£9 million), partly offset by higher volumes (£14 million) and an unfavourable input mix (£5 million). We have covered the cost of almost 70% of our estimated energy needs for the 2012 financial year, and while contracts have been secured at higher prices than in the 2011 financial year we will look to mitigate some of the upward pressure through efficiencies.

Exceptional items from continuing operations

	Year to 31 March 2011 £m	Year to 31 March 2010 £m
Business transformation costs	**(15)**	(3)
Gain on disposal of assets net of pre-disposal costs – Fort Dodge	**10**	–
Impairment charges – Fort Dodge	**–**	(217)
UK Group Pension Scheme changes	**–**	5
Closure costs	**–**	(55)
Write-down of assets	**–**	(28)
Exceptional items	**(5)**	(298)

Exceptional items within our continuing operations during the year totalled a net charge of £5 million on a pre-tax basis. We recognised an exceptional gain of £10 million relating to the Fort Dodge facility which was sold on 30 March 2011. The facility was impaired in the previous financial year. We have incurred an exceptional charge of £15 million in relation to business transformation costs, principally restructuring associated with the new Commercial and Food Innovation Centre in Chicago, USA and the implementation of a common global IS/IT platform and global support services.

The tax impact on continuing net exceptional items is a charge of £10 million. In addition, an exceptional tax credit of £8 million has been recognised in respect of unrealised profit on inventory following the restructuring of our business. This credit has no impact on cash paid or received.

Exceptional items from continuing operations in the 2010 financial year comprised a £3 million charge relating to business transformation costs in Speciality Food Ingredients, an impairment charge of £217 million relating to the decision to mothball our Fort Dodge facility, a £55 million charge relating to our decision to mothball the sucralose manufacturing facility in McIntosh, Alabama, USA, and the write-off of £28 million of research and development assets from which we no longer expect to receive a commercial benefit. We also recognised a £5 million exceptional gain in relation to changes to the UK Group Pension Scheme. The exceptional tax credit on continuing operations was £117 million, primarily due to the deferred tax asset related to the impairment of the Fort Dodge facility. An exceptional tax credit of £15 million was also recognised in respect of the release of various tax provisions.

Net finance expense

The net finance expense from continuing operations decreased from £72 million to £58 million, principally as a result of lower pension interest expense. We were not able to benefit fully from the decrease in average net debt due to the fixed nature of our gross borrowings.

However, the net interest charge is expected to be significantly lower in the 2012 financial year as a result of lower levels of average net debt, a reduction of our average effective interest rate principally as a result of the repayment of our US$300 million bond in June 2011, and a change from a £4 million pension interest expense in the year ended 31 March 2011 to an anticipated pension interest credit of £5 million in the year ending 31 March 2012.

Taxation

The taxation charge from continuing operations before exceptional items and amortisation of acquired intangible assets was £49 million (2010 – £41 million) as a result of higher pre-tax adjusted profit. The effective rate of tax on adjusted profit decreased to 18.5% (2010 – 20.8%) as a result of the geographic mix of profits and also the resolution of some historical tax issues.

The effective tax rate for the 2012 financial year is expected to remain broadly in line with this year's effective tax rate assuming the geographic mix of profits is in line with our expectations.

Discontinued operations

Discontinued operations comprise our former Sugars Division, principally our former EU Sugars business which we sold in September 2010, our former Molasses business which we sold in December 2010, our former International Sugar Trading business, and our Vietnam and Israeli sugar interests which are reported as assets held for sale. On 20 April 2011 we announced we had entered into a conditional agreement to sell our Vietnam business.

Sales from discontinued operations for the year decreased to £590 million from £1,074 million as a result of the sale of EU Sugars and Molasses part way through the year. The operating loss from our discontinued operations totalled £45 million, after exceptional losses of £43 million (2010 – profit of £50 million, after exceptional profits of £22 million).

The exceptional pre-tax loss for the year of £43 million comprises the £55 million loss on disposal of EU Sugars booked during the year partially offset by the £12 million profit on the disposal of Molasses. Taxation on our discontinued operations was a £16 million credit (2010 – £11 million charge) after reflecting an exceptional tax credit of £19 million (2010 – £5 million charge). The loss from discontinued operations after taxation for the year was £29 million (2010 – profit of £40 million). The final loss on disposal of EU Sugars is subject to closing adjustments arising from the agreement of post completion statements. The process to reach such agreement is ongoing, and items totalling £54 million remain outstanding and are expected to be submitted for adjudication to an independent expert.

These items relate to the impact of major turbulence in the supply of raw sugar to the EU during the period prior to closing which resulted in an increase in certain rolling re-export commitments of the business arising under the EU Sugar Regime. The Group believes that its position is fully supported and as such will be robustly defended. No provision in respect of outstanding items has been recorded.

Earnings per share

Adjusted diluted earnings per share from continuing operations was 45.7p (2010 – 33.7p), an increase of 36% (34% in constant currency) as a result of higher operating profits, lower finance costs and the reduction in the effective tax rate. On the same basis, basic earnings per share was higher by 37% (36% in constant currency) at 46.5p (2010 – 33.9p).

Total basic earnings per share at 35.3p was higher than the prior year as the 2010 basic earnings per share of 3.3p was impacted by significant exceptional costs.

Dividend

The Board is recommending a 5% increase in the final dividend to 16.9p (2010 – 16.1p) making a full year dividend of 23.7p (2010 – 22.9p) per share, up 3.5% on the prior year. Subject to shareholder approval, the proposed final dividend will be due and payable on 5 August 2011 to all shareholders on the Register of Members at 1 July 2011. In addition to the cash dividend option, shareholders will also be offered a Dividend Reinvestment Plan (DRIP) alternative. The DRIP replaces the scrip alternative that was previously available to shareholders.

Assets

Gross assets at 31 March 2011 were £3,051 million, £237 million lower than the previous year principally as a result of the disposal of EU Sugars and Molasses. Net assets increased by £119 million to £973 million driven by the profits generated in the year and actuarial gains relating to our post retirement plans partially offset by dividend payments and foreign exchange losses on the translation of overseas subsidiaries.

Post-retirement benefits

We maintain pension plans for our employees in a number of countries. Some of these arrangements are defined benefit pension schemes and, although we have closed the main UK scheme to future accrual and commenced the process for closing the US schemes to future accrual during the year, legacy obligations remain. In the USA, we also provide medical and life assurance benefits as part of the retirement package.

The net deficit on our post retirement obligations reduced by £118 million to £139 million at 31 March 2011 from £257 million in the prior year principally as a result of increasing asset valuations and cash contributions during the year. The UK pension obligations relating to EU Sugars and Molasses remained with the Group.

Net debt

Net debt fell by £350 million to £464 million (2010 – £814 million) driven by free cash flow of £190 million from the continuing businesses and £316 million relating to the sale of EU Sugars, Molasses and Fort Dodge. These inflows were partially offset by cash utilised by the discontinued businesses amounting to £105 million, principally the repayment of letters of credit ahead of disposal, and dividend payments of £70 million. In addition, the Group's debt is primarily denominated in US dollars and euros to match the underlying currencies of the operational cash flows and net assets and, therefore, as sterling has strengthened against the US dollar and the euro, net debt reported in sterling has reduced by £27 million.

During the year, net debt peaked at £836 million in May 2010. The average net debt was £661 million, a reduction of £359 million from £1,020 million in the prior year.

Cash flow

	Year to 31 March 2011 £m	Year to 31 March 2010 £m
Adjusted operating profit from continuing businesses	**321**	268
Depreciation/amortisation	**96**	105
Working capital	**(101)**	186
Share-based payments	**9**	4
Operating cash flow	**325**	563
Capital expenditure	**(58)**	(60)
Operating cash flow less capital expenditure	**267**	503
Net interest and tax paid	**(77)**	(89)
Free cashflow	**190**	414

Operating cash flow from continuing operations was £325 million, a decrease of £238 million compared with the prior year primarily due to increases in working capital of £101 million (2010 – reduction of £186 million) as we took the decision to increase US inventories (£126 million) in the second half of the year. This action was taken in response to the anticipated tight supply situation running up to the next corn harvest. We also made further progress to reduce working capital tied up in payables and receivables.

Net interest paid decreased by £13 million to £46 million principally as a result of a decrease in interest paid on our bank and other borrowings.

Income tax paid was £31 million.

Capital expenditure of £58 million was 64% of the depreciation charge, reflecting the transition to our new Group capital allocation process. Including the investments we will be making in growth and business transformation and the additional capital investment required to restart production at the McIntosh facility, we expect capital expenditure to be up to 1.4 times depreciation in the 2012 financial year.

Free cash inflow (representing cash generated from continuing operations after working capital, interest, taxation and capital expenditure) was £190 million, £224 million lower than the prior year principally as a result of the increases in working capital discussed earlier.

Cash outflow related to discontinued operations was £105 million compared with an inflow of £97 million in the prior year due to the timing of working capital flows ahead of the disposal of EU Sugars and Molasses. Net disposal proceeds from the sale of EU Sugars and Molasses were £280 million.

Equity dividends paid were £70 million, £33 million lower than the previous year due to the high take up of the scrip dividend.

Financial risk factors

Our key financial risk factors are market risks, such as foreign exchange, transaction and translation exposures, and credit and liquidity risks. Please refer to Note 21 of the financial statements on page 89 for a discussion of these risk factors.

Off balance sheet arrangements

In the ordinary course of business, to manage our operations and financing, we enter into certain performance guarantees and commitments for capital and other expenditure.

The aggregate amount of indemnities and other performance guarantees, on which no material loss has arisen, including those related to joint ventures and associates, was £1 million at 31 March 2011 (2010 – £13 million).

We aim to optimise financing costs in respect of all financing transactions. Where it is economically beneficial, we choose to lease rather than purchase assets. Leases of property, plant and equipment where the lessor assumes substantially all the risks and rewards of ownership are treated as operating leases, with annual rentals charged to the income statement over the term of the lease. Commitments under operating leases to pay rentals in future years totalled £173 million (2010 – £195 million) and related primarily to railcar leases in the USA. Rental charges for the year ended 31 March 2011 in respect of continuing operations were £23 million (2010 – £24 million).

Use and fair value of financial instruments

In the normal course of business we use both derivative and non-derivative financial instruments.

The fair value of Group net borrowings at the year end was £504 million against a book value of £464 million (2010 – fair value £823 million; book value £814 million).

Derivative financial instruments used to manage the interest rate and currency of borrowings had a fair value of £4 million liability (2010 – £9 million liability). The main types of instrument used are interest rate swaps, interest rate options (caps or floors) and cross-currency interest rate swaps.

The fair value of other derivative financial instruments hedging future currency and commodity transactions was £3 million asset (2010 – £6 million liability). When managing currency exposure, we use spot and forward purchases and sales, and options.

The fair value of other derivative financial instruments accounted for as held for trading was £2 million asset (2010 – £22 million).

Fair value estimation

The fair value of derivative financial instruments is based on the market price of comparable instruments at the balance sheet date if they are publicly traded. The fair value of the forward currency contracts has been determined based on market forward exchange rates at the balance sheet date. The fair values of short-term deposits, receivables, payables, loans and overdrafts with a maturity of less than one year are assumed to approximate their book values. The fair values of bonds, bank and other loans, including finance lease liabilities due in more than one year, are estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments, adjusted for the fair valuation effects of currency and interest rate risk exposures, where those instruments form part of related hedging relationship agreements, financial and commodity forward contracts and options, and commodity futures. The value of certain items of merchandisable agricultural commodities that are included in inventories are based on market prices.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in this Business review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the same sections. In addition, Note 21 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

As set out in the sections and note referenced above, the market conditions of the areas in which the Group operates have been affected, and are likely to continue to be affected, by large movements in input prices. However, with some 75% of revenues from food and beverage ingredients, the Group has a measure of resilience (although not immunity) to economic challenges. In addition, the Group has access to considerable financial resources through its facilities as described in Note 21 to the financial statements. In making their assessment of the going concern basis, the directors have reviewed the maturities of these facilities, the headroom available from them and the Group's ability to meet the covenant requirements of certain of them. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Business review Corporate responsibility

> “At Tate & Lyle we see the Company’s performance in financial, operational, social and environmental terms. They are interdependent and all contribute to creating value, which is why corporate responsibility measures are included in our Group key performance indicators.”

Javed Ahmed, Chief Executive

Our approach to corporate responsibility (CR) is enshrined in our Business Code of Conduct (the Code), a copy of which can be found on our website, www.tateandlyle.com. The Code applies unconditionally to all wholly-owned parts of the Group, and we also seek to apply the Code in those operations in which we have a 50% stake or more. Where we have a minority stake, we encourage our partners to adopt the Code. Applying the Code requires proactive management at every level within the Company.

The Board reviews Tate & Lyle’s CR policies and performance annually, and the Chief Executive is the Board member accountable for all aspects of CR.

Improving our management of CR

Following both the Group strategic review and Board effectiveness review we carried out in 2010 (details of which are in the annual report 2010), we enhanced how we oversee, manage and report on our CR risks and performance, including:

- we established a new Board Committee, the CR Committee, to review and monitor the processes and measures used to manage social, environmental and ethical risks. Details of the Committee’s membership, attendance and key activities are on page 42. The Committee’s terms of reference are available on our website, www.tateandlyle.com;
- we reorganised CR activities under a new global unit, Group Operational Efficiency and Sustainability (GOES). The Group VP, GOES reports directly to the Chief Executive, who retains overall responsibility for CR. As part of this reorganisation, we also created a new position, VP Sustainability, with specific responsibility for driving forward our sustainability work and communicating with stakeholders; and
- with the help of our internal audit function and external consultants URS Scott Wilson, we carried out a review of CR performance data presented in the annual report. It resulted in improvements to the way CR data is captured across the Group, and changes to how we measure and report performance. We now report key performance indicators on a normalised absolute basis, in line with industry practice.

Reporting parameters

We report safety and environmental performance by calendar year, because we are required to do so for other regulatory reporting. Assertions made in this CR section have been verified by our internal audit function and the processes for measuring our carbon footprint have been externally reviewed by URS Scott Wilson.

This year we have reorganised our reporting of CR issues for ease of reference, bringing together into one section our reports on safety, our people, the environment and communities. Next year we plan to report using a stakeholder model – consisting of workplace, marketplace, the environment and communities – to reflect the integral importance of our stakeholders to our decision-making.

Safety

We have no higher priority than safety. Ensuring safe and healthy conditions for employees, contractors and visitors at all our locations is essential to our operation as a successful business.

Overview of the year

Whilst our safety performance at most of our locations improved in 2010 and our safety performance continues to compare favourably against the industry, the Group’s overall safety performance deteriorated in 2010. We were deeply saddened by the death of one employee at our joint-venture plant in Adana, Turkey (as mentioned in the annual report 2010). Three other employees also suffered serious injuries. Whilst all three have now returned to their old positions, these incidents contributed to the overall deterioration in safety performance. This is not acceptable, and we are taking action to enhance our safety culture throughout Tate & Lyle.

Managing safety

Maintaining a consistently safe and healthy workplace for our people requires effective, proactive management. During the year, we undertook a comprehensive review of our approach to managing safety. As a first step, in August 2010 we introduced a ‘Call to Action’ to standardise best practice and help embed a safety culture Group-wide – an effort greatly helped by our restructuring as an integrated global company and the subsequent global management of safety initiatives, policies and programmes.

Projects and activities
We implemented a number of initiatives as part of the Call to Action:

- the Chief Executive and all his direct reports are closely involved in our safety auditing system;
- we commissioned external safety consultants, DuPont, to conduct a Group-wide perception survey and field assessments, leading to a safety improvement plan that includes action plans for all plants;
- we have standardised accident investigation procedures, health and safety policies and procedures, reporting of performance including near-misses, and communications across the Group; and
- we have established global forums to share best practice worldwide.

Results for the 2010 calendar year
Following feedback on last year's report, this year we rationalised the way we present data into two key measures, recordable incident rate and lost-time accident rate, in accordance with Occupational Safety & Health Administration (OSHA), the recognised global industry standard. In line with best practice and transparency we report here in normalised absolute numbers; and use our Group Safety Index, which we reported publicly in previous years, as an internal management tool.

Employee safety results
- Recordable incident rate improved by 1%
- Lost-time accident rate worsened by 59%

The US Corn Refiners Association (CRA) safety statistics are an important measure for us. Our Sagamore plant won three CRA awards relating to employee safety this year.

Contractor safety results
- Recordable incident rate worsened by 13%
- Lost-time accident rate worsened by 39%

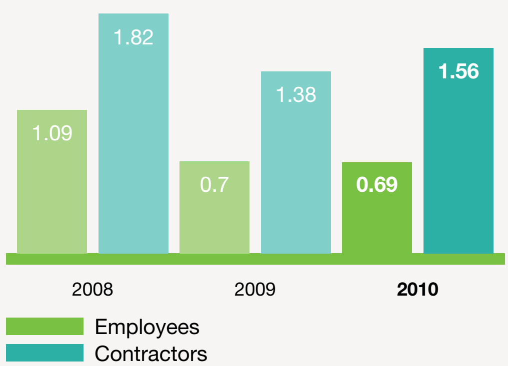
Benchmarking results
We benchmark our safety performance against a recognised global leader in safety, DuPont. Whilst the recordable incident rate for employees was slightly above benchmark, the recordable incident rate for contractors was higher than benchmark. The lost-time accident rates for both employees and contractors were also higher than benchmark. The lost-time accident rate and contractor performance continue to be a key area of focus for improvement.

Outlook
We are committed to implementing a world-class safety culture that delivers world-class safety performance. While we are disappointed with our performance in 2010, we have an agreed safety strategy and objectives plan for 2011 which was prepared following the results of the work undertaken by DuPont. Our global safety teams, employees and contractors are working together to implement actions to deliver this plan in 2011.

Safety performance

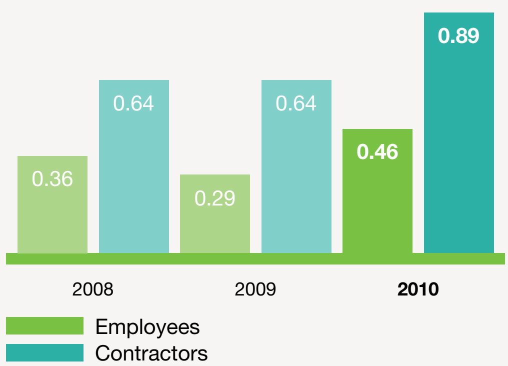
While in practice we make no distinction between employee and contractor safety and we report combined rates in our Group key performance indicators on pages 8 and 9, for regulatory reporting purposes we report on these groups separately.

Recordable incident rate
Number of injuries requiring treatment beyond first aid per 200,000 hours



The smaller the number, the better the performance.
Our target is zero for every Tate & Lyle operation.

Lost-time accident rate
Number of recordable injuries sufficiently serious to result in lost work days or restricted work activities per 200,000 hours



The smaller the number, the better the performance.
Our target is zero for every Tate & Lyle operation.

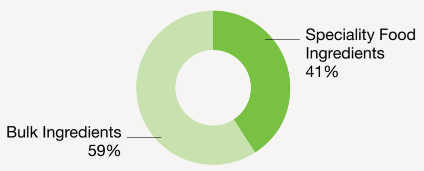
Our people

We aim to have good, ethical employment practices and standards across all our operations, in line with our Business Code of Conduct. Our policy is to reward our employees in order to attract, retain and motivate the right people. Financial remuneration is an important but by no means exclusive part of this.

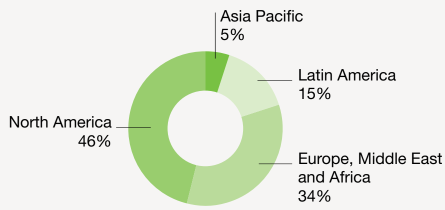
Employee profile

At 31 March 2011, Tate & Lyle employed 4,111 people across the Group. The decrease from 5,666 employees is mostly due to the sale of our Sugars businesses. These figures exclude any remaining Sugars employees, including those in Vietnam, although they were still employed by us on 31 March 2011.

Employees by business unit



Employees by geography



2011: the journey to a performance-related culture

We have seen significant changes in our Company as we implement our new strategy. We support and engage with our employees on this journey in a number of ways.

- **Communication:** in changing times, regular communication is more important than ever. With the emphasis on open, two-way discussion, we explore the issues involved in transforming the business through a wide range of channels and media, such as roadshows, workshops, conference calls and our refreshed staff magazine. These activities include our communication and support programme for employees directly affected by strategic change, namely the establishment of our new innovation centre in Chicago, USA and the establishment of a global Shared Services Centre in Łódź, Poland.
- **Reward:** we have new structures for incentivising and rewarding employees, including a new performance-related Group bonus plan and a sales incentive scheme consistent across all our locations. Our remuneration policy for directors is explained on page 45.
- **Appraisal:** we have harmonised our employee appraisal system across the Group, and are seeking to assess performance in a consistent way.

Diversity and inclusion

We believe in equal opportunities regardless of gender, sexual orientation, age, marital status, disability, race, religion or other beliefs and ethnic or national origin. Our policies, practices and regulations for recruitment, training and career development promote equality of opportunity while being appropriate for the relevant market sector and country of operation. Our aim is to encourage a culture in which all employees have the opportunity to develop fully according to their individual abilities and the needs of the Group. The Group remains committed to the fair treatment of people with disabilities regarding applications, training, promotion and career development. An employee who becomes disabled would, where appropriate, be offered retraining.

An important part of our cultural transformation is to become more globally diverse and inclusive, both in our internal talent pool and our range of potential recruits. We have established a diversity and inclusion council to embed this approach in our operations.

Health and wellbeing

We share best practice across the Company and work with healthcare partners to provide information, advice and support on health issues. Our programmes are developed in line with local needs and cultures.

Outlook

Our evolution into a global organisation demands a truly diverse workforce and this will be a key focus in our recruitment and retention policies. We will also be working to further embed our new performance management systems and processes across the Group.

Environment

We seek to operate in a way that is as environmentally sustainable as practical, while working continually to reduce our environmental impact further. By using resources such as energy and water more efficiently, and reducing waste, we can also achieve reductions in operational costs per unit of production. Improving the Company's environmental sustainability, therefore, is not only good for the environment but can also be beneficial financially. In recognition of this, we are working on including an environmental sustainability measure in the Group key performance indicators in next year's report, while continuing to report on our existing environmental metrics in this CR section.

Overview of the year

Tate & Lyle's environmental policy and standards apply to all our activities globally, and we aim to integrate environmental considerations into all major decisions. We focus on those aspects of our direct operations that have the greatest potential impact on the environment, these comprise: our energy use and consequent carbon footprint; our water use; and waste.

2010 was an exceptional year for us in terms of environmental performance. Energy efficiency improved significantly, as projects to improve ethanol distillation and dehydration at Loudon, Tennessee, USA, and energy management at the Decatur, Illinois, USA and Loudon refineries, delivered their full benefits. As a result our carbon footprint decreased. Meanwhile our water efficiency increased and waste volume was reduced through targeted efficiencies.

Managing our environmental performance

During 2010 we took several measures to improve the management, oversight and reporting of environmental performance, including:

- implementing one standard environmental audit programme across the Group;
- issuing updated, detailed environmental reporting guidance, to ensure reporting on a standard and consistent basis; and
- commissioning external consultants URS Scott Wilson to review our processes for measuring our carbon footprint. This led to enhancements to our reporting methodology and tools for measuring our carbon footprint, in line with the relevant international reporting standards.

Results for the 2010 calendar year

The data presented here outline the environmental performance of our global manufacturing facilities, including joint ventures where we have operational management control or influence.

The graphs on page 30 show our progress.
In calendar year 2010, versus 2009:

- **Energy use per tonne of production reduced by 9%**, due to energy efficiency projects and improvements in plant utilisation
- **Primary carbon footprint from manufacturing energy use reduced by 10% per tonne of production**, resulting largely from these energy efficiency improvements
- **Water use reduced by 5% per tonne of production**, due to water efficiency projects and improvements in plant utilisation
- **Waste reduced by 4% per tonne of production, and has reduced by 24% since 2008**, following a combination of waste reduction projects, production process changes at Loudon, USA, and improvements in plant utilisation.

Most of our operations globally complied with their environmental operating permit limits during 2010. On the rare occasions that a site temporarily exceeded its limits, we took immediate action to correct the issue and prevent a recurrence. We expect all our operations to meet operating permit limits at all times and treat any contraventions seriously.

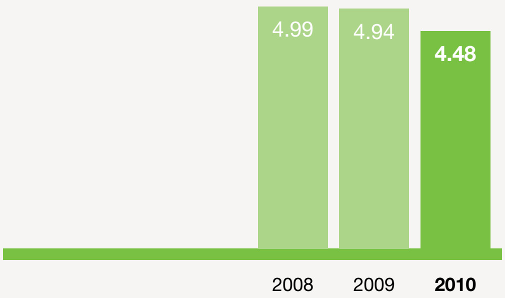
Outlook

Our newly-appointed VP Sustainability will provide strategic leadership of our work to further improve environmental performance, driving action plans that will build on our progress to date. These plans include:

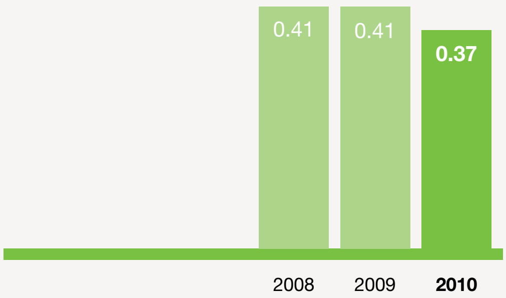
- reducing energy and water usage per unit of production, and minimising process waste, through a constant focus on efficient operation, supported where appropriate by capital investment;
- working to eliminate any incidence of non-compliance with environmental permits;
- continuing to evaluate our carbon footprint; and
- improving engagement with colleagues and external stakeholders on our environmental performance and other sustainability matters.

Environmental performance

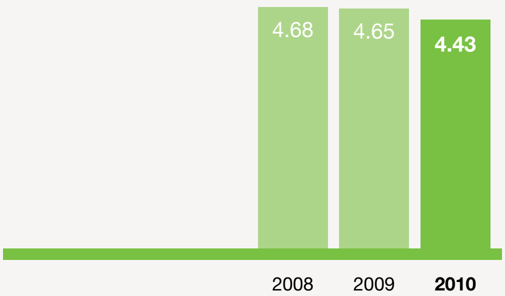
Energy use
GJ per tonne production



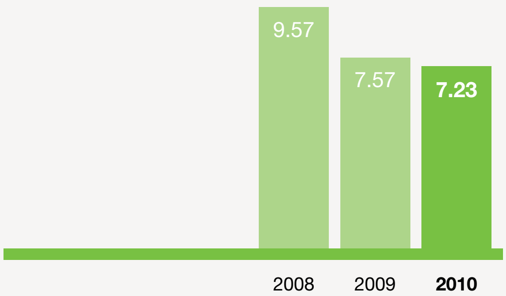
Primary carbon footprint
Tonnes CO_2 per tonne production



Water use
Cubic meters per tonne production



Waste
Tonnes per '000 tonnes production



The environmental data for the calendar years 2008, 2009 and 2010 presented in this Annual Report 2011 is not directly comparable to that provided in the Company's annual report 2010 and previous reports due to changes to the Company's structure and developments in the Company's environmental reporting arrangements. Specifically, these differences are as follows:

1. Discontinued operations have been removed for 2008, 2009 and 2010.
2. Inclusion of data from some additional joint ventures.
3. Movement to normalised absolute reporting (i.e. performance per tonne of production volume).

Community

We want to play a positive role in the communities in which we operate. Our policy is to build long-term relationships with local partners who directly address local needs, and who share our aims in establishing strong, safe and healthy communities. We chiefly do this through charitable donations and by supporting our employees' participation in community activities.

Overview of the year

In the past, our Sugars division played a key role in our overall community programme. The disposal of the Group's EU Sugar Refining operations on 30 September 2010 had no immediate impact on the recipients of the division's community activities, as these activities were transferred with the business. However, there was an impact on the structure and focus of the Group's overall community programme. We are therefore undertaking a comprehensive review of the Group's community programme, and will report on the results of this review in the annual report 2012.

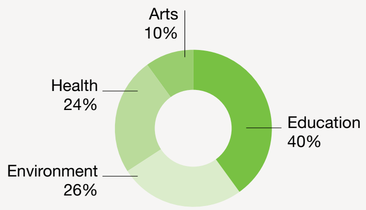
Charitable donations

Our Corporate Donations Committee oversees community policy throughout the world. It selects projects that target local needs and deliver the most positive impact, and ensures that our community work reflects our broader responsibilities as a company. Our guidelines for funding and support are:

- education – 50%
- environment – 25%
- health – 15%
- arts – 10%

In the financial year to 31 March 2011, Tate & Lyle's total worldwide charitable donations were £346,000 (2010 – £714,000); this decrease is largely due to the sale of the Group's EU Sugar Refining operations.

Actual community spend by allocation



We support many initiatives and organisations involved in community regeneration all round the world, including:

Europe

- **Hungrana, Hungary:** our joint venture business supported a local primary school by donating equipment and holding safety and environmental events.
- **Amylum Bulgaria:** our joint venture business supports local schools and runs other small-scale initiatives.
- **Tate & Lyle, The Netherlands:** we sponsor a windmill, an institute for visually impaired people and a holiday programme for disabled children. We also hold careers, historical and technical open days for the local community.
- **Amylum Nisasta, Turkey:** every year our joint venture business supports the TEMA Soil/Tree Foundation with a local tree-planting day.

USA

- **Lafayette:** our two plants support the United Way of Lafayette regeneration organisation.
- **Decatur:** we support agricultural shows, local organisations responsible for arts grants, and a range of education, community and regeneration projects. We also support the Associated Colleges of Illinois.
- **Loudon:** our plant supports the United Way of Loudon regeneration organisation.

Asia

- We made a one-off donation for the victims of the Japanese earthquake and tsunami.

Outlook

Following the sale of the Group's EU Sugar Refining operations, we will undertake a comprehensive review of the nature, purpose and scope of our community programme everywhere we operate. We will assess policies, the nature of pro bono and cash contributions, and the selection of charities we support. Results will be included in our annual report 2012.

Governance Board of directors

Sir Peter Gershon
Chairman

Became Chairman in July 2009 after joining the Board in February 2009. Formerly Chief Executive of the Office of Government Commerce, Managing Director of Marconi Electronic Systems and a member of the GEC plc board. Currently Chairman of Premier Farnell plc, GHG Limited (General Healthcare Group) and Vertex Data Science Limited; and a member of the UK Government's Efficiency Board, and the Advisory Board of the UK Defence Academy.
Aged 64.

Javed Ahmed
Chief Executive

Joined the Group as Chief Executive in October 2009 from Reckitt Benckiser plc. Started his career with Procter & Gamble and then spent five years with Bain & Co. Joined Benckiser (later Reckitt Benckiser plc) in 1992. Subsequently held a number of senior positions, both in the UK and internationally, including Senior Vice President, Northern Europe; President, North America; Executive Vice President, North America, Australia and New Zealand; and Executive Vice President, Europe.
Aged 51.

Tim Lodge
Chief Financial Officer

Joined the Group in 1988 and joined the Board in December 2008 as Group Finance Director. Has held a number of senior operational and financial roles, both in the UK and internationally, including Managing Director of Zambia Sugar; Group Financial Controller; Finance Director of the Food & Industrial Ingredients, Europe division; and Director of Investor Relations. He is a Fellow of the Chartered Institute of Management Accountants. In June 2010 his title was changed to Chief Financial Officer.
Aged 46.

Liz Airey
Non-executive director

Joined the Board in January 2007. Formerly Finance Director of Monument Oil and Gas plc. Currently Chairman of the JP Morgan European Smaller Companies Trust PLC and the Unilever UK Pension Fund; Senior Independent Director of Jupiter Fund Management plc; and a non-executive director of Dunedin Enterprise Investment Trust PLC.
Aged 52.

William Camp
Non-executive director

Joined the Board in May 2010. Worked for 22 years for Archer Daniels Midland Company, before retiring in 2007, and held a variety of management positions including Executive Vice President, Asia Strategy; Executive Vice President, Processing; and Senior Vice President, Global Oil Seeds, Cocoa and Wheat Milling. Based in the USA and currently serves on the boards of Chiquita Brands International Inc, Grain Storage Inc and Oasis Foods Company.
Aged 62.

Evert Henkes
Non-executive director

Joined the Board in December 2003. Worked for Shell for 30 years before retiring in 2003 and held a number of senior management positions in Europe and Asia Pacific culminating in Chief Executive of Shell Chemicals in 1998. Currently a non-executive director of Outokumpu OYJ, Air Products and Chemicals Inc, and SembCorp Industries Ltd.
Aged 67.

Douglas Hurt
Non-executive director

Joined the Board in March 2010. A Chartered Accountant, he is currently Finance Director of IMI plc. Before joining IMI plc in 2006, he held a number of financial and operational roles, including US and European senior management positions at GlaxoSmithKline. Aged 54.

Robert Walker
Senior Independent Director

Joined the Board in January 2006. He spent over 30 years with Procter & Gamble, McKinsey and finally, PepsiCo, where he was responsible for the company's beverage operations in Europe, the Middle East and Africa. He is currently Chairman of Travis Perkins PLC and Americana International Holdings Limited; he has also served on a number of FTSE 100/250 boards, including WH Smith (Chairman), Wolseley, Severn Trent, BAA, Signet, and Thomson Travel. Aged 66.

Dr Barry Zoumas
Non-executive director

Joined the Board in May 2005. Worked for Hershey Foods Corporation for 27 years before retiring in 1997 and held a number of positions, culminating as Corporate Vice President of Science and Technology. Based in the USA and currently the Alan R. Warehime Professor of Agribusiness and Professor of Food Science and Nutrition at Penn State University, USA and also Global Chairman of the International Life Sciences Institute. Aged 68.

Robert Gibber
Executive Vice President, Company Secretary and General Counsel

A solicitor, Robert joined Tate & Lyle in 1990 as a commercial lawyer. Previously worked for City law firms Wilde Sapte and Herbert Oppenheimer. Graduated from Wadham College, Oxford in Oriental Studies (Chinese) in 1984. Appointed General Counsel in 1997 and Company Secretary in 2001. Aged 48.

Committee membership as at 26 May 2011

Audit Committee
Liz Airey, *Chairman*
Evert Henkes
Douglas Hurt

Remuneration Committee
Evert Henkes, *Chairman*
William Camp
Sir Peter Gershon
Robert Walker

Nominations Committee
Sir Peter Gershon, *Chairman*
Javed Ahmed
Liz Airey
William Camp
Evert Henkes
Douglas Hurt
Robert Walker
Dr Barry Zoumas

Corporate Responsibility Committee
Sir Peter Gershon, *Chairman*
Liz Airey
William Camp
Dr Barry Zoumas

Governance Executive management

The Group Executive Committee oversees the development and execution of the Group's strategy, and has overall responsibility for achieving business results.

The biographies for Javed Ahmed, Tim Lodge and Robert Gibber are on pages 32 and 33.

Karl Kramer
President, Innovation and Commercial Development

Joined Tate & Lyle in April 2008, became President, Sucralose in June 2008 and was appointed President, Innovation and Commercial Development in June 2010. A graduate of Chemical Engineering from the New Jersey Institute of Technology, Karl also holds an MBA from the New York University Stern School of Business. Began his career in R&D at General Foods and then worked in brand management for Nestlé, and in international sales for the NutraSweet Kelco Division of Monsanto. Before joining Tate & Lyle, Karl held various international general management roles in the flavour division of Givaudan.

Rob Luijten
Executive Vice President, Human Resources

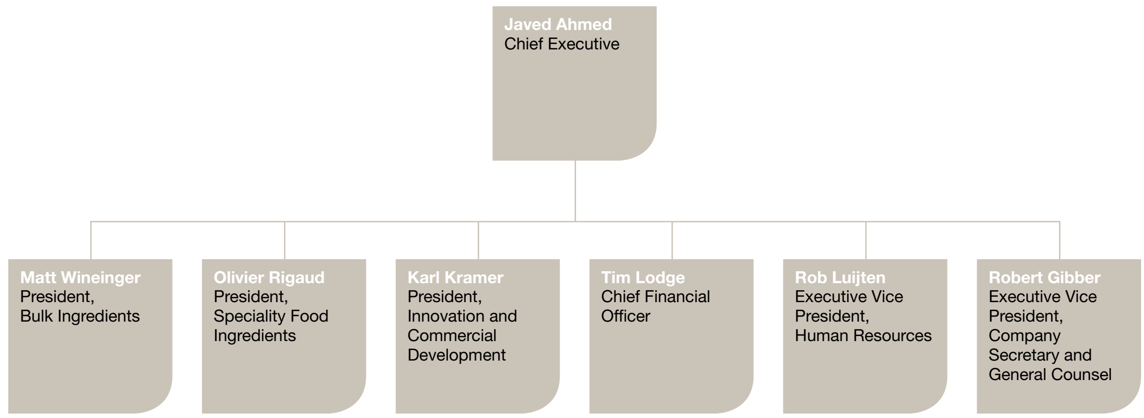
Joined Tate & Lyle in February 2010 and was appointed Executive Vice President, Human Resources in June 2010. Holds a Masters degree in Human Resource Studies from Tilburg University and began his career with Inamed Corporation before spending ten years with GE Plastics where he held a number of senior human resources roles in both Europe and Asia, including five years based in Shanghai as Human Resources Director, Asia Pacific. Subsequently joined BG Group PLC where he was Human Resources Director, Africa, Middle East and Asia until 2009.

Olivier Rigaud
President, Speciality Food Ingredients

Joined Tate & Lyle (Amylum business) in 1988 as a sales manager in France. A chemistry graduate from Aix-Marseille University, he has held various management positions within Tate & Lyle, including in industrial products, liquid sweeteners and alcohol sales. In 2000, Olivier became Vice President Food Ingredients, Europe and was appointed President, Food & Industrial Ingredients, Europe in 2008. He was appointed President, Speciality Food Ingredients in June 2010.

Matt Wineinger
President, Bulk Ingredients

Joined Tate & Lyle in March 2008, became President, Food & Industrial Ingredients, Americas in July 2008 and was appointed President, Bulk Ingredients in June 2010. A graduate of Kansas State University, Matt started his career in the Food Products Division at Procter & Gamble and then worked in a variety of roles for Monsanto and later Cargill, where he became President of Sales, Marketing and Research & Development in 2002 for its Meat Solutions platform. Subsequently joined Swift and Co, where he was President of its Australian Meat Holdings division until 2007.



> "With the ongoing evolution of best practice in UK corporate governance, the Board continues to work hard to ensure it keeps up to date with these changes. We value our reputation as a well-run company and will continue to commit significant effort to maintaining it."

Statement from the Chairman

As Chairman I am responsible for ensuring that the Board operates effectively. During the year, we undertook a number of actions to enhance further the governance structure and thereby improve the Board's effectiveness. These included:

Establishment of a Corporate Responsibility Committee

In light of the output from the 2010 Board Effectiveness review, the Board established a Corporate Responsibility (CR) Committee with effect from 1 July 2010. The CR Committee is responsible for reviewing and monitoring the processes and measures used to manage social, environmental and ethical risks. During the year, this new Committee reviewed a number of issues including the Group's safety performance, product quality processes, environmental performance and diversity and inclusion initiatives. Further detail is provided on page 42.

Use of non-executive directors' time

We also undertook a comprehensive review of the Board and Committees' programmes and use of non-executive directors' time. In the past, all non-executive directors generally served on each Board Committee. Following the review, the directors agreed that all non-executive directors would serve on the Nominations Committee and at least one other Committee. Details of the current Committee memberships are on page 33. In addition, we restructured the Board agenda to facilitate greater discussion and reduced the number of scheduled Board meetings from eight to six per annum, although we recognised that, as a result, the scheduled meetings would have to be longer and that we would need to meet on an ad hoc basis more frequently than in the past.

We also established an annual programme of independent site visits whereby each non-executive director undertakes at least one 'solo' site visit a year, in addition to the Group Board visit. This will increase both Board visibility across the Group and also the non-executive directors' understanding of our operations. Between us, the non-executive directors and I have visited a total of 12 sites during the year.

Board effectiveness review

In light of the significant changes to the Board and Group over the previous 18 months, and the length of time that had elapsed since the last external Board effectiveness review (conducted in 2008) the Board agreed that the 2011 review should be externally facilitated. Details of this review are on page 38.

Developments in corporate governance

We continued to monitor the changes to the corporate governance landscape. Following the publication of the new UK Corporate Governance Code, which applies to Tate & Lyle from 1 April 2011, all directors will be standing for re-election at the forthcoming AGM. We also reviewed and updated the schedule outlining the role and responsibilities of the Chairman, Chief Executive and Senior Independent Director during the year to bring it into line with evolving best practice.

Looking ahead, we will continue to develop our processes, procedures and systems as both Tate & Lyle and our wider governance environment evolve.

Sir Peter Gershon
Chairman

26 May 2011

Compliance with the Combined Code
Throughout the period 1 April 2010 to 31 March 2011 the Company has been in full compliance with the June 2008 issue of the Combined Code on Corporate Governance (the Code), published by the Financial Reporting Council and available on its website www.frc.org.uk.

This report, together with the Directors' remuneration report and the disclosures contained in the risk management section on pages 19 to 21, provide details of how the Company applies the principles and complies with the provisions of the Code.

Board of directors
The Board is collectively responsible for promoting the success of the Company and for providing entrepreneurial leadership within a framework of prudent and effective controls that enable risk to be assessed and managed. It sets the Company's objectives, ensures that the Company has the necessary financial resources and people to meet them, and reviews management performance. The Board also sets the Company's values and standards and ensures that its obligations to shareholders and others are met.

Matters reserved to the Board

The schedule of matters reserved to the Board for decision includes approval of:

- Group strategy;
- annual budget and operating plans;
- major capital expenditure, acquisitions or divestments;
- dividends;
- full-year and half-year results and interim management statements;
- Board and Company Secretary appointments;
- senior management structure and responsibilities;
- treasury policies;
- directors' conflicts of interest; and
- systems of internal control and risk management.

Other responsibilities are delegated to Board Committees, details of which are given on pages 40 to 44. The directors' responsibilities for the preparation of financial statements are explained in the Directors' statement of responsibilities on page 59 and their statement on going concern on page 25.

Board balance and independence
At the date of this report, the Board comprises nine directors: the Chairman, who has no executive responsibilities; two executive directors; and six non-executive directors. The names and biographies of the directors are on pages 32 to 33.

Richard Delbridge ceased to be a director on 22 July 2010 and Robert Walker succeeded him as Senior Independent Director on the same day. William Camp was appointed a non-executive director with effect from 1 May 2010.

With the exception of the Chairman, who is presumed under the Code not to be independent, the Board considers all the non-executive directors to be independent. The Senior Independent Director, Robert Walker, is available to shareholders if they have any issues or concerns, and leads the annual review of the Chairman's performance.

The non-executive directors have a wide range of skills and knowledge and combine broad business and commercial experience with independent and objective judgement. The terms and conditions of appointment of the non-executive directors can be inspected at the Company's registered office and will be available for inspection at the Annual General Meeting (AGM).

Chairman and Chief Executive
The roles of the Chairman and Chief Executive are separated and their responsibilities are clearly established, set out in writing and agreed by the Board. The Chairman is responsible for the leadership and workings of the Board and ensuring its effectiveness, while the Chief Executive is responsible for running the business and implementing strategy and policy.

The other significant commitments of the Chairman, Sir Peter Gershon, are set out on page 32. The Board is satisfied that they do not restrict him from effectively carrying out his duties as Chairman.

Board meetings
A total of 13 Board meetings were held during the year ended 31 March 2011; one of the six scheduled Board meetings was held at the Group's offices in Lafayette, Indiana, USA. The seven ad hoc meetings were required to consider the development and implementation of the Group's strategy and business disposals.

Directors' attendance at Board meetings

	Number of meetings	Number of meetings attended
Directors as at 31 March 2011		
Sir Peter Gershon	13	13
Javed Ahmed	13	13
Tim Lodge	13	12
Liz Airey	13	13
William Camp[1]	11	11
Evert Henkes	13	10
Douglas Hurt[2]	13	9
Robert Walker	13	13
Dr Barry Zoumas	13	13
Former directors		
Richard Delbridge[3]	7	6

1 Appointed 1 May 2010.

2 Douglas Hurt is Finance Director at IMI plc. Prior to his appointment to the Tate & Lyle Board on 10 March 2010, he indicated that he would be unable to attend a total of four scheduled meetings due to pre-existing commitments. Douglas Hurt submitted detailed comments and questions to the Chairman prior to each meeting that he was unable to attend to ensure his views and comments could be communicated in his absence.

3 Retired 22 July 2010.

Where a director is unable to attend a meeting, his or her comments on the briefing papers are given in advance to the relevant Chairman.

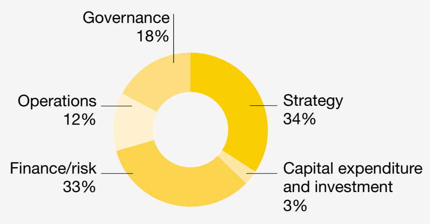
The rolling programme of items for discussion by the Board was fully reviewed and revised during the year in light of changes to the Board schedule and Committee structure. Meetings have been restructured to facilitate further open discussion, and all directors participate in discussing strategy, trading, safety, financial performance and risk management.

All substantive agenda items have comprehensive briefing papers circulated five working days before the meeting. Members of executive management attend Board meetings and make presentations regularly.

During the year, the Chairman continued to hold a short discussion with the non-executive directors collectively both immediately before and after each scheduled Board meeting.

Board allocation of time

The chart below shows the approximate time the Board has spent discussing agenda items during the year, separated into broad categories.



Board support

All directors have access to the advice and services of the Company Secretary, Robert Gibber, who is also the General Counsel and a member of the Group Executive Committee. The Company Secretary and the Deputy Company Secretary are responsible for ensuring that Board processes are followed and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole. There is also a formal procedure whereby, in the furtherance of their duties, directors can obtain independent professional advice, if necessary, at the Company's expense.

Directors' conflicts of interest

As permitted under the Companies Act 2006, the Company's Articles of Association allow directors to authorise conflicts of interest and the Board has a policy and procedures for managing and, where appropriate, authorising, actual or potential conflicts of interest. Under those procedures, directors are required to declare all directorships or other appointments to organisations that are not part of the Group and which could result in actual or potential conflicts of interest, as well as other situations which could result in a potential conflict of interest.

The Board is required to review directors' actual or potential conflicts of interest at least annually. Directors are required to disclose proposed new appointments to the Chairman before taking them on, to ensure that any potential conflicts of interest can be identified and addressed appropriately. Any potential conflicts of interest in relation to proposed directors are considered by the Board prior to their appointment.

Information, induction and professional development

The Chairman, assisted by the Company Secretary, is responsible for ensuring that the directors receive accurate, timely and clear information on all relevant matters.

On appointment to the Board, new directors receive background reading about the Group and details of Board procedures and other governance related matters. In addition, the directors participate in a comprehensive induction programme, including site visits to the Group's operations in Europe and the USA and meetings with senior management across the Group.

Directors receive ongoing training and updates on relevant issues as appropriate, taking into account their individual qualifications and experience. A number of training sessions were held during the year. These included a session on the UK Bribery Act, provided jointly by the Group's internal and external lawyers, and one on food technology which was provided by members of the faculty at Purdue University, Lafayette, Indiana, USA.

The Company Secretary helps directors undertake any other professional development they consider necessary to assist them in carrying out their duties. Visits to external events or organisations are also arranged for the Board to help non-executive directors in particular to gain a deeper insight into the Group's operating environment.

Performance evaluation

A review of the Board's effectiveness is undertaken each year. The main outcomes of the 2010 evaluation, which was led by the Chairman, are summarised below:

Recommendation	Action
More specialist presentations and training sessions to be included in the Board agenda.	The directors received detailed presentations during the year and also training on areas including food technology and the UK Bribery Act.
More opportunity to interact with a broader range of employees.	A programme of independent site visits was implemented during the year which enables the directors to meet more employees around the Group.
A Corporate Responsibility Committee should be established.	The CR Committee was established on 1 July 2010 and met for the first time in September 2010. Details on the Committee are on page 42.

The Board agreed that the 2011 Board effectiveness review be externally facilitated. As part of the process, Sheena Crane, a Board specialist consultant, held one-to-one meetings with each director, the Company Secretary and Deputy Company Secretary. The main themes of and observations on the Board's effectiveness were summarised in a report to the Board. It concluded that the Board continued to operate in an effective manner but made a number of recommendations for improvements including those recommendations summarised below. Progress on agreed actions is being monitored by the Company Secretary and will be reported in the annual report 2012.

Recommendation	Action
In light of the changes to the Company's strategic focus, future Board composition should be subject to a detailed review during 2011.	The review is underway and the output from that review will be reported in the annual report 2012.
A Board diversity strategy should be developed.	The Chairman is leading the project to develop the Board diversity strategy during 2011.
Personal development plans should be developed for each of the non-executive directors and the Chairman.	Personal development plans are being established.
It would be useful for the Board to have a series of 'deep dive' sessions every year.	Deep dive topics are being identified and will be included in the Board agenda.

With regard to the performance of individual directors, the review concluded that all directors continue to make an effective contribution to the Board's work, are well prepared and informed about issues they need to consider, and that their commitment remains strong. Individual feedback was also provided to each director.

The Board effectiveness review also included a review of the Audit, Nominations and Remuneration Committees and each Committee undertook an evaluation of its own work and effectiveness during the year. The results of the reviews were discussed by the Board which concluded that each Committee operated effectively throughout the year. The CR Committee will be subject to an effectiveness review in the 2012 financial year, after its first full year of operation.

During the year, the non-executive directors met without the Chairman, under the chairmanship of the Senior Independent Director, to appraise the Chairman's performance (the Senior Independent Director having first sought the views of the executive directors). In addition, the Chairman held a private meeting with the non-executive directors to appraise the Chief Executive's performance.

Shareholder communications

The Chief Executive, Chief Financial Officer and VP – Investor and Media Relations maintain a regular programme of visits and presentations to major institutional shareholders both in the UK and overseas. The Chairman and Senior Independent Director participate in this programme as appropriate and the Chairman provides feedback to the Board on any matters raised with him by major shareholders. The Chairman also undertook separate visits to major institutional shareholders during the year.

The Investor Relations department provides the Board with a report on any meetings with major institutional shareholders at each scheduled Board meeting. All directors receive copies of analysts' reports on the Company and the Board is briefed periodically by the Company's financial advisers on investors' perceptions of Tate & Lyle and its investor relations activities. The non-executive directors are encouraged to attend the full-year and half-year results presentations.

The Company aims to present a balanced and clear assessment in all its public reports as well as in those to regulators. Key announcements, financial reports and other information about the Group can be found on the Company's website at www.tateandlyle.com.

Annual General Meeting (AGM)

The 2011 AGM will be held at the Queen Elizabeth II Conference Centre in London, on Thursday 28 July 2011 at 11.00 am. Full details are set out in the Notice of Meeting.

Shareholders who attend the AGM have the opportunity to put questions to the Board on matters relating to the Group's operations and performance. All resolutions are decided by means of a poll and the votes received in respect of each resolution, together with the level of abstentions, are notified to the London Stock Exchange and published on the Company's website. Shareholders are offered the choice of receiving shareholder documentation, including the annual report, electronically or in paper format as well as the choice of submitting proxy votes either electronically or by post.

Internal control

The Board has overall responsibility for the Group's system of internal control, which is designed to safeguard the assets of the Group and to ensure the reliability of financial information for both internal use and external publication and to comply with the Turnbull Committee guidance. The schedule of matters reserved to the Board ensures that the directors control, among other matters, all significant strategic, financial and organisational issues.

Responsibilities

The Board delegates to executive management the responsibility for designing, operating and monitoring both the system and the maintenance of effective internal control. Procedures are in place for identifying, evaluating and managing any significant risks that face the Group. These procedures are designed to manage rather than eliminate risk, and can provide only reasonable and not absolute assurance against material errors, losses, fraud or breaches of laws or regulations. Mandatory written policies and procedural manuals exist for all businesses, compliance with which is reviewed by the Board annually. These internal control procedures provide that all major projects require technical, financial and Board approval, while all capital expenditure within each project requires senior management approval at appropriate stages. Adherence to internal control procedures is ensured by a regular reporting system that details both technical progress of projects and the Group's financial affairs. All material joint ventures follow the Group's formal systems of internal control, and their internal control procedures are regularly reviewed by the Group's internal audit function.

Risk assessment and evaluation form an integral part of the annual planning process. Each business division documents its strategic objectives and the significant risks in achieving them. The divisions report regularly on progress towards fulfilment, whilst the key risks are reviewed regularly by the Board. There is a comprehensive budgeting and planning system for all items of expenditure with an annual budget approved by the Board. Results are reported against budget on a monthly basis, with significant variances investigated and the Chief Executive and Chief Financial Officer undertake regular financial and operational reviews of the business divisions. Revised forecasts for the financial year and financial projections for future years are prepared on a regular basis.

Financial reporting

The Company has in place internal control and risk management systems in relation to the Company's financial reporting process and the Group's process for preparation of consolidated accounts. They include policies and procedures which provide:

- that transactions and disposals of assets are accurately and fairly reflected;
- reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with International Financial Reporting Standards;
- assurance that representatives of the businesses have certified that their reported information provides a true and fair view of the state of the financial affairs of the business and its results for the period; and
- that reported data has been reviewed and reconciled.

Monitoring effectiveness

The Board receives reports from the Chief Executive, Chief Financial Officer, business division presidents and other senior executives to enable it to assess on an ongoing basis the effectiveness of the systems of internal control and risk management. The Audit Committee periodically reviews the effectiveness of the system of internal control through reports from the internal audit function. The internal audit function follows a planned programme of reviews that are aligned to the risks existing in the Group's businesses. It has the authority to review any relevant aspect of the business and a duty to report on any material weaknesses.

2011 review of effectiveness

The Board, with the assistance of the Audit Committee and Corporate Responsibility Committee, conducted an assessment of the effectiveness of the systems of risk management and internal control during the financial year and up to the date of this annual report. The review, co-ordinated by the internal audit function, included a Group-wide certification that appropriate internal controls were in place to facilitate the Board's review of effectiveness.

The internal audit function monitored and selectively checked the results of this exercise, ensuring that the representations made were consistent with the results of its work during the year. Where weaknesses have been identified, remedial action plans were also reported. The results of this exercise were summarised for the Audit Committee, Corporate Responsibility Committee and the Board.

This assessment is carried out every year. In the event that any significant losses were to be incurred during any particular year as a result of a failure of controls, a detailed analysis would be provided to the Audit Committee, Corporate Responsibility Committee (if appropriate), and the Board.

The Board confirms that no significant weaknesses were identified in relation to the review conducted during the year and accordingly no remedial action is required.

Further information on risk is on pages 19 to 21.

Audit Committee

The Audit Committee currently comprises three non-executive directors, and oversees the Group's financial reporting and internal controls and provides a formal reporting link with the external auditors. Its terms of reference, which are reviewed annually by the Board, are available on the Company's website, www.tateandlyle.com.

The Committee met six times during the year. Membership of the Committee and attendance during the year were as follows:

	Number of meetings	Number of meetings attended
Directors as at 31 March 2011		
Liz Airey (Chairman of the Committee)	6	6
Evert Henkes	6	5
Douglas Hurt	6	5
Former members		
Richard Delbridge[1]	3	3
Robert Walker[2]	2	2
Dr Barry Zoumas[2]	2	2

1 Retired 22 July 2010.

2 Until 30 June 2010.

All the Committee members have extensive management experience in large international organisations. It is a requirement of the Code that at least one Committee member has recent and relevant financial experience; Liz Airey, an investment banker and former finance director of Monument Oil and Gas plc, and Douglas Hurt, Finance Director at IMI plc, both meet this requirement.

The Chief Financial Officer, VP – Group Audit and Assurance, VP – Group Financial Controller and representatives of the external auditors are normally invited to attend each meeting of the Committee. The Chairman of the Board and Chief Executive also attend meetings of the Committee by invitation.

The minutes of each meeting are circulated to the Board. The VP – Group Audit and Assurance and the external auditors have direct access to, and meet regularly with, the Chairman of the Committee outside formal Committee meetings.

The Committee maintains a formal calendar of items for consideration at each meeting and within the annual audit cycle to ensure that its work is in line with the requirements of the Code.

Main responsibilities of the Audit Committee

The main responsibilities of the Committee include:

- overseeing the Group's financial reporting process and monitoring the integrity of the financial statements and formal announcements relating to the Group's financial performance;
- reviewing significant financial reporting issues and accounting policies and disclosures in financial reports;
- reviewing the effectiveness of the Group's internal control procedures and risk management systems;
- reviewing the effectiveness of the internal audit function;
- overseeing the Board's relationship with the external auditors;
- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process; and
- making recommendations to the Board on the appointment or re-appointment of the Group's external auditors.

Independence of the external auditors

The Group's external auditors are PricewaterhouseCoopers LLP (PwC) and the Committee operates a policy to safeguard the objectivity and independence of the external auditors. This policy sets out certain disclosure requirements by the external auditors to the Committee; restrictions on the employment of the external auditors' former employees; partner rotation; and procedures for the approval of non-audit related services provided by the external auditors. During the year, the Committee reviewed the processes that the external auditors have in place to safeguard their independence and received a letter from them confirming that, in their opinion, they remained independent.

The Committee closely monitors the level of audit and non-audit related services they provide to the Group. Non-audit related services are normally limited to assignments that are closely related to the annual audit or where the work is of such a nature that a detailed understanding of the Group is necessary. A policy for the engagement of the external auditors to supply non-audit related services has been implemented to formalise these arrangements which requires Audit Committee approval for certain categories of work and fee levels. A breakdown of the fees paid to the external auditors in respect of audit and non-audit related work is included in Note 8 of the financial statements. Having undertaken a review of the non-audit related services provided during the year, the Committee is satisfied that these services did not prejudice the external auditors' independence.

Work undertaken during the year

During the year and up to the date of this annual report, the work undertaken by the Audit Committee included:

Consideration and review of full-year and half-year results and interim management statements

- meeting prior to the Board meetings at which the annual report and financial statements, the half-year report and interim management statements were approved to review significant accounting policies, financial reporting issues and judgements and reports from the external auditors.

External audit

- reviewing the effectiveness of the external audit process, the external auditors' strategy and plan for the half-year review and full-year audit, and the qualifications, expertise, resources and independence of the external auditors;
- agreeing the terms of engagement and fees of the external auditors for the audit;
- reviewing the policy on auditor independence and the basis of the provision of non-audit related services by the external auditors;
- meeting with representatives of the external auditors in the USA (while on a scheduled site visit); and
- undertaking a review of the effectiveness of the external auditors.

Risk management framework and internal audit

- receiving and considering regular reports from the VP – Group Audit and Assurance on the Group's risk management system, findings from reviews of internal financial controls, and the remit, organisation, annual plan and resources of the internal audit function;
- reviewing the strength of the internal controls framework and considering the annual review of internal controls on behalf of the Board; and
- undertaking a detailed review of the governance and controls in place within the business processes transformation programme.

Terms of reference and Audit Committee effectiveness

- updating its terms of reference to reflect evolving best practice and the implications of the new Committee structure, whereby responsibility for certain items, including the whistleblowing process, are passed to the CR Committee. The Board approved the updated terms of reference; and
- undertaking an effectiveness review which concluded that the Committee was considered to be operating effectively.

Review of the effectiveness of the external auditors

- conducting an internal review of the external auditors in the year which concluded that the external audit process was operating effectively and PwC continued to provide a good service to Tate & Lyle. The Committee agreed that there was no need to undertake a tender for the audit;
- reviewing the fees paid to other audit firms for services during the year ended 31 March 2011 and noting that there were no contractual obligations that would restrict the Committee's choice of external auditors should it decide that any change was appropriate; and
- recommending to the Board that PwC continue to act as auditors to the Group. PwC have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the AGM.

Review of the effectiveness of the internal audit function

- undertaking a review of the effectiveness of the internal audit function. The review concluded that the internal audit function continued to strengthen and was making a significant contribution to the internal governance of the Group. Further development will be necessary to ensure that the internal audit function continues to meet the Group's needs which will evolve with the implementation of the Group's strategy. In addition, some opportunities to improve processes and practices were identified and are being implemented.

Corporate Responsibility Committee

The Corporate Responsibility (CR) Committee was established with effect from 1 July 2010, in light of the conclusions of the 2010 Board effectiveness review (a summary of which is on page 38) to provide greater oversight on key areas of corporate responsibility. The CR Committee currently comprises the Chairman of the Company and three non-executive directors. Its terms of reference are available on the Company's website, www.tateandlyle.com.

The Committee met three times during the year. Membership of the Committee and their attendance during the year were as follows:

	Number of meetings	Number of meetings attended
Directors as at 31 March 2011		
Sir Peter Gershon (Chairman of the Committee)	3	3
Liz Airey	3	3
William Camp	3	2
Dr Barry Zoumas	3	3

The Committee has established a formal calendar of items for consideration at each meeting and will meet at least four times each full year. The minutes of each meeting are circulated to the Board. The Chief Executive, Executive VP – Human Resources, VP – Group Audit and Assurance and other members of the senior management team (as invited by the Committee) usually attend meetings.

Main responsibilities of the Corporate Responsibility Committee

The main responsibilities of the Committee include:

- monitoring the Group's overall approach to corporate responsibility and ensuring it is in alignment with the Group strategy;
- approving, or where appropriate recommending to the Board for approval, CR policies;
- reviewing the effectiveness of the Group's policies and procedures relating to the provision of a safe environment;
- reviewing the implementation of appropriate environmental policies;
- monitoring the effectiveness of workplace policies concerning employee relations, equal opportunities, travel, entertainment and conflicts of interest;
- reviewing the arrangements by which employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or other matters (whistleblowing); and
- satisfying itself that the Group has appropriate policies, systems and controls in place in respect of the risks falling within the Committee's remit.

Work undertaken during the year

During the year and up to the date of this annual report, the work undertaken by the CR Committee included:

Safety

- reviewing the output of the external review of the Group's safety performance and the resultant action plan, and monitoring its implementation.

Product safety

- undertaking a review of the quality assurance processes within the Group.

Diversity and inclusion

- reviewing the Group's approach to diversity and inclusion, along with initiatives put in place by management.

Environment

- reviewing the actions being undertaken to improve the Group's performance further.

The Committee also undertook the annual review of internal controls in relation to the above areas. Further information on the work of the Committee and the Group's approach to corporate responsibility reporting is contained in the Corporate responsibility report on pages 26 to 31.

Nominations Committee

The Nominations Committee currently comprises the Chairman of the Company, the Chief Executive and all of the non-executive directors. Its terms of reference, which are reviewed annually by the Board, are available on the Company's website, www.tateandlyle.com.

The Committee met four times during the year. Membership of the Committee and their attendance during the year were as follows:

	Number of meetings	Number of meetings attended
Directors as at 31 March 2011		
Sir Peter Gershon (Chairman of the Committee[1])	4	4
Javed Ahmed	4	4
Liz Airey	4	4
William Camp[2]	4	4
Evert Henkes	4	4
Douglas Hurt	4	2
Robert Walker	4	4
Dr Barry Zoumas	4	4
Former directors		
Richard Delbridge[3]	1	1

1 Except when the Committee is dealing with the appointment of a successor to the Chairman, when the Senior Independent Director chairs the Committee.

2 Appointed 1 May 2010.

3 Retired 22 July 2010.

The Committee has a formal calendar of items for consideration at each meeting and meets at least twice a year.

Main responsibilities of the Nominations Committee

The main responsibilities of the Committee include:

- reviewing the size and composition of the Board, including succession planning, and the leadership needs of the Group generally;
- recommending candidates for appointment as executive and non-executive directors and as Company Secretary, taking into account the balance of the Board and the required blend of skills and experience, bearing in mind the need for diversity;
- making recommendations on the processes for the appointment of the Chairman of the Board; and
- reviewing annually the performance of each member of the Group Executive Committee and reporting on that review to the Remuneration Committee.

Work undertaken during the year

During the year and up to the date of this annual report, the work undertaken by the Nominations Committee included:

Board composition

- reviewing the successional needs of the Board on a regular basis during the year. No additional non-executive directors were recruited during the year. William Camp, who joined the Board on 1 May 2010, was recruited during the financial year ended 31 March 2010 and details of the recruitment process were disclosed in the annual report 2010.

Committee membership

- reviewing the membership of all Board Committees following the Board's decision to establish a Corporate Responsibility Committee. Its recommendations regarding Committee composition were approved by the Board.

Performance evaluation

- undertaking a performance evaluation of each of the members of the Group Executive Committee and reporting its conclusions to the Remuneration Committee.

Terms of reference and Nominations Committee effectiveness

- updating its terms of reference to reflect evolving best practice. The Board approved the revised terms of reference; and
- undertaking a review of effectiveness which concluded that the Committee was considered to be operating effectively while identifying a number of areas for focus, including the development of a strategy on Board diversity for approval by the Board in the first half of the 2012 financial year.

Remuneration Committee

The Remuneration Committee comprises independent non-executive directors and the Chairman of the Board. Its terms of reference, which are reviewed annually by the Board, are available on the Company's website, www.tateandlyle.com.

The Committee met six times during the year. Membership of the Committee and their attendance during the year were as follows:

	Number of meetings	Number of meetings attended
Directors as at 31 March 2011		
Evert Henkes (Chairman of the Committee)	6	6
William Camp[1]	6	6
Sir Peter Gershon	6	6
Robert Walker	6	6
Former members[2]		
Liz Airey	1	1
Richard Delbridge	1	1
Douglas Hurt	1	1
Dr Barry Zoumas	1	1

1 Appointed 1 May 2010.

2 Until 30 June 2010.

The Committee meets as required, usually before each Board meeting, and has a formal calendar of items for consideration. The minutes of each meeting are circulated to those non-executive directors who are not members of the Committee.

The Committee determines the remuneration packages of each executive director and the other members of the Group Executive Committee. These include base salary, bonus, long-term incentives, benefits and terms of employment, including those upon which their service may be terminated. The Committee also determines the base salary, long-term incentives and benefits of certain other senior executives. In consultation with the Chief Executive, the Committee (excluding the Chairman, Sir Peter Gershon) determines the remuneration of the Chairman. The remuneration of non-executive directors is determined by the executive directors and the Chairman. More information on policy, practice and the workings of the Committee can be found in the Directors' remuneration report.

Directors' remuneration report

This report has been prepared in accordance with the requirements of the Companies Act 2006 (the Act) and Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 (the Regulations), the Listing Rules of the UK Listing Authority and the Combined Code. PricewaterhouseCoopers LLP has audited such content as required by the Act (the tabular information on pages 54 to 56). A resolution to approve this report will be proposed at the AGM on 28 July 2011.

Remuneration Committee

The Remuneration Committee (the Committee) comprises independent non-executive directors and the Chairman of the Board. The members of the Committee during the year and up to the date of this report were:

Evert Henkes, Chairman
Liz Airey (until 1 July 2010)
William Camp (from 1 May 2010)
Richard Delbridge (until 1 July 2010)
Sir Peter Gershon
Douglas Hurt (from 10 March 2010 to 1 July 2010)
Robert Walker
Dr Barry Zoumas (until 1 July 2010)

The Chief Executive, Executive Vice President Human Resources, Group Compensation Manager and Executive Vice President Company Secretary and General Counsel, who acts as Secretary to the Committee, are normally invited to attend meetings to assist the Committee, although none is present or involved when his or her own remuneration is discussed.

The Committee's terms of reference, which can be found on the Company's website at www.tateandlyle.com, are reviewed annually to ensure they reflect best practice.

The Committee met six times during the year. Individual members' attendance records at meetings during the year are given in the table on page 43.

Main responsibilities of the Remuneration Committee

The Committee's main responsibilities include:

- setting the remuneration of the executive directors, the Company Chairman and other senior management in accordance with a policy determined by the Committee and agreed with the Board;
- reviewing the competitiveness of executive remuneration using data from independent consultants;
- reviewing the operation of the long-term incentive plan and annual bonus plan, and determining the participants and overall grant levels; and
- setting performance targets for the annual bonus plan and long-term incentive plan and reviewing performance against these targets.

The Committee reviews its work and effectiveness each year and reports any recommendations to the Board. The 2011 review concluded that the Committee had fulfilled its role and responsibilities appropriately.

Consultants

The Committee receives advice from independent remuneration consultants. During the year the Committee carried out a comprehensive triennial review of potential external advisors and as a result reappointed Hewitt New Bridge Street (HNBS) (part of Hewitt Associates Ltd) to act as principal adviser to the Committee. HNBS is a signatory to the Remuneration Consultant's Voluntary Code of Conduct.

In addition to market remuneration data provided by HNBS and by Towers Watson, the Committee receives total shareholder return performance data and ranking information for the Performance Share Plan and the legacy Deferred Bonus Share Plan and general market data from Kepler Associates. Linklaters provides general legal advice on remuneration matters. Towers Watson assists with pension accounting for the Company and acts as actuaries to the UK-based Tate & Lyle Group Pension Scheme. During the year ended 31 March 2011, HNBS, Towers Watson and Kepler Associates provided no other services to the Group. Linklaters gave legal advice to the Group on a range of matters.

Review of executive remuneration

During the year ended 31 March 2010, the Committee undertook a comprehensive review of executive remuneration, and consulted extensively with major shareholders on the proposals developed during this review. The revised remuneration policy was detailed in the Directors' remuneration report for the year ended 31 March 2010. Both that Directors' remuneration report, and a resolution to change the award limits under the Performance Share Plan, were approved by shareholders at the 2010 AGM. The changes to remuneration policy are aligned to the Company's business strategy placing more emphasis on driving Company performance and growth, and delivering value for shareholders. The changes were implemented for the year ended 31 March 2011; the remuneration detailed in this report therefore reflects the new policy. As the Chief Executive's remuneration had only recently been agreed, on his recruitment in October 2009, some aspects of the new policy were not applied to him during the year ended 31 March 2011, details of which are explained in this report.

Following further review, the Committee decided that for the year ending 31 March 2012, the revised policy should be fully extended to the Chief Executive, with some adjustment to reflect the terms of his remuneration agreed on recruitment as discussed opposite.

Changes to incentive arrangements are an important component in delivering the business strategy; they help to provide focus on the drivers of sustained, long-term growth, including product innovation and strengthening our position in high growth markets. The agreed annual bonus plan incorporates metrics based on sales, profitability and conversion of profits to cash, which are all key indicators of whether the strategy is being delivered. The Performance Share Plan (PSP) measures how successfully we grow the absolute level of profits and deliver a strong return on the capital we employ, over the three-year performance period. Executives have a substantial stake in Tate & Lyle shares and dividends through deferral of part of annual bonus into shares, large executive shareholding requirements and the shares held in the PSP.

Remuneration strategy and policy

Strategy

The Company's remuneration strategy is to provide remuneration packages that attract, retain and motivate high-calibre individuals to deliver superior operational performance and outstanding financial results, in a manner that aligns with the Group's core values and Business Code of Conduct and fosters sustainable, profitable growth. To do so, packages must:

- be aligned to shareholders' interests;
- be competitive;
- encourage a focus on long-term, sustained performance and risk management;
- be fair and transparent; and
- be consistent across the Group.

Policy

To achieve the strategy, the policy for the remuneration of executive directors and senior executives includes:

- setting base salary around the market median;
- rewarding stretching, superior performance with upper quartile levels of reward;
- providing an appropriate balance between reward in the short and the long term, and between reward that is fixed and variable; and
- providing a competitive, balanced package of benefits.

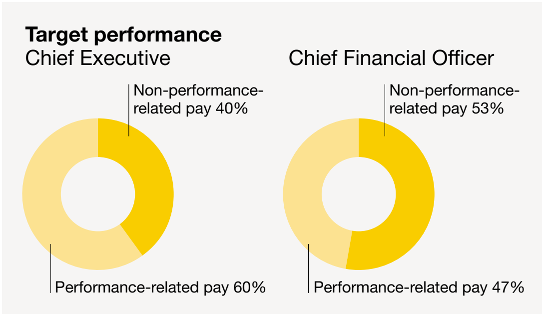
The Committee takes into account the general pay and employment conditions of other employees of the Company when determining executive directors' remuneration for the relevant financial year. This includes considering the levels of base salary increase for employees below executive level when reviewing executive base salaries, and ensuring that the same principles apply in setting performance targets for executives' incentives as for other employees of the Group.

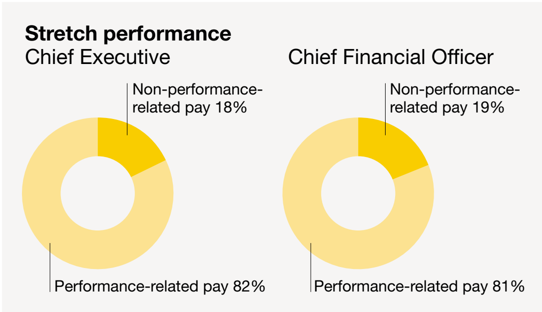
It is the intention to retain the policy referred to above in the forthcoming year.

Remuneration arrangements during the year ended 31 March 2011 for executive directors

Balance between fixed and performance-related components

The relative proportions of fixed and performance-related remuneration for the Chief Executive and the Chief Financial Officer are shown below. These are valued at both target and stretch performance levels, including base salary, annual bonus and the award value of the long-term incentives.





Chief Executive's remuneration package

The Committee has agreed the following changes to the Chief Executive's remuneration package, to align these components with the new executive remuneration policy agreed in 2010, which is already applicable to the Chief Financial Officer:

Annual bonus (changes effective for year ending 31 March 2012)

- Annual bonus payable for performance at threshold will reduce from 10% of base salary to 0% of base salary;
- Maximum annual bonus, payable for outstanding performance, will increase from 150% to 175% of base salary; and
- The portion of any annual bonus payment that exceeds 100% of base salary will be delivered in the form of Tate & Lyle PLC shares, which are deferred for two years and subject to service conditions.

The Chief Executive will continue to be entitled to a 75% target bonus to respect the arrangements agreed upon his recruitment.

Long-term incentive – Performance Share Plan (changes effective for grant in 2012)

- The level of vesting at threshold performance will reduce from 25% of the award to 15%. The award level remains at 300% of base salary, the level agreed when Javed Ahmed was recruited in 2009.

The Chief Executive's shareholding target will remain at 4x base salary; he has already met this target.

Summary of remuneration components

The current remuneration package for executive directors consists of base salary, annual bonus, long-term incentives, and retirement and other benefits as follows:

Component	Objective	Summary
Base salary	Reflects market value of the individual, their skills and experience and performance.	• Reviewed annually with changes usually taking effect on 1 April. • Benchmarked against relevant comparators, primarily the 50th to 130th ranked companies of the FTSE index. • Base salary reviews take into account pay increase levels for employees below the executive level, and the impact on pension and other consequences of increases. • Positioned around the median of the relevant market, taking account of personal performance.
Annual bonus	Rewards the achievement of the annual performance objectives of the Company.	• Three performance metrics apply: sales, profit and cash conversion. • Greatest weighting is on profit, and a minimum profit hurdle also applies before any bonus is payable against any of the metrics. • Targets for each metric are set at the start of each financial year, taking account of the business strategy, performance in previous years, market expectations and the prevailing economic climate. • The Chief Financial Officer's threshold, target and maximum annual bonuses are 0%, 50% and 175% of base salary, respectively. The equivalent figures for the Chief Executive, in accordance with the special arrangements that were put in place to facilitate his recruitment, are 10%, 75% and 150% of base salary.[1] • For the maximum bonus to be payable, performance in all three metrics is required to be outstanding. • The portion of any annual bonus above 100% of base salary is delivered in Tate & Lyle PLC shares[1] which are deferred for two years; these do not benefit from any matching. • The Committee can 'claw back' bonus in the exceptional event of misstatement of results or gross misconduct.
Long-term incentives	Rewards sustained performance, and helps retain talent.	• Awards in the form of performance shares that vest after three years, subject to demanding performance requirements. • Two performance metrics apply: earnings per share growth and percentage return on capital employed. • Maximum annual award size is currently 250% of base salary[2], although the Committee may make awards up to 300% of base salary if necessary to ensure market competitiveness and taking account of Group performance. However, only 15% of the award vests at threshold performance[2]. Outstanding performance is required for 100% vesting.
Shareholding requirement	Ensures alignment with shareholders.	• The Chief Executive and the Chief Financial Officer have target holdings of four and three times base salary respectively.
Pension	Provides competitive pension, with low risk to the Company.	• Only base salary is pensionable for executive directors. • The Chief Executive has a defined contribution cash allowance of 35% of base salary. • The Chief Financial Officer had a defined benefit of 1/38th of final salary (3% employee contribution) until 5 April 2011, which from 6 April 2011 changes to a cash allowance of 25% of base salary.
Other benefits	Provide competitive benefits.	• These include car (or car allowance) benefit, health insurance, group income protection and, where appropriate, life cover.

1 In accordance with the special arrangements that were put in place to facilitate his recruitment, the Chief Executive can earn a bonus of up to 150% of base salary which is not subject to deferral. With effect for the year ending 31 March 2012, the Chief Executive's threshold, target and maximum annual bonus will be 0%, 75% and 175% of base salary respectively, with the portion of bonus above 100% of base salary deferred into shares for two years. The change in the maximum and threshold bonus potential and deferral of bonus will align these elements with the new policy.

2 In accordance with the special arrangements that were put in place to facilitate his recruitment, the Chief Executive's award level is set at 300% of base salary, with 25% vesting at threshold performance. With effect from the long-term incentive grant scheduled for 2012, the level of vesting at threshold performance for the Chief Executive will reduce to 15% of the award, to align it with the new policy.

Base salary

The Chief Executive's base salary, having remained unchanged in 2010, was increased by 3.7% with effect from 1 April 2011. The Chief Financial Officer's base salary was increased by 3.0% with effect from 1 April 2011. This compared with average levels for other UK based employees, who were awarded a base salary increase generally of between 3% and 4%.

Executive directors' base salaries are shown in the table below.

	As at 1 April	
	2011 £	2010 £
Javed Ahmed	**700 000**	675 000
Tim Lodge	**394 000**	382 500

Annual bonus scheme

Bonus for the year ended 31 March 2011

The annual bonus opportunity for each executive director is shown in the table below.

	% of base salary		
	Threshold	Target	Maximum
Javed Ahmed	10%	75%	150%
Tim Lodge[1]	0%	50%	175%

1 The portion of bonus that exceeds 100% of base salary is delivered in deferred shares.

Three performance factors were applied to the annual bonus. These are shown in the table below:

			Effective weighting[2] (at max bonus)	
Performance factor[1]	**Definition**	**Reasons for selecting**	**Chief Executive**	**Chief Financial Officer**
PBTEA	Profit before tax, exceptional Items and amortisation.	Measures the underlying profits generated by the business and whether management is converting growth into profits effectively.	87.0%	70.8%
Net sales less cost of raw materials	Gross sales net of associated selling costs, less the costs of raw materials used in production.	Measures whether management is growing the business. Growth is taken after cost of raw materials to better reflect value added.	6.5%	14.6%
Cash conversion cycle (CCC)	The number of days between disbursement of cash and collection of cash, taking account of inventory, payables and receivables.	Measures whether the business is managing its working capital and converting profit into cash effectively.	6.5%	14.6%

1 For bonus purposes all three metrics are measured on the basis of constant exchange rates and subject to adjustments reviewed and approved by the Committee to ensure that the results are a true reflection of the actual performance. Performance is assessed on the Group's continuing operations.

2 The effective factor weighting at maximum bonus is calculated by reference to the difference in the multipliers that apply to achieve maximum bonus versus those at threshold, calculating the relative weight of these increments.

The CCC metric is based on a straight average of the four quarter ending numbers (i.e. at 30 June 2010, 30 September 2010, 31 December 2010 and 31 March 2011) to avoid a focus purely on the year-end numbers which may be distorted and not reflect underlying working capital and cash management performance throughout the year.

For each performance factor there is a corresponding multiplier at the threshold, target and stretch level of performance, and sliding scales between them.

How the multiplier works

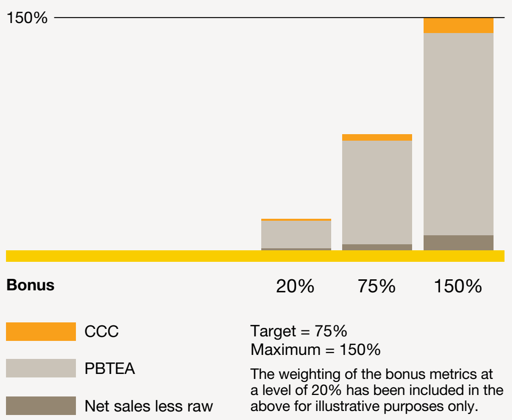
Target bonus (% of base salary) Chief Executive (75%) Chief Financial Officer (50%)	X	**PBTEA performance multiplier**	X	**Net sales less cost of raw materials performance multiplier**	X	**Cash conversion cycle performance multiplier**	=	**Bonus achieved as % of base salary**
		Step 1		Step 2		Step 3		

The multipliers for the PBTEA factor are more heavily geared than for the other two factors, reflecting the fact that PBTEA is the most important of the three metrics. Before any bonus is payable, a minimum level of profit has to be achieved, regardless of the level of performance in the net sales less cost of raw materials and cash conversion cycle metrics. To achieve the maximum payout, performance against all three factors must be at the stretch level. The multipliers are predetermined by the Committee and the relative weightings reflect the importance of each of the metrics for the coming year in the context of the progress made against the overall long-term strategy.

Once the performance outcome is known for each metric, the relevant multiplier is calculated for each. The target bonus is then adjusted by each of the multipliers to arrive at the final bonus outcome.

The following charts show for the Chief Executive and Chief Financial Officer the weighting of each metric relative to threshold for given levels of actual bonus. All numbers are at constant exchange rates.

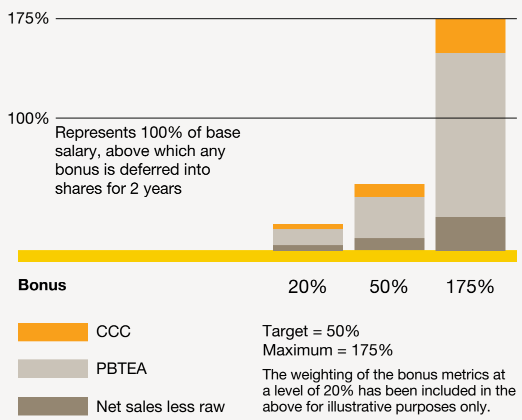
Weighting of bonus metrics for Chief Executive at different levels of bonus %



Target = 75%
Maximum = 150%

The weighting of the bonus metrics at a level of 20% has been included in the above for illustrative purposes only.

Weighting of bonus metrics for Chief Financial Officer at different levels of bonus %



Target = 50%
Maximum = 175%

The weighting of the bonus metrics at a level of 20% has been included in the above for illustrative purposes only.

The table below shows, relative to 2010 actual performance: (i) the performance required to achieve maximum bonus; and (ii) the 2011 actual performance. All numbers are shown at constant exchange rates.

	As at 1 April 2011	
Performance factor	Performance requirement to achieve maximum bonus	Actual performance
PBTEA	+22.6%	+29.6%
Net sales less cost of raw materials	+0.4%	+2.8%
Cash conversion cycle	+11.9%	+24.8%

The table below shows the actual performance outcome for 2011 relative to the bonus range.

Performance factor	Actual performance outcome[1]	Commentary
PBTEA	Above stretch performance level	The strong growth in PBTEA was driven by higher sales volumes, operational leverage, improved product mix, very strong returns from co-products and lower manufacturing costs for SPLENDA® Sucralose.
Net sales less cost of raw materials	Above stretch performance level	There was good growth in sales volumes across both main businesses. In Speciality Food Ingredients volume growth was 7% although sales value was impacted by reduced selling prices for SPLENDA® Sucralose reflecting the strategy of securing long-term volume incentive contracts with customers. Bulk Ingredients benefited from higher co-product income and an improved performance from the ethanol business offset by lower margins in sweeteners and industrial starches.
Cash conversion cycle	Above stretch performance level	Good progress was made on all working capital items but was offset by rising corn inventories in the USA towards the year end, as the Group sought to manage the supply risk in the coming year following market predictions of low corn inventories prior to the 2011 harvest.

1 In view of the performance outcomes for the year ended 31 March 2011 in the table above, the maximum annual bonus of 175% of base salary for the Chief Financial Officer and 150% of base salary for the Chief Executive were awarded by the Committee.

Any bonus amount up to 100% of base salary is paid in cash. Any excess above 100% of base salary is delivered in the form of a conditional award of Tate & Lyle PLC shares, which carry the right to receive an amount equivalent to the ordinary dividend, to be paid in cash or shares as determined by the Committee. The shares are released and the dividend equivalent paid or released after two years subject to the executive remaining in service with the Company. In accordance with the special arrangements that were put in place to facilitate his recruitment, the Chief Executive was entitled to a bonus of up to 150% of base salary for the year ended 31 March 2011, none of which is deferred.

Both the cash award and the share component are subject to 'claw-back', which means they may be recouped in whole or in part, at the discretion of the Committee in the exceptional event that results were found to have been misstated or if an executive commits gross misconduct.

Long-term incentive arrangements

Performance-based long-term incentive plans (LTIPs) closely align executive directors' and senior executives' interests with those of shareholders, and are therefore an important component of the overall package.

During the year ended 31 March 2011, the Company operated an LTIP, the Tate & Lyle 2003 Performance Share Plan (PSP). There are some remaining awards that were made under earlier plans that are no longer in operation or have been suspended.

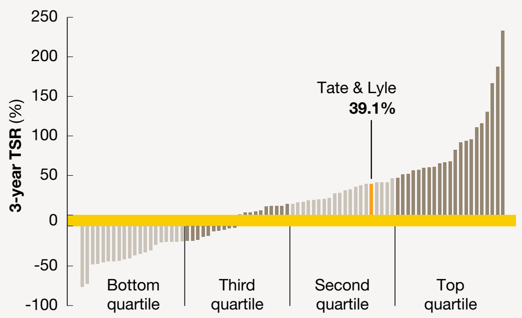
Performance Share Plan (PSP)

2008 PSP award

As shown in the graph on the right, for the performance period from 1 April 2008 to 31 March 2011 in relation to the PSP awards made in 2008, Tate & Lyle's share price growth and dividend yields resulted in a total shareholder return (TSR) that ranked Tate & Lyle at 26th position (69th percentile) in the comparator group of companies (being the occupying positions 50 to 130 of the FTSE rankings at the beginning of the performance period). This is second quartile performance at which level the performance condition specifies that 81% of the conditional award made in 2008 is eligible for release with effect from the determination of the performance conditions.

The performance condition also specifies that, before any shares can be released, the Committee must be satisfied that the underlying financial performance of Tate & Lyle over the performance period justifies the participants receiving their shares. For the award made in 2008 under the PSP, the Committee considers that the underlying financial performance of Tate & Lyle over the performance period does justify the participants receiving their shares.

2008 PSP award Total Shareholder Return
Tate & Lyle and comparator group from
1 April 2008 to 31 March 2011



Each bar in the chart represents a company in the comparitor group.

Source: Kepler Associates

Historical performance criteria and vesting

Relative TSR performance was used as the sole performance criterion until 2009, when an earnings per share (EPS) performance condition was introduced alongside relative TSR for 50% of the award. The following table shows the vesting levels of awards granted from 2003 up to 2008. Awards made under the PSP in 2005, 2006 and 2007 did not vest because the threshold performance conditions were not met.

Year of award	Year of vesting	Level of vesting
2003	2006	84%
2004	2007	100%
2005	2008	0%
2006	2009	0%
2007	2010	0%
2008	2011	81%

Maximum award level

Following shareholder approval of the changes to the PSP at the 2010 AGM, executive directors and other senior executives are awarded, at the discretion of the Committee, a conditional right to receive a number of Tate & Lyle ordinary shares in value up to 250% of base salary per annum, with flexibility for the Committee to make awards of up to 300% of base salary where necessary to ensure market competitiveness, taking account of Company performance.

Javed Ahmed received special long-term incentive (LTI) awards to facilitate his recruitment, detailed in the annual report 2009, and also on page 55. Although these were not granted under the PSP, they have similar terms, including the same performance conditions, to PSP awards.

Performance conditions – 2010 awards
The number of shares a participant ultimately receives depends on the Group's performance during the three-year performance period beginning on 1 April in the year of the award. For the 2010 awards, the performance conditions comprised two elements:

a) Adjusted diluted Earnings Per Share (EPS) (50% of total award)

Performance is measured by comparing the compound annual growth rate (CAGR) of the Company's adjusted diluted EPS from continuing operations over the three-year performance period against predetermined targets. The Committee selected this metric as it is a key determinant of shareholder value creation.

b) Adjusted Return On Capital Employed (ROCE) (50% of the total award)

Performance is measured by the adjusted ROCE on continuing operations achieved at the end of the three-year performance period against the predetermined targets. The original targets of 13.0% at threshold and 16.0% at maximum vesting, as disclosed in the Notice of Meeting for the 2010 annual general meeting, were revised following the sale of EU Sugars on 30 September 2010 to 13.4% and 16.4% respectively, in each case representing an increase of 100 basis points and 400 basis points, respectively, relative to the adjusted ROCE (which was also revised on a like for like basis), achieved in the year ended 31 March 2010. The Committee selected this metric as it is a good indicator of the effectiveness of strategic investment decisions and of the quality of earnings generated. Importantly the ROCE outcome is adjusted downward by adding back any asset impairments into capital employed; this is to encourage a prudent investment strategy. For this reason, in the event of there being an impairment of assets, the ROCE figure for PSP purposes can be significantly lower than the unadjusted ROCE number reported in the Company's accounts.

The two metrics referred to above provide better line of sight for participants than relative TSR, as Tate & Lyle has few, if any, directly comparable peers that can be used to create a peer group.

Shares awarded under the PSP in 2010 vest in accordance with the following schedule:

Percentage of award vesting	CAGR of adjusted diluted EPS during the performance period (50% of award)	Adjusted ROCE at end of performance period (50% of award)
0%	Below 6%	Below 13.4%
15%[1]	6%	13.4%
On a straight line between 15% and 100%	Between 6% and 15%	Between 13.4% and 16.4%
100%	15% or more	At 16.4% or above

1 In accordance with the special arrangements that were put in place to facilitate the Chief Executive's recruitment, 25% of his award vests at threshold performance.

There is no retesting of the performance conditions.

Before any shares become eligible for release, the Committee must also be satisfied that this is justified by the underlying financial performance of the Group over the measurement period. Subject to the Committee's approval, the conditional award is then converted into a nil-cost option to acquire the appropriate number of shares.

Deferred Bonus Share Plan (DBSP) (suspended scheme)
Awards were made under the DBSP from 2005 to 2008, and it was suspended in 2009. Under the DBSP, executives had the opportunity to defer up to 50% of their annual cash bonus (after deduction of tax, national insurance or other social security payments) and invest the amount deferred in the Company's shares. Subject to the satisfaction of a performance condition over the performance period, participants received awards of matching shares based on the number of shares which could have been acquired from the gross bonus amount deferred by the participant (lodged shares). The performance conditions attached to past awards is the same as that attached to PSP awards made in the same year. The performance conditions attached to the PSP awards made in 2008 are described on page 49. Accordingly, 88% of the maximum matching shares available under the DBSP conditional award in 2008 is eligible for release.

Change of control and voting
All of the Company's share plans contain provisions relating to a change of control. Outstanding awards and options would normally vest and become exercisable on a change of control, subject to the satisfaction of any performance conditions at that time, and in proportion to the time served during the performance period.

Executive shareholding policy
The Committee monitors the policy annually. The Chief Executive has met his shareholding target of four times base salary, to be acquired by 1 October 2014. The Chief Financial Officer has a target shareholding of three times base salary by 22 July 2015.

Sharesave Scheme
The Scheme is open to all employees in the UK, including executive directors. No performance conditions are attached to options granted under the Scheme since it is an all-employee scheme, and the value of individual grants is capped. Options granted to participants are normally set at a discount of 10% to the market value of the shares at the time of the grant.

Dilution
To satisfy options granted under the 1992 Executive Share Option Scheme (closed in July 2000) and the Sharesave Scheme, the Company issues new shares. To satisfy outstanding awards under the 2000 Executive Share Option Scheme, PSP and DBSP matching shares, the Company uses either treasury shares or shares that have been purchased by the Trustees of the Tate & Lyle Employee Benefit Trust. The Company will use shares that have been purchased by the Employee Benefit Trust to satisfy awards made to Javed Ahmed and any awards to be made under the Group Bonus Plan.

In the ten-year period to 31 March 2011, awards made under the executive schemes represented 0.71% of the Company's issued ordinary share capital (2010 – 1.6%), leaving available dilution headroom of 4.29% (2010 – 3.4%). Awards made under all share schemes represented 1.1% of the Company's issued ordinary share capital (2010 – 3.0%) leaving available dilution headroom of 8.9% (2010 – 7.0%).

Pensions
The Group's largest pension scheme is the UK-based Tate & Lyle Group Pension Scheme (Group Scheme), a defined benefit arrangement. The Company closed the Group Scheme to new entrants from 1 April 2002, and, since then, new employees have been offered defined-contribution type pension provision through a Stakeholder Plan, which is an insurance-based contract. The Group Scheme closed to future final salary pension accrual from 6 April 2011 and the employee members have been offered membership of the existing Stakeholder plan.

Javed Ahmed is not a member of the Group Scheme for pension purposes and accordingly has accrued no pension benefits under it. He is paid a cash allowance calculated as 35% of base salary, from which he can make his own retirement savings arrangements although this may include the Company Stakeholder Plan. He has been provided with life assurance cover and has also participated in the Group Income Protection Scheme, which applies to all UK employees who are not otherwise covered for ill-health benefits under the Group Scheme.

Tim Lodge was a member of the Group Scheme until its closure and accrued pension at a rate of approximately 1/38th of pensionable earnings (basic salary only) for each year of service, subject to an employee contribution of 3% of pensionable salary. The benefit accrued includes a widow's pension payable on his death and a lump sum on death in service. Once in payment, this part of his pension (and any subsequent widow's pension) will be subject to increases in line with price inflation up to a maximum of 5%, with a minimum of 3%. From 6 April 2011, Tim Lodge is paid a cash allowance calculated as 25% of base salary, from which he can make his own retirement savings arrangements although this may include the Company Stakeholder Plan.

Details of the accrued pension benefits for Tim Lodge under the Group Scheme are given on page 56. Details of amounts paid in lieu of pensions to Javed Ahmed are included in the table on page 54, under pension allowance.

Service contracts of executive directors

The policy in determining service contracts is to take account of market practice, and to ensure that provisions in relation to termination notice periods or payments are not excessive. The following table summarises the key provisions of the executive directors' service contracts not referred to elsewhere in this report.

Provision	Javed Ahmed – Chief Executive	Tim Lodge – Chief Financial Officer
Notice period • By the director • By the Company	 6 months 12 months	 6 months 12 months
Termination payment	The Company has the right, but not the obligation, to pay in lieu of notice the base salary and pension allowance that would have been payable during the notice period.	The Company has the right, but not the obligation, to pay in lieu of notice the salary, pension and other contractual benefits arising during the notice period. The Company has the contractual right to phase the payments and to reduce them if the executive mitigates his loss.
Expenses	Reimbursement of expenses reasonably incurred in accordance with his duties.	Reimbursement of expenses reasonably incurred in accordance with his duties.
Holiday entitlement	30 days	30 days
Sick pay	Full basic salary for the first 26 consecutive weeks and thereafter at a rate reduced by up to half at the Committee's discretion subject to termination by the Company.	Full basic salary for the first 26 consecutive weeks and thereafter at a rate reduced by up to a half at the Committee's discretion subject to termination by the Company.
Restrictive covenants	For the period of 12 months (less any garden leave period) following termination of employment.	For the period of 12 months (less any garden leave period) following termination of employment.
Contract commencement date	1 October 2009	4 December 2008

Executive directors' external appointments

The Board believes that the Company benefits from executive directors holding external non-executive directorships at the appropriate time. Such appointments are subject to approval by the Board and are normally restricted to one position for each executive director. Fees may be retained by the executive director concerned. Neither of the executive directors holds a non-executive directorship currently.

Chairman's fees

Sir Peter Gershon became Chairman on 23 July 2009 receiving fees of £275,000 per annum which remained unchanged for the year ended 31 March 2011. The Committee reviews the Chairman's fees each year and the Chairman does not participate in discussions or decisions relating to his own remuneration.

Following the most recent review of fees, the Remuneration Committee approved an increase in the Chairman's fees to £283,250 effective 1 April 2011.

Non-executive directors' fees

Non-executive directors' fees, reviewed annually by the Board, are set at a level to retain individuals with the necessary experience and ability to make a substantial contribution to the Group. Fees paid are commensurate with those paid by other UK-listed companies. In addition to the basic fee for each non-executive director and the Senior Independent Director, supplements are paid to the Chairmen of the Audit and Remuneration Committees to reflect the extra responsibilities attached to these positions. A supplement is also paid to Dr Barry Zoumas for chairing the Tate & Lyle Research Advisory Group.

The non-executive directors do not participate in the Group's incentive or pension schemes, nor do they receive other benefits. The non-executive directors do not have service contracts or notice periods, but, under the terms of their appointment, they are usually expected to serve on the Board for between three and nine years, with a review of their terms of appointment every three years, subject to their re-election by shareholders. Non-executive directors have no right to compensation on the early termination of their appointment.

The Chairman and the Deputy Company Secretary undertook a detailed review of the actual and anticipated time commitments of each of the non-executive directors (excluding the Chairman). The analysis indicated that the time commitments for non-executive directors were well in excess of the time commitment indicated in their appointment letters. A review of market data provided by HNBS indicated that the current basic fee level was significantly below the market median for companies of similar size and complexity to Tate & Lyle. Taking account of the current market position, and the increased time commitment required of the non-executive directors, the executive directors and the Chairman agreed that an adjustment to non-executive directors' fees be made with effect from 1 April 2011. The fees are shown in the following table.

	Basic fees (per annum)	
	At 1 April 2011 £	At 1 April 2010 £
Non-executive director	**58 000**	49 200
Senior Independent Director	**64 650**	55 850

	Supplemental fees (per annum)	
	At 1 April 2011 £	At 1 April 2010 £
Chairman of Audit Committee	**15 375**	15 375
Chairman of Remuneration Committee	**10 250**	10 250
Chairman of Research Advisory Group	**21 525**	21 525

Executive directors' total remuneration package for the year ended 31 March 2011

The following tables show the remuneration package of the executive directors for the year ended 31 March 2011.

Javed Ahmed (Chief Executive)

Element	Below threshold performance £000	At threshold performance £000	At target performance[1] £000	At stretch performance £000	Actual earned/ vested[2] £000
Base salary	675	675	675	675	675
Annual bonus	None	68 (10% of base salary)	506 (75% of base salary)	1 013 (150% of base salary)	1 013
LTI – face value of 2010 grant (vesting deferred until 2013)	None	506 (25% vesting)	1 266 (62.5% vesting)	2 025 (100% vesting)	–
LTI vesting for performance to 31 March 2011[3]	–	–	–	–	1 267
Pension allowance	236	236	236	236	236
Other benefits	19	19	19	19	19
Total value	**930**	**1 504**	**2 702**	**3 968**	**3 210**

Tim Lodge (Chief Financial Officer)

Element	Below threshold performance £000	At threshold performance £000	At target performance[1] £000	At stretch performance £000	Actual earned/ vested[2] £000
Base salary	383	383	383	383	383
Annual bonus[4]	None	0 (0% of base salary)	191 (50% of base salary)	669 (175% of base salary)	669
LTI (PSP) – face value of 2010 grant (vesting deferred until 2013)	None	143 (15% vesting)	550 (57.5% vesting)	956 (100% vesting)	–
LTI (PSP and DBSP) vesting for performance to 31 March 2011	–	–	–	–	185
Cash value of pension accrual[5,6]	216	216	216	216	216
Other benefits	14	14	14	14	14
Total value	**613**	**756**	**1 354**	**2 238**	**1 467**

1 In the case of the LTI, 'target' is taken to be midway between threshold and stretch.

2 Actual annual bonus earned in respect of 2011 and LTI vesting of 81% following year-end 31 March 2011, which are valued using the closing share price on 31 March 2011. In the case of Tim Lodge, his PSP award, which will convert into a deferred right to acquire the appropriate number of Tate & Lyle PLC shares at the end of a one year retention period subject to service conditions, represents £150,658 and the DBSP £34,350, representing the matching component of shares awarded in 2008.

3 Relates to special incentive arrangements upon recruitment to compensate for LTI awards foregone as a result of leaving his former employer.

4 The portion of bonus that exceeds 100% of base salary is deferred into Tate & Lyle PLC shares for two years.

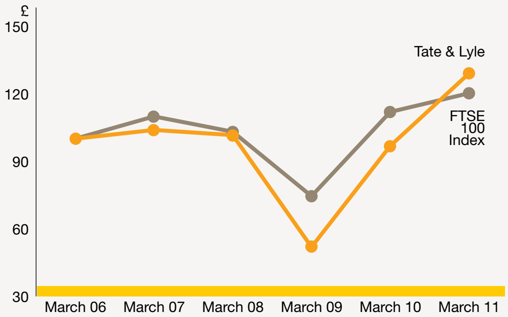
5 Estimated value of defined benefit pension accrual has been calculated taking account of the accrual rate, salary increase effective 1 April 2010, pensionable service and the HMRC valuation factor.

6 As of 6 April 2011, the Group Pension Scheme closed to future accrual. Tim Lodge, who was a member of the Scheme, now receives 25% of base salary as a cash allowance and no longer accrues a defined benefit pension.

Total shareholder return performance

The graph below, as required under the Regulations, illustrates the cumulative TSR performance of Tate & Lyle against the FTSE 100 Index over the past five years. The FTSE 100 Index is considered to be an appropriate benchmark for this purpose as it is a broad equity market index with constituents comparable in size to Tate & Lyle. The graph shows the TSR for the FTSE 100 Index and Tate & Lyle in the five years from 31 March 2006.

Tate & Lyle's five-year cumulative total shareholder return
Value of £100 invested on 31 March 2006



Source: Kepler Associates

Directors' emoluments (audited)

The following table shows the directors' emoluments for the year ended 31 March 2011.

	Salary and fees £000	Pension and other allowances[1] £000	Benefits[2] £000	Annual bonus – cash £000	Annual bonus – deferred[3] £000	**Total year to 31 March 2011 £000**	Total year to 31 March 2010 £000
Chairman							
Sir Peter Gershon	275	15	–	–	–	**290**	231
Executive directors							
Javed Ahmed	675	347	4	1 013	–	**2 039**	977
Tim Lodge	383	13	1	383	286	**1 066**	742
Non-executive directors							
Liz Airey	65	–	–	–	–	**65**	63
William Camp[4]	45	–	–	–	–	**45**	–
Evert Henkes	59	–	–	–	–	**59**	58
Douglas Hurt	49	–	–	–	–	**49**	3
Robert Walker	54	–	–	–	–	**54**	48
Dr Barry Zoumas	71	–	–	–	–	**71**	69
Former directors							
Richard Delbridge[5]	17	–	–	–	–	**17**	55
Directors who retired before 31 March 2010[6]	–	–	–	–	–	**–**	1 379
Total	**1 693**	**375**	**5**	**1 396**	**286**	**3 755**	**3 625**

1 Other allowances include car allowance which in the case of Javed Ahmed is £15,000, with a further £96,043 representing payments in lieu of dividends on an award of shares as disclosed in the share awards table on page 55.

2 Benefits for the executive directors include health insurance.

3 Deferred into Tate & Lyle PLC shares for two years and subject to service conditions.

4 William Camp was appointed to the Board with effect from 1 May 2010.

5 Richard Delbridge ceased to be a director on 22 July 2010.

6 Under the agreements signed at the time that Iain Ferguson stood down as Chief Executive and a director (referred to in the annual report 2010), he will be entitled to receive an amount during the year ending 31 March 2012 relating to PSP shares foregone for the period 1 January 2010 to 31 May 2010, part of which will relate to the year ended 31 March 2011. The final amount will be set out in the annual report 2012. The final amount will depend on the share price on the date of release, likely in June 2011. On the basis of the current share price, the amount would be in the region of £150,000–£160,000.

Share awards (audited)

The following table sets out the current position of share-based awards made to executive directors:

	As at 1 April 2010 (number)	Awards granted during year [1] (number)	Awards vested during year (number)	Awards lapsed during year (number)	As at 31 March 2011 (number)	Market price on date awards granted (pence)	Market price on date awards vested (pence)	Vesting date
Javed Ahmed								
Special share-incentive arrangements relating to recruitment: compensatory awards								
Award A[2]	419 403	–	–	–	419 403	444.90	–	01/10/11
Award B[3]	269 616	–	–	–	269 616	444.90	–	After 31/03/11
Award C[4]	359 488	–	–	–	359 488	444.90	–	After 31/03/12
Special share-incentive arrangements relating to recruitment: long-term incentive awards:								
Award A[4]	659 609	–	–	–	659 609	444.90	–	After 31/03/12
Award B[5]	–	473 042	–	–	473 042	440.20	–	After 31/03/13
Tim Lodge								
Tate & Lyle Performance Share Plan 2003[6]								
2007[7]	12 995	–	–	12 995	–	577.50	–	–
2008	32 050	–	–	–	32 050	394.25	–	After 31/03/11
2009	152 687	–	–	–	152 687	294.25	–	After 31/03/12
2010	–	223 381	–	–	223 381	440.20	–	After 31/03/13
Tate & Lyle Deferred Bonus Share Plan 2005[6]								
2008[8]	6 790	–	–	–	6 790	401.00	–	After 31/03/11

1 The performance conditions for awards are adjusted diluted EPS, against which 50% of the award will be measured, and adjusted ROCE, for the remaining 50% of the award.

2 This award to compensate Javed Ahmed for certain long-term incentives given up by him as a consequence of leaving his former employer is not subject to performance conditions. The shares will be delivered on 1 October 2011, being the second anniversary of Javed Ahmed joining the Company. Pending delivery, he receives a payment in lieu of dividend on these shares which will be subject to the deduction of tax. In the event of a change of control, the shares will be delivered immediately.

3 This award is subject to the same performance condition as that which applies to awards made under the PSP in 2008.

4 This award is subject to the same performance condition as that which applies to awards made under the PSP in 2009.

5 This award is subject to the same performance condition as that which applies to awards made under the PSP in 2010.

6 The three-year performance period for all awards begins on the first day of the financial year in which the award is granted.

7 On 1 April 2011, 100% of the conditional awards made in 2007 lapsed because performance conditions were not met.

8 This was the last year in which awards were made under the DBSP prior to suspension of the arrangement with the performance conditions the same as those applying to the 2008 PSP. The vesting will be determined based on TSR during the three-year performance period against companies positioned 50 to 130 of the FTSE index at the start of the performance period such that one matching share is awarded for each lodged share for median performance increasing on a pro-rata basis to two match shares for upper quartile performance. As indicated on page 50, the TSR performance resulted in 88% of the maximum matching shares available under the award vesting.

All-employee schemes (audited)

Details of the directors who were in office for any part of the financial year, and hold or held options to subscribe for ordinary shares of the Company are set out below.

Savings-related share options are options granted under the HMRC-approved Sharesave Scheme. Options are not subject to performance conditions and are normally exercisable during the six-month period following the end of the relevant (three- or five-year) contract.

	As at 1 April 2010 (number)	Options granted during year (number)	Options exercised during year (number)	Options lapsed during year (number)	As at 31 March 2011 (number)	Exercise price (pence)	Exercise period
Javed Ahmed Savings-related options 2009	3 720	–	–	–	3 720	418.00	01/03/15 to 31/08/15
Tim Lodge Savings-related options 2007	4 253	–	–	–	4 253	395.00	01/03/13 to 31/08/13

The market price of the Company's ordinary shares at the close of business on 31 March 2011 was 577.50p, and the range during the year to 31 March 2011 was 409.10p to 599.50p.

Directors' pension provision (audited)

Tim Lodge is a member of the Group Scheme. The information below sets out the disclosures required for him under both the Listing Rules of the UK Listing Authority and the Regulations.

	Age at 31 March 2011	Accumulated total accrued pension at year-end[1] £000	Director's contributions during the year[2] £000	Increase in accrued pension during the year[3] £000	Increase in accrued pension during the year (net of inflation)[4] £000	Transfer value of increase in accrued pension (net of inflation) less director's contributions[5] £000	Transfer value of accrued pension at start of period[6] £000	Transfer value of accrued pension at year-end[7] £000	Increase in transfer value for the period, less director's contributions[8] £000
Director									
Tim Lodge	46	181	11	13	6	70	2 268	2 759	480

1 The figure represents the amount of pension benefits, based on service, pensionable earnings and, where appropriate, transferred pension rights, which would have been preserved for Tim Lodge had he left service on 31 March 2011.

2 The figure represents the contributions paid over the year.

3 The figure represents the difference between the total accrued pension at 31 March 2011 and the corresponding accrued pension at the beginning of the year. No allowance is made for inflation.

4 The figure represents the difference between the accrued pension at 31 March 2011 and the corresponding accrued pension at the beginning of the year. The figures quoted include an adjustment for inflation in accordance with the Listing Rules of the UK Listing Authority.

5 The figure represents the transfer value of the inflation-adjusted increase in the total accrued pension for the year, net of the director's own contributions. We have used September 2010 RPI price inflation as our measure of inflation.

6 The figure represents the transfer value of the accumulated total accrued pension as at the beginning of the year.

7 The figure represents the transfer value of the accumulated total accrued pension at 31 March 2011.

8 The figure represents the increase in the transfer value from the beginning of the year to 31 March 2011. The transfer values quoted have been calculated using the actuarial bases which applied at each reporting date, net of the director's own contributions.

Directors' interests (audited)

The interests held by each person who was a director at the end of the financial year in the ordinary shares of 25 pence each in the Company are shown below. All of the interests set out in the table are beneficially held and no director had interests in any class of shares other than ordinary shares. The table also summarises the interests in shares held through the Company's various share plans.

	Ordinary shares		LTI[2]		Options[3]	
	As at 1 April 2010[1] (number)	As at 31 March 2011 (number)	As at 1 April 2010[1] (number)	As at 31 March 2011 (number)	As at 1 April 2010[1] (number)	As at 31 March 2011 (number)
Chairman						
Sir Peter Gershon	35 255	58 975	–	–	–	–
Executive directors						
Javed Ahmed	100 000	611 252	1 708 116[4]	2 181 158[4]	3 720	3 720
Tim Lodge	27 246	43 763	204 522	414 908	4 253	4 253
Non-executive directors						
Liz Airey	16 000	16 000	–	–	–	–
William Camp	–	–	–	–	–	–
Evert Henkes	1 016	1 065	–	–	–	–
Douglas Hurt	–	5 000	–	–	–	–
Robert Walker	10 429	10 935	–	–	–	–
Barry Zoumas	27 000	27 000	–	–	–	–

1 Or date of appointment if later.

2 Includes shares awarded under the PSP, DBSP and the special arrangements that were put in place to facilitate Javed Ahmed's recruitment which are subject to performance conditions.

3 Granted under the Sharesave Scheme.

4 Includes 419,403 shares which are not subject to performance conditions (see page 55 for details).

There were no changes in directors' interests in the period from 1 April 2011 to 26 May 2011.

On behalf of the Board

Evert Henkes
Chairman of the Remuneration Committee

26 May 2011

Governance Other statutory and governance information

Principal activities of the Group
The principal activities of Tate & Lyle PLC and its subsidiary and associated undertakings together with its joint ventures are developing, manufacturing and marketing food and industrial ingredients made from renewable resources.

Results and dividend
A review of the results is on pages 1 to 31. An interim dividend of 6.8p per ordinary share was paid on 7 January 2011. The directors recommend a final dividend of 16.9p per ordinary share to be paid on 5 August 2011 to shareholders on the register on 1 July 2011, subject to approval at the 2011 Annual General Meeting (AGM). The scrip dividend scheme has been closed and a dividend reinvestment plan is being offered. The total dividend for the year is 23.7p per ordinary share (2010 – 22.9p).

Articles of Association
The Articles of Association set out the internal regulation of the Company and cover such matters as the rights of shareholders, the appointment or removal of directors and the conduct of the Board and general meetings. Copies are available on request and are displayed on the Company's website at www.tateandlyle.com.

In accordance with the Articles of Association, directors can be appointed or removed by the Board or by shareholders in general meeting. Amendments to the Articles of Association have to be approved by at least 75% of those voting in person or by proxy at a general meeting of the Company. Subject to UK company law and the Articles of Association, the directors may exercise all the powers of the Company, and may delegate authorities to committees, and day-to-day management and decision making to individual executive directors. Details of the Board Committees can be found on pages 40 to 44.

Shareholders' rights
Holders of ordinary shares have the rights accorded to them under UK company law, including the rights to receive the Company's annual report and accounts, attend and speak at general meetings, appoint proxies and exercise voting rights.

Holders of preference shares have limited voting rights and may not vote on: the disposal of surplus profits after the dividend on the preference shares has been provided for; the election of directors; their remuneration; any agreement between the directors and the Company; or the alteration of the Articles of Association dealing with any such matters. Further details regarding the rights and obligations attached to share classes are contained in the Articles of Association, available on www.tateandlyle.com.

Restrictions on holding shares
There are no restrictions on the transfer of shares and prior approval is not required from the Company nor from other holders for such a transfer. No limitations are placed on the holding of shares and no share class carries special rights of control of the Company. There are no restrictions on voting rights other than those outlined above on preference shares.

The Company is not aware of any agreements between shareholders that may restrict the transfer or exercise of voting rights.

Re-election of directors
The Company's Articles of Association require all directors to seek re-election by shareholders at least once every three years. In addition, any directors appointed by the Board must stand for re-election at the first AGM following his or her appointment. Any non-executive directors who have served for more than nine years are subject to annual re-election.

As explained on page 35, the UK Corporate Governance Code provides that all directors should seek re-election on an annual basis and accordingly, all directors will seek re-election at the forthcoming AGM. The directors standing for re-election, with the exception of Javed Ahmed and Tim Lodge, do not have service contracts.

At no time during the year has any director had any material interest in a contract with the Group, being a contract of significance in relation to the Group's business. A statement of directors' interests in Company shares is on page 56.

Directors' indemnities and insurance cover
As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the directors, to the extent permitted by the Companies Act 2006, against claims from third parties in respect of certain liabilities arising out of, or in connection with, the execution of their powers, duties and responsibilities as directors of the Company or any of its subsidiaries. The directors are also indemnified against the cost of defending a criminal prosecution or a claim by the Company, its subsidiaries or a regulator provided that where the defence is unsuccessful the director must repay those defence costs. These indemnities are qualifying indemnity provisions for the purposes of Sections 232 to 234 of the Companies Act 2006 and copies are available for inspection at the registered office of the Company during business hours on any weekday except public holidays. Equivalent indemnities remain in force for Richard Delbridge, who ceased to be a director on 22 July 2010.

The Company also maintains directors' and officers' liability insurance cover, the level of which is reviewed annually.

Share capital

At 31 March 2011, the Company had nominal issued ordinary and preference share capital of £119 million comprising £117 million in ordinary shares, including £0.04 million in treasury shares, and £2 million in preference shares.

To satisfy obligations under the scrip dividend scheme and employee share plans, the Company issued 7,535,640 ordinary shares during the year and reissued 337,162 ordinary shares from treasury. The Company issued 5,883 ordinary shares during the period from 1 April 2011 to 26 May 2011. Further information about share capital is in Note 24. Information about options granted under the Company's employee share schemes is in Note 26.

The Company was given authority at the 2010 AGM to make market purchases of up to 46,006,320 of its own ordinary shares. The Company made no such purchases during the year ended 31 March 2011. This authority will expire at the 2011 AGM and approval will be sought from shareholders for a similar authority to be given for a further year.

Substantial shareholdings

As at 26 May 2011, the Company had been notified under Rule 5 of the Disclosure and Transparency Rules of the Financial Services Authority of the following holdings of voting rights in its shares:

	Number of shares	% held
INVESCO Limited	65 321 630	13.96
Lloyds Banking Group plc	32 340 632	6.91
Schroders plc	24 024 911	5.16
Blackrock, Inc	23 330 220	4.99
AXA S.A.	22 890 148	4.98
Global AEGON Asset Management Group	18 718 460	4.00
Lehman Brothers International (Europe)	18 122 510	3.95
Legal & General Group plc	18 062 288	3.93
Barclays Global Investors	17 568 133	3.59

Change of control

The Company has a committed bank facility of US$1 billion, which matures in 2012. Under the terms of this facility, the banks can give notice to Tate & Lyle to prepay outstanding amounts and cancel the commitments where there is a change of control of the Company. The Company is the guarantor of a £200 million bond issue by its subsidiary, Tate & Lyle International Finance PLC dated 25 November 2009, which is repayable in 2019. Under the terms of the bond issue, noteholders have the option to request an early repayment where there is a change of control of the Company.

All of the Company's share schemes contain provisions relating to a change of control. Further information is on page 50.

Essential contracts and other arrangements

In light of the scope and diversity of the Group's activities, there are no contracts or arrangements considered to be essential to the operation of the business or the Group as a whole.

Research and development

The Group spent £25 million (2010 – £26 million) on research and development during the year.

Donations

Worldwide charitable donations during the year totalled £346,000 (2010 – £714,000), of which £19,000 (2010 – £379,000) was donated in the UK. More details of the Group's community involvement can be found on page 31.

Again this year, in line with the Group's policy, no political donations were made in the European Union (EU). Outside the EU, the Group's US business made contributions during the year totalling US$27,000 (£17,000) (2010 – US$47,000; £29,000) to state and national political party committees and to the campaign committees of state candidates affiliated to the major parties. The total includes US$17,000 (£11,000) (2010 – US$13,000; £8,000) contributed by the Tate & Lyle Political Action Committee (PAC). The PAC is funded entirely by US employees. Employee contributions are entirely voluntary and no pressure is placed on US employees to participate. No funds are provided to the PAC by Tate & Lyle but under US law, an employee-funded PAC must bear the name of the employing company.

Payment to suppliers

Group policy is that, wherever possible, all wholly-owned companies around the world follow the CBI Prompt Payers' Code (Code). The Code requires the Company to agree terms of payment with suppliers, to ensure suppliers are aware of those terms, and to abide by them. Our policy is, wherever possible, to apply the requirements of the Code to wholly-owned companies around the world.

Tate & Lyle PLC is a holding company and had no amounts owing to trade creditors at 31 March 2011. The Group's creditor days outstanding at 31 March 2011 were 48 days (2010 – 53 days), based on the ratio of Group trade creditors at the end of the year to the amounts invoiced during the year by trade creditors.

Governance Directors' statement of responsibilities

The directors are responsible for preparing the annual report, the Directors' remuneration report and the Group and the Parent company 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 prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the Parent company financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the EU, and with regard to the Parent company financial statements applicable UK Accounting Standards, have been followed, subject to any material departures disclosed and explained in the Group and Parent company financial statements; and
- prepare the Group and Parent company financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the transactions of the Company and the Group and disclose with reasonable accuracy at any time the financial position of the Company and the Group, and enable them to ensure that the financial statements and the Directors' remuneration report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's website. UK legislation governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the directors, whose names and functions are listed on pages 32 and 33, confirms that, to the best of his or her knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the business review contained in the directors' report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

Disclosure of information to auditors

So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and he or she has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The Directors' report on pages 1 to 59 of this annual report was approved by the directors on 26 May 2011.

On behalf of the Board

Robert Gibber
Company Secretary

26 May 2011

Independent Auditors' Report to the Members of Tate & Lyle PLC

We have audited the Group financial statements of Tate & Lyle PLC for the year ended 31 March 2011 which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of financial position, Consolidated statement of cash flows, the Consolidated statement of changes in shareholders' equity and the related Notes to the consolidated financial statements. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors
As explained more fully in the Directors' statement of responsibilities on page 59, the Directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report 2011 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2011 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:

- the information given in the Annual Report 2011 for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 25, in relation to going concern;
- the part of the Corporate governance statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

Other matter
We have reported separately on the Parent company financial statements of Tate & Lyle PLC for the year ended 31 March 2011 and on the information in the Directors' remuneration report that is described as having been audited.

Paul Cragg (Senior Statutory Auditor)
for and on behalf of **PricewaterhouseCoopers LLP**
Chartered Accountants and Statutory Auditors
London
26 May 2011

Note:
(a) the maintenance and integrity of the Tate & Lyle PLC website, and any other electronic media used to present the financial statements, is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website or any other electronic media.
(b) legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated income statement

	Notes	2011 £m	2010 £m
		Year to 31 March	
Continuing operations			
Sales	4, 5	**2 720**	2 533
Operating profit/(loss)	4, 6	**303**	(44)
Finance income	10	**3**	2
Finance expense	10	**(61)**	(74)
Profit/(loss) before tax		**245**	(116)
Income tax (expense)/credit	11	**(49)**	95
Profit/(loss) for the year from continuing operations		**196**	(21)
(Loss)/profit for the year from discontinued operations	12	**(29)**	40
Profit for the year		**167**	19
Profit for the year attributable to:			
– equity holders of the Company		**163**	15
– non-controlling interests		**4**	4
		167	19
		pence	pence
Earnings per share attributable to the equity holders of the Company from continuing and discontinued operations:	13		
– basic		**35.3**	3.3
– diluted		**34.7**	3.3
Earnings/(loss) per share attributable to the equity holders of the Company from continuing operations:	13		
– basic		**42.6**	(4.7)
– diluted		**41.9**	(4.7)
Dividends per share:	14		
– interim paid		**6.8**	6.8
– final proposed		**16.9**	16.1
		23.7	22.9

Analysis of adjusted profit before tax from continuing operations		£m	£m
Profit/(loss) before tax		**245**	(116)
Add back:			
– exceptional items	7	**5**	298
– amortisation of acquired intangible assets	15	**13**	14
Adjusted profit before tax, exceptional items and amortisation of acquired intangible assets		**263**	196

The notes on pages 66 to 111 form part of these Group financial statements.

Consolidated statement of comprehensive income

	Notes	Year to 31 March 2011 £m	2010 £m
Profit for the year		**167**	19
Actuarial gains/(losses) in post-employment benefit plans	30	**58**	(104)
Net fair value gains on cash flow hedges		**9**	13
Cash flow hedges reclassified and reported in the income statement during the year		**9**	11
Valuation gain/(losses) on available-for-sale financial assets	18	**1**	(10)
Net exchange differences		**(37)**	(10)
Items recycled to the income statement on disposal		**(23)**	–
Deferred tax relating to the above components	11	**–**	25
Other comprehensive income/(expense) for the year, net of tax		**17**	(75)
Total comprehensive income/(expense) for the year		**184**	(56)
Attributable to:			
– equity holders of the Company		**181**	(59)
– non-controlling interests		**3**	3
		184	(56)

The notes on pages 66 to 111 form part of these Group financial statements.

Consolidated statement of financial position

	Notes	31 March 2011 £m	2010 £m
ASSETS			
Non-current assets			
Goodwill and other intangible assets	15	**320**	340
Property, plant and equipment	16	**855**	1 208
Investments in associates	17	**5**	7
Available-for-sale financial assets	18	**19**	14
Derivative financial instruments	20	**48**	49
Deferred tax assets	29	**74**	143
Trade and other receivables	23	**1**	2
Retirement benefit surplus	30	**103**	16
		1 425	1 779
Current assets			
Inventories	22	**454**	409
Trade and other receivables	23	**291**	424
Current tax assets		**25**	4
Derivative financial instruments	20	**135**	150
Cash and cash equivalents	33	**654**	504
		1 559	1 491
Assets held for sale	38	**67**	18
		1 626	1 509
TOTAL ASSETS		**3 051**	3 288
SHAREHOLDERS' EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	24	**117**	115
Share premium	24	**406**	405
Capital redemption reserve		**8**	8
Other reserves	25	**175**	220
Retained earnings		**244**	79
		950	827
Non-controlling interests		**23**	27
TOTAL SHAREHOLDERS' EQUITY		**973**	854
LIABILITIES			
Non-current liabilities			
Trade and other payables	27	**1**	1
Borrowings	28	**887**	1 119
Derivative financial instruments	20	**56**	67
Deferred tax liabilities	29	**30**	59
Retirement benefit deficit	30	**242**	273
Provisions for other liabilities and charges	31	**21**	37
		1 237	1 556
Current liabilities			
Trade and other payables	27	**406**	485
Current tax liabilities		**33**	52
Borrowings and bank overdrafts	28	**227**	190
Derivative financial instruments	20	**126**	125
Provisions for other liabilities and charges	31	**44**	26
		836	878
Liabilities held for sale	38	**5**	–
		841	878
TOTAL LIABILITIES		**2 078**	2 434
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3 051**	3 288

The Group financial statements were approved by the Board of Directors on 26 May 2011 and signed on its behalf by:

Javed Ahmed, Tim Lodge Directors

The notes on pages 66 to 111 form part of these Group financial statements.

Consolidated statement of cash flows

	Notes	Year to 31 March 2011 £m	2010 £m
Cash flows from operating activities			
Profit/(loss) before tax from continuing operations		**245**	(116)
Adjustments for:			
– depreciation of property, plant and equipment	6	**91**	99
– exceptional items	7	**5**	298
– amortisation of intangible assets	6	**18**	20
– share-based payments charge	9	**9**	4
– finance income	10	**(3)**	(2)
– finance expense	10	**61**	74
Changes in working capital	32	**(101)**	186
Cash generated from continuing operations		**325**	563
Interest paid		**(49)**	(61)
Income tax paid		**(31)**	(30)
Cash (used in)/generated from discontinued operations	12	**(100)**	115
Net cash generated from operating activities		**145**	587
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment		**37**	–
Interest received		**3**	2
Purchase of available-for-sale financial assets	18	**(5)**	(3)
Acquisitions of subsidiaries, net of cash acquired	37	**–**	(21)
Disposal of businesses, net of cash disposed	37	**280**	(26)
Purchase of property, plant and equipment		**(58)**	(60)
Purchase of intangible assets and other non-current assets		**(12)**	(5)
Net cash used in investing activities in discontinued operations	12	**(5)**	(18)
Net cash generated from/(used in) investing activities		**240**	(131)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		**2**	2
Repurchase of ordinary shares		**–**	(6)
Cash inflow from additional borrowings		**–**	198
Cash outflow from repayment of borrowings		**(129)**	(417)
Cash outflow from repayment of capital element of finance leases		**(2)**	(3)
Dividends paid to the Company's equity holders	14	**(70)**	(103)
Net cash used in financing activities in discontinued operations	12	**(18)**	(47)
Net cash used in financing activities		**(217)**	(376)
Net increase in cash and cash equivalents	34	**168**	80
Cash and cash equivalents			
Balance at beginning of year		**504**	434
Effect of changes in foreign exchange rates		**(18)**	(10)
Net increase in cash and cash equivalents		**168**	80
Balance at end of year	33	**654**	504

The notes on pages 66 to 111 form part of these Group financial statements.

Consolidated statement of changes in shareholders' equity

	Share capital and share premium (Note 24) £m	Capital redemption reserve £m	Other reserves (Note 25) £m	Retained earnings £m	Attributable to the equity holders of the Company £m	Non-controlling interests £m	Total equity £m
Balance at 31 March 2009	519	8	219	241	987	26	1 013
Other comprehensive income/(expense) for the year	–	–	1	(75)	(74)	(1)	(75)
Profit for the year	–	–	–	15	15	4	19
Share-based payments charge, including tax	–	–	–	6	6	–	6
Share purchase	–	–	–	(6)	(6)	–	(6)
Proceeds from shares issued	1	–	–	1	2	–	2
Dividends paid	–	–	–	(105)	(105)	(2)	(107)
Scrip issue of shares for dividend	–	–	–	2	2	–	2
Balance at 31 March 2010	520	8	220	79	827	27	854
Other comprehensive (expense)/income for the year	–	–	(45)	63	18	(1)	17
Profit for the year	–	–	–	163	163	4	167
Share-based payments charge, including tax	–	–	–	10	10	–	10
Proceeds from shares issued	1	–	–	1	2	–	2
Dividends paid	–	–	–	(105)	(105)	(2)	(107)
Scrip issue of shares for dividend	2	–	–	33	35	–	35
Non-controlling interests disposed	–	–	–	–	–	(5)	(5)
Balance at 31 March 2011	**523**	**8**	**175**	**244**	**950**	**23**	**973**

Retained earnings at 31 March 2011 include a deduction for own shares held by the ESOP trust of £11 million (2010 – £12 million). All but 0.01 pence per share of the dividends arising on these shares have been waived by the trust.

The notes on pages 66 to 111 form part of these Group financial statements.

1 Presentation of financial statements

General information

The principal activity of Tate & Lyle PLC is the global provision of ingredients and solutions to the food, beverage and other industries. It operates from more than 30 production facilities around the world.

The Company is a public limited company incorporated and domiciled in the United Kingdom. The Company has its primary listing on the London Stock Exchange.

Basis of preparation

These consolidated financial statements are presented on the basis of International Financial Reporting Standards (IFRSs) adopted by the European Union and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and have been prepared in accordance with the Listing Rules of the UK Financial Services Authority and the Companies Act 2006, as applicable to companies reporting under IFRS.

These consolidated financial statements have been prepared in accordance with the accounting policies set out in Note 2 and under the historical cost convention modified to include revaluation of certain financial instruments and commodities, share options and pension assets and liabilities.

These consolidated financial statements are presented in pounds sterling, which is the Group's functional and presentational currency.

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

The financial information for the year ended 31 March 2010 is derived from the statutory financial statements for that year, except certain comparative information has been re-presented to conform with the current year presentation.

Following a change in the organisational structure, the segments disclosed under the provisions of IFRS 8 *Operating Segments* have been changed to Speciality Food Ingredients, Bulk Ingredients, Sugars and Central costs. The comparative segmental information for the year ended 31 March 2010 has been reclassified.

Following the disposal of the EU Sugar Refining operations ('EU Sugars') to American Sugar Refining, Inc, the sale of Molasses to W&R Barnett Ltd and the announcement of the proposed sale of Vietnam Sugar and commitment to sell the Israel operations, the Sugars segment has been reclassified as discontinued operations in the current and comparative periods. In the current year, the assets and liabilities of Vietnam Sugar and the sugar operations in Israel have been included within assets and liabilities held for sale.

There is no overall effect on the Group's comparative income statement, net assets or overall cash flows from continuing operations from these re-presentations.

Use of adjusted measures

Tate & Lyle presents adjusted profit before tax and adjusted earnings per share information. These measures are used by Tate & Lyle for internal performance analysis and incentive compensation arrangements for employees. The terms 'adjusted' and 'exceptional items' are not defined terms under IFRS and may therefore not be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for, or superior to, GAAP measurements of profit. The term 'adjusted' refers to the relevant measure being reported, excluding exceptional items and the amortisation of intangible assets arising on acquisition of businesses. A reconciliation of statutory to adjusted information is provided in Note 43.

New IFRS standards and interpretations adopted

From 1 April 2010 the Group has adopted the following new and amended IFRSs and IFRIC interpretations:

- IFRS 1 (revised) *First time adoption*
- IFRIC 17 *Distribution of Non-cash Assets to Owner*s
- Amendment to IAS 27 (revised) *Consolidated and Separate Financial Statements*
- IFRS 3 (revised) Business Combinations
- IFRS 2 *Share-based Payment* – group cash-settled share-based payment transactions
- Amendment to IAS 32 *Financial Instruments:* Presentation on classification of rights issues
- Amendment to IAS 39 *Financial Instruments:* Recognition and Measurement – eligible hedged items
- IFRIC 18 *Transfer of Assets from Customers*
- IFRIC 16 *Hedges of a net investment in a foreign operation.*

The revised IFRS 3 Business Combinations includes the immediate expensing of acquisition-related costs rather than inclusion in goodwill, and the recognition and measurement at fair value of contingent consideration at acquisition date with subsequent changes to income.

The adoption of these revised standards has not had a material impact on the Group's profit for the year and equity.

New IFRS standards and interpretations not adopted

The following standards, amendments and interpretations are not yet effective and have not been adopted early by the Group:

- IFRS 9 *Financial Instruments: Classification and Measurement*
- Amendment to IAS 24 *Related Party Disclosures*
- Amendments to IFRIC 14, IAS 19, *Prepayments of a Minimum Funding Requirement*
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- IFRS Annual Improvements 2010
- Amendment to IFRS 7 *Financial Instruments*: Disclosures on derecognition
- Amendments to IFRS 1 *First time adoption* – financial instrument disclosures

The adoption of these standards, amendments and interpretations is not expected to have a material impact on the Group's profit for those years or equity. The adoptions may affect disclosures in the Group's financial statements.

In November 2009, the IASB issued IFRS 9 *Financial Instruments: Classification and Measurement* which altered the classification and measurement of financial instruments. Under the new standard only two possible classifications arise, rather than the four existing classifications currently available under IAS 39, and will result in all financial assets being valued at amortised cost or fair value through profit and loss. In October 2010, the IASB issued additions to IFRS 9 relating to financial liabilities. The main change in the additions is that in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The standard is not mandatory before 2013 year-ends and is yet to be endorsed by the European Union. The adoption of this standard may impact the Group's profit, equity and disclosures in the Group's financial statements.

On 12 May, 2011, the IASB issued IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities* which are all effective for accounting periods beginning on or after 1 January 2013. The Group is still continuing to assess the impact of these standards but initial assessments suggest that while net profit and net assets will remain unchanged, the presentation of the Consolidated Income Statement and Consolidated Statement of Financial Position will change significantly as IFRS 11 prohibits the proportional consolidation of Joint Arrangements.

The parent company, Tate & Lyle PLC, has not adopted IFRS as its statutory reporting basis. Audited financial statements for the parent company, prepared in accordance with UK GAAP, are set out on pages 112 to 117.

2 Group accounting policies

Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights and taking into account the existence of potential voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The recognised identifiable assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the non-controlling interest's proportion of the fair values of the identifiable assets, liabilities and contingent liabilities recognised. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All inter-company transactions and balances between Group entities are eliminated on consolidation.

(b) Transactions and non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Joint ventures

An entity is regarded as a joint venture if the Group has joint control over its operating and financial policies. The Group's interests in jointly-controlled entities are accounted for by proportionate consolidation, whereby the Group's share of the joint ventures' income and expenses, assets and liabilities and cash flows are combined on a line-by-line basis with similar items in the Group's financial statements. Where necessary, adjustments are made to the financial statements of joint ventures to bring the accounting policies used into line with those used by the Group. The Group recognises the portion of gains or losses on the sale of assets to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the Group's purchase of assets from the joint venture until it resells the assets to an external entity. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets, or an impairment loss, the loss is recognised immediately.

(d) Associates

An entity is regarded as an associate if the Group has significant influence, but not control, over its operating and financial policies. Significant influence generally exists where the Group holds more than 20% and less than 50% of the shareholders' voting rights. Associates are accounted for under the equity method whereby the Group's income statement includes its share of their profits and losses and the Group's statement of financial position includes its share of their net assets. Where necessary, adjustments are made to the financial statements of associates to bring the accounting policies used into line with those used by the Group. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated on the same basis unless the transaction provides evidence of an impairment of the asset transferred.

Foreign currency translation

(a) Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in pounds sterling, which is the Group's presentational currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

(c) Group entities

From 1 April 2004, the results and financial position of all the Group's entities that have a functional currency different from the presentational currency are translated into the presentation currency as follows:

(i) assets and liabilities, including goodwill and fair value adjustments for each statement of financial position presented, are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each income statement (including components of comprehensive income) are translated at weighted average exchange rates as a reasonable approximation to the rates prevailing on the transaction dates; and

(iii) all resulting exchange differences are recognised as a separate component of equity.

Prior to 1 April 2004, exchange differences were recognised in retained earnings.

On consolidation, exchange differences arising from borrowings and other currency instruments designated as hedges of such investments, are taken to equity.

When a foreign operation is sold, such exchange differences that have accumulated since 1 April 2004 are recognised in the income statement as part of the gain or loss on sale. These exchange differences comprise the exchange differences on all amounts deemed to be part of the net investment in the foreign operation, which are recycled to the income statement when a disposal occurs.

Property, plant and equipment

Land and buildings mainly comprise manufacturing sites and administrative facilities.

Property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All repairs and maintenance expenditures are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost or revalued amount of each asset to its residual value over its useful economic life as follows:

Freehold land:	No depreciation
Freehold buildings:	20 to 50 years
Leasehold property:	Period of the lease
Bulk liquid storage tanks:	12 to 20 years
Plant and machinery:	3 to 28 years

The assets' residual values and useful lives are reviewed at each statement of financial position date and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the income statement.

Leased assets

Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets held under finance leases are capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The corresponding leasing commitments, net of finance charges, are included in liabilities.

2 Group accounting policies (continued)

Leasing payments are analysed between capital and interest components so that the interest element is charged to the income statement over the period of the lease at a constant periodic rate of interest on the remaining balance of the liability outstanding.

Depreciation on assets held under finance leases is charged to the income statement, and depreciated over the shorter of the lease term and its useful life.

All other leases are treated as operating leases with annual rentals charged to the income statement, net of any incentives granted to the lessee, over the term of the lease.

Intangible assets

(a) Goodwill

Goodwill is calculated as the difference between the fair value of the consideration exchanged in a business combination, excluding directly attributable acquisition costs, and the net fair values of the identifiable assets and liabilities acquired and is capitalised. Goodwill is tested for impairment annually and whenever there is an indication of impairment and is carried at cost less accumulated impairment losses.

Where the acquired interest in the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statement.

Gains and losses on the disposal of a business component include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(b) Patents and other intellectual property

Patents and other intellectual property are shown at historical cost less accumulated amortisation and impairment losses. Where the assets are acquired as part of a business combination, historical cost is based on their fair values as at the date of the combination. Amortisation of the assets is recognised on a straight-line basis over the period of their expected benefit which ranges from 5 to 15 years.

(c) Other acquired intangible assets

Other acquired intangible assets are intangible assets arising on consolidation of acquired businesses and include brands, recipes, customer relationships and supplier networks. Amortisation of the assets is recognised on a straight-line basis over the period of their expected benefit which ranges from 5 to 15 years.

(d) Other intangible assets

Other intangible assets mainly include certain development expenditure and software costs. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the IAS 38 recognition criteria are met. Capitalised development costs are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit. Research and other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Impairment

Assets that have an indefinite useful life are not subject to amortisation and are tested at least annually for impairment. In addition, assets in the course of construction are not depreciated and are subject to annual impairment review. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Non-financial assets other than goodwill that suffered an impairment in previous periods are reviewed for possible reversal of the impairment at each reporting date. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets other than goodwill are grouped at the lowest levels for which there are separately identifiable cash inflows. Goodwill is allocated to units expected to benefit from the synergies of the business combinations. Further details are given in Note 3.

Financial instruments

(a) Available-for-sale financial assets

Equity instruments held by the Group and designated as available-for-sale are carried at fair value, with movements in fair value recognised directly in equity. Where fair value cannot be reliably measured, the assets are approximated at cost. Cumulative fair value gains or losses on an asset are recycled through the income statement when the asset is disposed or impaired. A significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. Impairments are recognised in the income statement.

(b) Loans and receivables

Non-current and current receivables and loans granted are recognised initially at fair value and thereafter carried at amortised cost less provisions for impairment. Movements in carrying value are recognised in the income statement.

(c) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Where borrowings are designated as hedged items under fair value hedges, they are subsequently remeasured for fair value changes in respect of the hedged risk with such changes recognised in the income statement. Otherwise, borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as interest expense

(d) Commodity trading instruments

Commodity instruments acquired for trading purposes are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Movements in fair value are recognised in the income statement.

(e) Commodity and treasury hedging instruments

Under IAS 39, hedging relationships are categorised by type and must meet strict criteria to qualify for hedge accounting.

(i) Cash flow hedges
Hedges of firm commitments and highly probable forecast transactions, including forecast intra-group transactions that are expected to affect consolidated profit or loss, are designated as cash flow hedges. To the extent that movements in the fair values of these instruments effectively offset the underlying risk being hedged they are recognised in other comprehensive income until the period during which the hedged forecast transaction affects profit or loss, at which point the cumulative gain or loss is recognised in operating profit, offsetting the value of the hedged transaction.

(ii) Fair value hedges
Hedges against the movement in fair value of recognised assets and liabilities are designated as fair value hedges. To the extent that movements in the fair values of these instruments effectively offset the underlying risk being hedged they are recognised in net finance expense by offset against the hedged transaction.

(iii) Hedges of net investments
Hedges of a net investment in a foreign operation are designated as net investment hedges. To the extent that movements in the fair values of these instruments effectively offset the underlying risk being hedged they are recognised in the translation reserve until the period during which a foreign operation is disposed of or partially disposed of, at which point the cumulative gain or loss is recognised in profit or loss, offsetting the cumulative difference recognised on the translation of the net investment.

2 Group accounting policies (continued)

Hedge accounting is discontinued at the point when the hedging relationship no longer qualifies for hedge accounting. In the case of cash flow hedging relationships, the cumulative movement in the fair value of the hedging instrument previously recognised in equity up to that point is retained there until the forecast transaction affects profit or loss, unless the hedged transaction is no longer expected to occur, in which case the cumulative movement in fair value is transferred to profit or loss immediately. Movements in the fair value of hedging instruments where the relationship fails to meet the IAS 39 hedge accounting criteria or where the movement represents the ineffective portion of a qualifying hedging relationship are recognised in the income statement immediately as other income and expense or net finance expense, as appropriate.

(f) Embedded derivatives
Where an embedded derivative is not closely related to the host contract and where the host contract itself is not already recognised at fair value, movements in the fair value of the embedded derivative are separated from the associated transaction and, except where the embedded derivative is designated as a cash flow hedging instrument, recognised in the income statement.

(g) Fair values
Fair values are based on market values where they are available. For unlisted securities the Group establishes fair value using valuation techniques. These include the use of recent arm's length transactions, reference to other similar instruments and discounted cash flow analysis.

Where no market prices are available, the fair value of financial liabilities is calculated with reference to discounted expected future cash flows.

Inventories
Inventories are stated at the lower of cost and net realisable value with the exception of certain items of merchandisable agricultural commodities which are stated at market value, in line with regional industry accounting practices.

Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the 'first in – first out' or weighted average cost methods, appropriate to the materials and production processes involved. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Trade receivables
Non-current and current trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less and, for the purposes of the cash flow statement only, bank overdrafts are considered to be borrowings in nature.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital and holds that share either directly as treasury shares or indirectly within an ESOP trust, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders. These shares are used to satisfy share options and long term share incentive plans granted to employees under the Group's share option schemes. The trustee of the ESOP trust purchases the Company's shares on the open market using loans made by the Company or other loans guaranteed by the Company.

Trade payables
Non-current and current trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment

Provisions
Provisions for liabilities and charges are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably measured. If the effect is material, provisions are measured using expected future cash flows discounted at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The impact of unwinding any discount is taken to finance expense.

Provisions are not recognised for future operating losses. A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Income taxes
The charge for current tax is based on the results for the year as adjusted for items which are non-taxable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences (except as noted below) and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

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

Deferred tax is calculated using the enacted or substantively enacted rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Revenue recognition
(a) Sales of goods and services
Sales comprise the amount receivable in the ordinary course of business, net of value added and sales taxes, for goods and services provided. Sales are recognised at the point or points at which the Group has performed its obligations in connection with the contractual terms of the sales agreement primarily at the point of delivering to the customer, and in exchange obtains the right to consideration.

(b) Interest income
Interest income is recognised on a time-proportion basis using the effective interest rate method.

(c) Dividend income
Dividend income is recognised when the right to receive payment is established.

2 Group accounting policies (continued)

Employee benefits

(a) Pension obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies, or trustee payments to insurance companies or through trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The amounts recognised in the statement of financial position in respect of defined benefit pension plans are the net deficit and the net surplus of the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for actuarial gains or losses charged or credited to equity and past service costs. The defined benefit obligation is calculated annually by independent qualified actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability. Past service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

Any gains or losses from settlement or curtailment is recognised in the income statement when the curtailment or settlement occurs.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity immediately through the statement of comprehensive income.

Where the actuarial valuation of a scheme demonstrates that the scheme is in surplus, the recognised asset is limited to that for which the Group expects to benefit in future by refunds or a reduction in contribution.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Other post-employment obligations

Some Group companies provide post-employment healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity immediately. These obligations are valued annually by independent qualified actuaries.

(c) Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans. The fair value of employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, earnings targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, for options granted with non-market vesting conditions, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

Borrowing costs

Borrowing costs directly arising from the purchase, construction or production of an asset are capitalised as part of the cost of that asset.

Exceptional items

Exceptional items comprise items of income and expense, including tax items, that are material in amount and unlikely to recur and which merit separate disclosure in order to provide an understanding of the Group's underlying financial performance. Examples of events giving rise to the disclosure of material items of income and expense as exceptional items include, but are not limited to, impairment events, disposals of operations or individual assets, litigation claims by or against the Group and the restructuring of components of the Group's operations. See Note 7 for further details.

Government grants

A government grant is recognised when there is reasonable assurance that any conditions attached to the grant will be satisfied and the grants will be received. A government grant is recognised at its fair value and is accounted for as a deduction against the cost concerned or within other income over the periods necessary to match the grants with the related costs that they are intended to compensate.

Dividend distribution

Final dividend distributions to the Company's equity holders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders, while interim dividend distributions are recognised in the period in which the dividends are declared and paid. Where a scrip alternative is offered and taken, the distribution is effected through an issue of bonus shares from the share premium account.

Segment reporting

IFRS 8 *Operating Segments* requires that entities identify and report the financial performance of these operating segments. Segment information is reported for those components for which separate financial information is available and which management uses internally for allocating resources and assessing performance. In addition to receiving information relating to the operating performance of the business, principally sales and adjusted operating performance, the Chief Operating Decision Maker receives information on the segmental net working capital in order to assess the performance of the segments.

Following the change in the organisational structure announced in May 2010, the Group restructured its internal organisation into four distinct segments: Speciality Food Ingredients, Bulk Ingredients, Sugars and Central costs. Sugars was subsequently classified as discontinued. Management reporting has been realigned with this reorganisation and, as a result, the segment information set out below reflects this change. Comparative information for the year ended 31 March 2010 has been reclassified.

Discontinued operations and assets held for sale

Business components that represent separate major lines of business or geographical areas of operations are recognised as discontinued if the operations have been disposed of, or meet the criteria to be classified as held for sale under IFRS 5.

Assets and disposal groups are classified as held for sale if their carrying amount will be principally recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, expected to be completed within one year and the asset (or disposal group) is available for immediate sale in its present condition. Operations held for sale are held at the lower of their carrying amount on the date they are classified as held for sale and fair value less costs to sell.

3 Critical accounting estimates and judgements

In order to prepare these consolidated financial statements in accordance with the accounting policies set out in Note 2, management has used estimates and judgements to establish the amounts at which certain items are recorded. Critical accounting estimates and judgements are those that have the greatest impact on the financial statements and require the most difficult, subjective and complex judgements about matters that are inherently uncertain. Estimates are based on factors including historical experience and expectations of future events that management believe to be reasonable. However, given the judgemental nature of such estimates, actual results could be different from the assumptions used. The critical accounting estimates and judgements are set out below.

Impairment of assets

Asset impairments have the potential to significantly impact operating profit. In order to determine whether impairments are required the Group estimates the recoverable amount of the asset. This calculation is usually based on projecting future cash flows over a five-year period and using a terminal value to incorporate expectations of growth thereafter. A discount factor is applied to obtain a current value ('value in use'). The 'fair value less costs to sell' of an asset is used if this results in an amount in excess of 'value in use'.

Estimated future cash flows for impairment calculations are based on management's expectations of future volumes and margins based on plans and best estimates of the productivity of the assets in their current condition. Future cash flows therefore exclude benefits from major expansion projects requiring future capital expenditure where that expenditure has not been approved at the balance sheet date.

Future cash flows are discounted using a discount rate based on the Group's weighted average cost of capital, adjusted if appropriate for circumstances specific to the asset being tested. The weighted average cost of capital is impacted by estimates of interest rates, equity returns and market and country-related risks. The Group's weighted average cost of capital is reviewed on an annual basis.

If the cash flow or discount rate assumptions were to change because of market conditions, the level of impairment could be different and could result in the impairment of property, plant and equipment being increased or reversed, in part or in full, at a future date.

Further details are set out in Notes 15 and 16.

Retirement benefits

Among the range of retirement benefits provided in businesses around the Group are a number of defined benefit pension plans and an unfunded healthcare benefit scheme in the US. The amounts recorded in the financial statements for both of these types of arrangement are based on a number of assumptions, changes to which could have a material impact on the reported amounts.

Any net deficit or surplus arising on defined benefit plans and the liability under the healthcare plan is shown in the statement of financial position. The amount recorded is the difference between plan assets and liabilities at the balance sheet date. The group only recognises a surplus to the extent it has an unconditional right to a refund or a reduction in future contributions. Plan assets are based on market value at that date. Plan liabilities, including healthcare liabilities, are based on actuarial estimates of the present value of future pension or other benefits that will be payable to members. The most sensitive assumptions involved in calculating the expected liabilities are mortality rates and the discount rate used to calculate the present value. If the mortality rates assumption changed, a one year increase to longevity at age 65 would increase the liability by £61 million. The main financial assumption is the real discount rate, being the excess of the discount rate over the rate of inflation. If this assumption increased by 0.1%, the gross plan liabilities would decrease by approximately £18 million.

The income statement generally comprises a regular charge to operating profit and a finance charge, which represents the net of expected income from plan assets and an interest charge on plan liabilities. These calculations are based on expected outcomes at the start of the financial year. The income statement is most sensitive to changes in expected returns from plan assets and the discount rate used to calculate the interest charge on plan liabilities. A 0.1% increase in the assumption of the real discount rate would increase the net finance expense by approximately £0.2 million.

Full details of these assumptions, which are based on advice from the Group's actuaries, are set out in Note 30.

Provisions

The Group recognises a provision where a legal or constructive obligation exists at the balance sheet date and a reliable estimate can be made of the likely outcome. Where appropriate, future cash outflows that are expected to arise over a number of years are discounted to a present value using a relevant discount rate.

At the balance sheet date, provisions included amounts for insurance claims payable by the Group's reinsurance company, legal matters, employee termination and other restructuring costs.

Although provisions are reviewed on a regular basis and adjusted for management's best current estimates, the judgemental nature of these items means that future amounts settled may be different from those provided.

Further details are set out in Note 31.

Taxation

The Group operates in a large number of tax jurisdictions around the world. Tax regulations generally are complex and in some jurisdictions agreeing tax liabilities with local tax authorities can take several years. Consequently, at the balance sheet date, tax liabilities and assets are based on management's best estimate of the future amounts that will be settled. While the Group aims to ensure that the estimates recorded are accurate, the actual amounts could be different from those expected.

Deferred tax assets mainly arise from asset impairments and retirement benefit obligations that the Group expects to recover at some time in the future and by their nature the amounts recorded are therefore dependent on management's judgement about future events.

Further details are set out in Notes 11 and 29.

4 Segment information

Following the change in the organisational structure announced in May 2010, the Group restructured its internal organisation into four distinct segments: Speciality Food Ingredients, Bulk Ingredients, Sugars and Central costs. Sugars was subsequently classified as discontinued. Management reporting has been realigned with this reorganisation and, as a result, the segment information set out below reflects this change. Comparative information for the year ended 31 March 2010 has been reclassified.

Central costs, which include head office, treasury and reinsurance activities, do not meet the operating segment definition under IFRS 8 but have been disclosed as a reportable segment in the tables below to be consistent with internal management reporting.

Discontinued operations comprise previously disclosed International Sugar Trading and Eastern Sugar together with the Sugars division (Note 12).

The segment results for the year to 31 March 2011 are as follows:

		Continuing operations					
	Notes	Speciality Food Ingredients £m	Bulk Ingredients £m	Central costs £m	Total £m	Discontinued operations (Note 12) £m	Total from continuing and discontinued operations £m
Sales							
Total sales		**916**	**1 987**	**–**	**2 903**	**590**	**3 493**
Inter-segment sales		**(111)**	**(72)**	**–**	**(183)**	**–**	**(183)**
External sales (note a)		**805**	**1 915**	**–**	**2 720**	**590**	**3 310**
Operating profit/(loss)							
Before exceptional items and amortisation of acquired intangible assets		**206**	**157**	**(42)**	**321**	**(2)**	**319**
Exceptional items	7	**(7)**	**9**	**(7)**	**(5)**	**(43)**	**(48)**
Amortisation of acquired intangible assets	15	**(13)**	**–**	**–**	**(13)**	**–**	**(13)**
Operating profit/(loss)		**186**	**166**	**(49)**	**303**	**(45)**	**258**
Net finance expense					**(58)**	**–**	**(58)**
Profit/(loss) before tax					**245**	**(45)**	**200**
Segment assets (note b)		**207**	**511**	**13**	**731**	**40**	**771**
Unallocated assets:							
– non-current assets							**1 424**
– current assets							**856**
Total assets							**3 051**
Segment liabilities (note b)		**(106)**	**(237)**	**(61)**	**(404)**	**(8)**	**(412)**
Unallocated liabilities:							
– non-current liabilities							**(1 236)**
– current liabilities							**(430)**
Total liabilities							**(2 078)**
Other segment information							
Net working capital		**101**	**274**	**(48)**	**327**	**32**	**359**
Capital investments (note c)		**26**	**34**	**16**	**76**	**8**	**84**
Depreciation		**34**	**55**	**2**	**91**	**9**	**100**
Amortisation of intangible assets	15	**18**	**–**	**–**	**18**	**–**	**18**
Impairment charges		**2**	**–**	**–**	**2**	**4**	**6**
Share-based payments	9	**–**	**1**	**8**	**9**	**–**	**9**

(a) There were no customers that contributed more than 10% of the Group's external sales from continuing operations for the year ended 31 March 2011.

(b) Segment assets and liabilities relates to controllable working capital (trade and other receivables, inventories and trade and other payables), as reported to the Chief Operating Decision Maker. All other assets and liabilities are reported within segment information as unallocated as these are not reported to the Chief Operating Decision Maker at operations segment level.

(c) Capital investments comprise capital expenditure on property, plant and equipment, intangible assets and investments. These items include amounts arising on acquisition of businesses.

4 Segment information (continued)

The segment results for the year to 31 March 2010 are as follows:

	Notes	Continuing operations Speciality Food Ingredients £m	Continuing operations Bulk Ingredients £m	Continuing operations Central costs £m	Continuing operations Total £m	Discontinued operations (Note 12) £m	Total from continuing and discontinued operations £m
Sales							
Total sales		869	1 772	–	2 641	1 074	3 715
Inter-segment sales		(81)	(27)	–	(108)	–	(108)
External sales (note a)		788	1 745	–	2 533	1 074	3 607
Operating profit/(loss)							
Before exceptional items and amortisation of acquired intangible assets		163	136	(31)	268	28	296
Exceptional items	7	(66)	(237)	5	(298)	22	(276)
Amortisation of acquired intangible assets	15	(14)	–	–	(14)	–	(14)
Operating profit/(loss)		83	(101)	(26)	(44)	50	6
Net finance (expense)/income					(72)	1	(71)
(Loss)/profit before tax					(116)	51	(65)
Segment assets (note b)		216	386	11	613	222	835
Unallocated assets:							
– non-current assets							1 777
– current assets							676
Total assets							3 288
Segment liabilities (note b)		(90)	(198)	(37)	(325)	(161)	(486)
Unallocated liabilities:							
– non-current liabilities							(1 555)
– current liabilities							(393)
Total liabilities							(2 434)
Other segment information							
Net working capital		126	188	(26)	288	61	349
Capital investments (note c)		25	40	5	70	22	92
Depreciation		39	58	2	99	17	116
Amortisation of intangible assets	15	18	2	–	20	–	20
Impairment charges		2	217	–	219	16	235
Share-based payments	9	–	–	4	4	1	5

(a) Two external customers contributed more than 10% of the Group's external sales from continuing operations for the year ended 31 March 2010. The combined external sales for these customers were £553 million which have been recorded across all the reportable segments, excluding central costs.

(b) Segment assets and liabilities relates to controllable working capital (trade and other receivables, inventories and trade and other payables) as reported to the Chief Operating Decision Maker. All other assets and liabilities are reported within segment information as unallocated as these are not reported to the Chief Operating Decision Maker at operations segment level.

(c) Capital investments comprise capital expenditure on property, plant and equipment, intangible assets and investments. These items include amounts arising on acquisition of businesses.

The United Kingdom is the home country of the parent. Sales (from continuing operations) and non-current assets, other than financial instruments, deferred tax assets and retirement benefit assets in the principal territories are as follows:

	External sales by destination Year to 31 March		External sales by origin Year to 31 March		Location of non-current assets Year to 31 March	
	2011 £m	2010 £m	**2011 £m**	2010 £m	**2011 £m**	2010 £m
United Kingdom	**65**	43	**16**	19	**38**	248
United States	**1 746**	1 652	**1 948**	1 841	**660**	735
Other European countries	**432**	426	**451**	425	**327**	372
Rest of world	**477**	412	**305**	248	**156**	202
Total	**2 720**	2 533	**2 720**	2 533	**1 181**	1 557

5 Sales from continuing operations

Analysis of sales by category:

	Notes	2011 £m	2010 £m
		Year to 31 March	
Sales of goods (excluding share of sales of joint ventures)		**2 317**	2 210
Share of sales of joint ventures	17	**403**	323
Total		**2 720**	2 533

6 Operating profit/(loss)

Continuing operations

Analysis by nature:

	Notes	2011 £m	2010 £m
		Year to 31 March	
External sales		**2 720**	2 533
Staff costs	9	**247**	213
Inventories:			
– cost of inventories recognised as an expense (included in cost of sales)		**1 400**	1 241
– fair value loss on derivatives held for trading (included in cost of sales)		**8**	5
Depreciation of property, plant and equipment:			
– owned assets	16	**90**	97
– leased assets	16	**1**	2
Exceptional items	7	**5**	298
Amortisation of intangible assets:			
– intangible assets arising on acquisition of businesses	15	**13**	14
– other intangible assets	15	**5**	6
Operating lease rentals:			
– plant and machinery		**23**	24
Research and development expenditure		**25**	26
Impairment of trade receivables	23	**1**	3
Reversal of impairment of trade receivables	23	**–**	(1)
Impairment of property, plant and equipment		**2**	–
Loss on disposal of property, plant and equipment		**1**	–
Government grant income		**–**	(3)
Ineffectiveness on derivative financial instruments:			
– ineffectiveness loss on derivatives designated as cash flow hedges	20	**–**	3
– ineffectiveness gain on derivatives designated as net investment hedges	20	**–**	(1)
Other operating expenses		**596**	650
Total		**2 417**	2 577
Operating profit/(loss) from continuing operations		**303**	(44)

Discontinued operations

Analysis by nature:

	Notes	2011 £m	2010 £m
		Year to 31 March	
External sales		**590**	1 074
Staff costs	9	**28**	49
Inventories:			
– cost of inventories recognised as an expense (included in cost of sales)		**464**	841
Depreciation of property, plant and equipment:			
– owned assets	16	**9**	17
Government grant income, including Transitional Aid		**–**	(17)
Exceptional items	7	**43**	(22)
Impairment of property, plant and equipment		**4**	–
Other operating expenses		**87**	156
Total		**635**	1 024
Operating (loss)/profit from discontinued operations	12	**(45)**	50

7 Exceptional items

Exceptional items are as follows:

	Year to 31 March 2011 £m	2010 £m
Continuing operations		
Gain on disposal, net of pre-disposal costs – Fort Dodge (note a)	**10**	–
Impairment charges – Fort Dodge (note b)	**–**	(217)
Business transformation costs (note c)	**(15)**	(3)
Closure and restructuring costs (note d)	**–**	(55)
UK Group Pension Scheme changes (note e)	**–**	5
Write-down of assets (note f)	**–**	(28)
Total	**(5)**	(298)
Discontinued operations		
Loss on disposal – EU Sugars (note g)	**(55)**	–
Gain on disposal – Molasses (note h)	**12**	–
UK Group Pension Scheme changes (note e)	**–**	37
Impairment charges (note b)	**–**	(15)
Total	**(43)**	22

The comparative figures for 2010 have been restated to reflect the disposal of EU Sugars and Molasses, which are presented as discontinued operations in both years.

(a) The Group has recorded a net exceptional gain of £10 million in respect of the mothballed ethanol facility at Fort Dodge, Iowa. On 30 March 2011 the facility was sold for cash consideration of £36 million resulting in a gain on disposal of £15 million. An exceptional charge of £25 million had previously been booked early in the year in respect of onerous contracts relating to future obligations of the plant. As a result of the disposal, £20 million of the resultant provision was no longer required and was reversed. This exceptional gain is reported in the Bulk Ingredients segment.

(b) In the year ended 31 March 2010, following a detailed analysis of end markets, in light of costs of around £70 million to complete and commission the plant in Fort Dodge, Iowa, and factoring in the risks associated with future returns from operating the plant, the Group concluded that the plant was highly unlikely to be completed or commissioned in the foreseeable future. As a result, the facility was mothballed and an impairment charge of £217 million recognised. Of the £217 million charge, £209 million related to assets previously held in assets under construction and £8 million related to prepayments. This exceptional item was reported in the Bulk Ingredients segment.

In the year ended 31 March 2010, the Group recognised an impairment charge of £15 million at its sugar refining business in Israel comprising a full write-down of the property, plant and equipment (£11 million) and an inventory impairment (£4 million). This impairment charge reflected anticipated future decline in the commercial prospects of Israel which is now reported within discontinued operations.

(c) The Group has recognised an exceptional charge of £15 million in relation to business transformation costs. The Group incurred £6 million of charges in relation to the implementation of a common global IS/IT platform, £4 million in relation to the relocation of employees and restructuring associated with the new Commercial and Food Innovation Centre in Chicago, Illinois, and £5 million (2010 – £3 million) of closure and other restructuring costs relating to the Food Systems business. These costs are reported in the Bulk Ingredients (£1 million), Speciality Food Ingredients (£7 million) and the Central costs (£7 million) segments.

(d) In the year ended 31 March 2010, the Group recognised an exceptional charge in relation to the decision to mothball the sucralose manufacturing facility in McIntosh, Alabama. The charge totalled £55 million and covered costs connected with redundancy, clean-up activities and ongoing fixed costs, and included provision for costs to final closure. The exceptional item was reported in the Speciality Food Ingredients segment.

(e) In the year ended 31 March 2010, the Group recognised an exceptional gain of £42 million in relation to changes announced to the Group Pension Scheme in the United Kingdom. Of the total gain, £32 million related to negative past service costs following the removal of the discretionary early retirement benefit from November 2009 and £10 million related to a curtailment gain as a result of the closure of the scheme to future benefit accrual for employee members from 6 April 2011. This exceptional item related to the Central costs (£5 million) and Sugars (£37 million) segments.

(f) In the year ended 31 March 2010, following a review of its portfolio of research and development projects, the Group wrote off £28 million in relation to assets from which it does not expect to receive a commercial benefit. Of the £28 million, £20 million had previously been reported within property, plant and equipment, £6 million within intangible assets and £2 million within prepayments. These assets related to operations reported in both the Bulk Ingredients (£20 million) and Speciality Food Ingredients (£8 million) segments.

(g) The Group recorded a loss of £55 million in relation to the disposal of EU Sugars. Further details are set out in Note 37.

(h) The Group recorded a gain of £12 million in relation to the disposal of Molasses. Further details are set out in Note 37.

The tax impact on continuing net exceptional items is £10 million charge (2010 – £117 million credit). The tax impact on the discontinued net exceptional items is a £19 million credit (2010 – £5 million charge). Tax credits on exceptional costs are only recognised to the extent that losses incurred will result in tax recoverable in the future. In addition, there has been an exceptional tax credit of £8 million in respect of the recognition of a deferred tax asset on unrealised profit in inventory following the restructuring of the business organisation.

There was an exceptional tax credit of £15 million in the year ended 31 March 2010 in respect of the release of various tax provisions following settlement of outstanding issues around the Group.

8 Auditors' remuneration

During the year the Group (including its overseas subsidiaries) obtained the following services from the Company's auditors as detailed below:

	Year to 31 March	
	2011 £m	2010 £m
Fees payable to the Company's auditors for the audit of the parent company and consolidated financial statements	**0.6**	0.6
Fees payable to the Company's auditors and its associates for other services:		
– the audit of the Company's subsidiaries, pursuant to legislation	**1.1**	1.5
Total audit fees	**1.7**	2.1
Other services pursuant to legislation	**0.1**	0.1
Other services relating to taxation	**0.1**	–
All other services	**0.8**	0.2
Total	**2.7**	2.4

In addition to the above, fees totalling £0.1 million (2010 – £0.1 million) were paid to the Company's auditors in respect of the audit of Group pension schemes.

Included within fees payable to the Company's auditors and its associates is £0.1 million (2010 – £0.3 million) and within all other services £0.6 million (2010 – £nil) relating to discontinued operations including the costs of vendor due diligence in respect of the disposal of Molasses.

9 Staff costs

Staff costs for the Group during the year were as follows:

		Year to 31 March 2011		Year to 31 March 2010	
	Notes	**Continuing operations £m**	**Discontinued operations £m**	Continuing operations £m	Discontinued operations £m
Wages and salaries		**206**	**26**	178	43
Social security costs		**19**	**1**	21	2
Other pension costs:					
– defined benefit schemes	30	**8**	**1**	7	2
– defined contribution schemes		**2**	**–**	1	1
– retirement healthcare benefits	30	**3**	**–**	2	–
Share-based payments	26	**9**	**–**	4	1
Total		**247**	**28**	213	49

The average number of people employed by the Group, excluding associates' employees and including a proportionate share of people employed by joint ventures, is set out below. As required by the Companies Act 2006, this includes part-time employees:

	Year to 31 March	
By business segment	**2011**	2010
Speciality Food Ingredients	**1 631**	1 730
Bulk Ingredients	**2 382**	2 215
Central	**293**	280
Total	**4 306**	4 225

In addition, the average number of people employed relating to discontinued operations was 854 (2010 – 1,394)

The number of people employed by the Group at 31 March 2011 was 4,416 (2010 – 5,666). Included in these numbers are 305 (2010 – 1,505) employees relating to discontinued operations.

Key management compensation

	Year to 31 March	
	2011 £m	2010 £m
Salaries and short-term employee benefits	**7**	5
Post-employment benefits	**1**	1
Share-based payments	**5**	2
Share option gains	**–**	1
Total	**13**	9

Key management is represented by the Group Executive Committee and the Company's directors. Remuneration details of the Company's directors are given in the directors' remuneration report on pages 44 to 56. Members of the Group Executive Committee are given on page 34.

The aggregate emoluments of directors in respect of qualifying services to the Company were £4 million (2010 – £4 million).

10 Finance income and finance expense

Continuing	Notes	Year to 31 March 2011 £m	2010 £m
Finance income			
Interest receivable		**3**	2
Total finance income		**3**	2
Finance expense			
Interest payable on bank and other borrowings		**(45)**	(54)
Net finance expense arising on defined benefit retirement schemes:			
– interest cost	30	**(76)**	(76)
– expected return on plan assets	30	**72**	57
Finance lease charges		**(1)**	(1)
Unwinding of discounts in provisions	31	**(2)**	–
Fair value gains/(losses) on interest-related derivative financial instruments:			
– interest rate swaps – fair value hedges		**7**	(2)
– derivatives not designated as hedges		**(3)**	(1)
Fair value adjustment of borrowings attributable to interest rate risk		**(7)**	3
Recycle of cash flow hedge reserve in respect of borrowings repaid		**(6)**	–
Total finance expense		**(61)**	(74)
Net finance expense		**(58)**	(72)

Finance expense is shown net of borrowing costs capitalised into the cost of assets (Note 16) of £nil (2010 – £2 million at a capitalisation rate of 5.0%).

Interest payable on other borrowings includes £0.2 million (2010 – £0.2 million) of dividends in respect of the Group's 6.5% cumulative preference shares.

Discontinued
Included within the loss for the year in relation to discontinued operations (Note 12) is net finance income of £nil (2010 – £1 million).

11 Income tax expense

Analysis of charge for the year

Continuing	Year to 31 March 2011 £m	2010 £m
Current tax:		
In respect of the current year		
– UK	**–**	1
– overseas	**3**	33
Adjustments in respect of previous years	**(10)**	(2)
Exceptional tax credit	**–**	(15)
	(7)	17
Deferred tax:		
– deferred tax charge/(credit)	**64**	(112)
– exceptional tax credit	**(8)**	–
Income tax expense/(credit)	**49**	(95)

The income tax charge relating to continuing operations in the year to 31 March 2011 of £49 million (2010 – credit of £95 million) includes a charge of £10 million in respect of pre-tax exceptional items (2010 – £117 million credit).

Included within current tax is a £10 million credit (2010 – £2 million) principally relating to the settlement of prior year tax obligations in a number of jurisdictions.

The exceptional tax credit of £8 million represents the recognition of a deferred tax asset on unrealised profit in inventory following the restructuring of the Group. £15 million in 2010 represented releases of various tax provisions following settlement of outstanding issues around the Group.

The effective tax rate for the year, calculated on the basis of the total income tax charge relating to continuing operations as a proportion of profit before tax, is 19.7% (2010 – income tax credit on loss before tax of 81.9%). This compares with the standard rate of corporation tax in the UK of 28% (2010 – 28%).

The standard rate of corporation tax in the United Kingdom will reduce from 28% to 26% from 1 April 2011.

Discontinued
The income tax credit in respect of discontinued operations (Note 12) in the year to 31 March 2011 is £16 million (2010 – £11 million expense).

11 Income tax expense (continued)

Continuing	Year to 31 March 2011 £m	2010 £m
Profit/(loss) before tax	**245**	(116)
Corporation tax charge/(credit) thereon at 28% (2010 – 28%)	**69**	(32)
Adjusted for the effects of:		
– exceptional tax credit	**(8)**	(15)
– income not taxable/(expenses) not deductible for tax purposes	**7**	(2)
– losses not recognised	**15**	16
– adjustments to tax in respect of previous periods	**(10)**	–
– different tax rates applied on overseas earnings	**(24)**	(62)
Total	**49**	(95)

The effective tax rate relating to continuing operations on profit before exceptional items, amortisation and exceptional tax items is 18.5% (2010 – 20.8%).

Tax (charge)/credit relating to components of other comprehensive income

	Notes	Year to 31 March 2011 £m	2010 £m
Retirement benefit obligations		**(19)**	29
Cash flow hedges		**(5)**	(4)
Tax losses		**22**	–
Other		**2**	–
Tax credit relating to components of other comprehensive income		**–**	25
Current tax		**–**	–
Deferred tax	29	**–**	25

Tax on items recognised directly in equity

	Year to 31 March 2011 £m	2010 £m
Deferred tax credit on share-based payments	**(1)**	(1)
Total	**(1)**	(1)

12 Discontinued operations

On 1 July 2010, the Group announced its intention to sell all the businesses within the Sugars segment. Accordingly, the results of these Sugars businesses are presented as discontinued operations for the year ended 31 March 2011 and 31 March 2010. On 30 September 2010, the Group completed the disposal of EU Sugars to American Sugar Refining, Inc. On 3 December 2010, the Group completed the disposal of Molasses to W&R Barnett Ltd. On 20 April 2011, the Group announced that it had entered into a conditional contract to dispose of Vietnam Sugar to TH Milk Food Joint Stock Company for cash consideration of approximately £33 million together with the Group's proportionate share of cash and working capital. The results of the Israel and Vietnam Sugar are presented within the Other category for both periods.

		Year to 31 March 2011				
	Notes	**EU Sugars £m**	**Molasses £m**	**International Sugar Trading £m**	**Other £m**	**Total £m**
Sales		**330**	**141**	**18**	**101**	**590**
Operating (loss)/profit before exceptional items		**(2)**	**7**	**(11)**	**4**	**(2)**
Exceptional items	7	**(55)**	**12**	**–**	**–**	**(43)**
Operating (loss)/profit		**(57)**	**19**	**(11)**	**4**	**(45)**
Finance income		**–**	**–**	**–**	**1**	**1**
Finance expense		**–**	**–**	**(1)**	**–**	**(1)**
(Loss)/profit before tax		**(57)**	**19**	**(12)**	**5**	**(45)**
Income tax credit/(expense)		**22**	**(1)**	**–**	**(5)**	**16**
(Loss)/profit for the year		**(35)**	**18**	**(12)**	**–**	**(29)**
Non-controlling interests		**–**	**(1)**	**–**	**(3)**	**(4)**
(Loss)/profit attributable to equity holders of the Company		**(35)**	**17**	**(12)**	**(3)**	**(33)**

12 Discontinued operations (continued)

	EU Sugars £m	Molasses £m	International Sugar Trading £m	Other £m	Total £m
	Year to 31 March 2010				
Sales	689	228	101	56	1 074
Operating profit/(loss) before exceptional items	14	14	(3)	3	28
Exceptional items	37	–	–	(15)	22
Operating profit/(loss)	51	14	(3)	(12)	50
Finance income	2	1	–	–	3
Finance expense	–	–	(2)	–	(2)
Profit/(loss) before tax	53	15	(5)	(12)	51
Income tax (expense)/credit	(12)	(2)	–	3	(11)
Profit/(loss) for the year	41	13	(5)	(9)	40
Non-controlling interests	–	(1)	–	(3)	(4)
Profit/(loss) attributable to equity holders of the Company	41	12	(5)	(12)	36

Net cash flows from discontinued operations are as follows:

	EU Sugars £m	**Molasses £m**	**International Sugar Trading £m**	**Other £m**	**Total £m**
	Year to 31 March 2011				
Net cash (used in)/generated from operating activities	**(85)**	**(11)**	**(17)**	**13**	**(100)**
Net cash (used in)/generated from investing activities	**(5)**	**(1)**	**–**	**1**	**(5)**
Net cash used in financing activities	**(16)**	**(1)**	**–**	**(1)**	**(18)**

	EU Sugars £m	Molasses £m	International Sugar Trading £m	Other £m	Total £m
	Year to 31 March 2010				
Net cash generated from/(used in) operating activities	110	28	(25)	2	115
Net cash (used in)/generated from investing activities	(17)	(2)	–	1	(18)
Net cash used in financing activities	(45)	(1)	–	(1)	(47)

13 Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held in the Employee Share Ownership Trust or in Treasury.

	Year to 31 March 2011			Year to 31 March 2010		
	Continuing operations	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
Profit/(loss) attributable to equity holders of the Company (£million)	**196**	**(33)**	**163**	(21)	36	15
Weighted average number of ordinary shares in issue (millions)	**461.5**	**461.5**	**461.5**	457.0	457.0	457.0
Basic earnings/(loss) per share	**42.6p**	**(7.3)p**	**35.3p**	(4.7)p	8.0p	3.3p

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all potential dilutive ordinary shares. Potential dilutive ordinary shares arise from share options, and the Group's long term share incentive plans. For non-performance related share plans, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. For performance related share plans, a calculation is performed to determine the satisfaction or otherwise, of the forecast performance conditions at the end of the reporting period, and the number of shares which would be issued based on the forecast status at the end of the reporting period.

	Year to 31 March 2011			Year to 31 March 2010		
	Continuing operations	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
Profit/(loss) attributable to equity holders of the Company (£million)	**196**	**(33)**	**163**	(21)	36	15
Weighted average number of diluted shares in issue (millions)	**468.8**	**468.8**	**468.8**	457.0	457.0	457.0
Diluted earnings/(loss) per share	**41.9p**	**(7.2)p**	**34.7p**	(4.7)p	8.0p	3.3p

The adjustment for the dilutive effect of share options at 31 March 2011 was 7.3 million shares (2010 – nil).

13 Earnings per share (continued)

Adjusted earnings per share

Adjusted earnings per share is stated excluding exceptional items and amortisation of acquired intangible assets as follows:

Continuing operations	Notes	Year to 31 March 2011	Year to 31 March 2010
Profit/(loss) attributable to equity holders of the Company (£million)		**196**	(21)
Adjustments (£million):			
– exceptional items	7	**5**	298
– amortisation of acquired intangible assets	15	**13**	14
– tax effect of the above adjustments		**8**	(121)
– exceptional tax credit	11	**(8)**	(15)
Adjusted profit (£million)		**214**	155
Adjusted basic earnings per share from continuing operations		**46.5p**	33.9p
Adjusted diluted earnings per share from continuing operations		**45.7p**	33.7p

For the purposes of the adjusted diluted earnings per share from continuing operations for the year ended 31 March 2010, the adjustment for the dilutive effect of share options was 2.3 million.

14 Dividends

	Year to 31 March 2011	Year to 31 March 2010
Dividends paid on ordinary equity shares (£million):		
– final paid relating to prior year	**74**	74
– interim paid relating to current year	**31**	31
Total dividend paid	**105**	105
Satisfied by:		
– cash (£million)	**70**	103
– scrip dividend (£million) (note a)	**35**	2
Total	**105**	105
The total ordinary dividend is 23.7p (2010 – 22.9p) made up as follows:		
– interim dividend paid	**6.8p**	6.8p
– final dividend proposed (note b)	**16.9p**	16.1p
Total	**23.7p**	22.9p

(a) During the year, shareholders were given the option to receive the final dividend relating to the prior year and the interim dividend relating to the current year in the form of a scrip issue. On 30 July 2010 and 7 January 2011, the Group issued 5,716,625 shares and 1,601,272 shares respectively for scrip at a nominal value per share of 25p and a cash equivalent value of £35 million. Further detail is disclosed in Note 24.

(b) The final dividend proposed for the year of £79 million (2010 – £74 million), based on the number of shares outstanding as at 31 March 2011 has not been recognised as a liability and will be paid, subject to approval by shareholders at the Company's Annual General Meeting, on 5 August 2011 to shareholders who are on the Register of Members on 1 July 2011.

15 Goodwill and other intangible assets

	Goodwill £m	Patents £m	Other acquired intangible assets £m	Total acquired intangibles £m	Other intangible assets £m	Total £m
Cost						
At 1 April 2010	230	33	127	390	32	422
Additions at cost	–	–	–	–	12	12
Transfer to assets held for sale	–	–	(2)	(2)	–	(2)
Disposals and write-offs	(2)	–	–	(2)	(3)	(5)
Exchange	(6)	–	(4)	(10)	(1)	(11)
At 31 March 2011	**222**	**33**	**121**	**376**	**40**	**416**
Accumulated amortisation and impairments						
At 1 April 2010	–	23	40	63	19	82
Amortisation charge	–	2	11	13	5	18
Disposals and write-offs	–	–	–	–	(2)	(2)
Exchange	–	–	(2)	(2)	–	(2)
At 31 March 2011	**–**	**25**	**49**	**74**	**22**	**96**
Net book value at 31 March 2011	**222**	**8**	**72**	**302**	**18**	**320**
Cost						
At 1 April 2009	240	33	132	405	34	439
Additions at cost	–	–	1	1	6	7
Disposals and write-offs	–	–	–	–	(7)	(7)
Exchange	(10)	–	(6)	(16)	(1)	(17)
At 31 March 2010	230	33	127	390	32	422
Accumulated amortisation and impairments						
At 1 April 2009	–	20	31	51	14	65
Amortisation charge	–	3	11	14	6	20
Disposals and write-offs	–	–	–	–	(1)	(1)
Exchange	–	–	(2)	(2)	–	(2)
At 31 March 2010	–	23	40	63	19	82
Net book value at 31 March 2010	230	10	87	327	13	340

Goodwill

The carrying amounts of goodwill by segment are as follows:

	31 March 2011 £m	31 March 2010 £m
Speciality Food Ingredients (note a)	**80**	81
Bulk Ingredients	**1**	1
Allocated by geography:		
– United States (note b)	**57**	60
– Europe (note c)	**84**	88
Total	**222**	230

Goodwill is tested for impairment annually and whenever there is an indication of impairment. Although cash flows have been identified for certain individual plants for the purposes of assessing the recoverable amounts, the business is managed as a network in the United States and Europe, with a large amount of interdependency between plants with plants servicing both the Speciality Food Ingredients and Bulk Ingredients segments. As a result, except as noted, it is not possible to allocate goodwill to either the Bulk Ingredients or the Speciality Food Ingredients segments.

Therefore, goodwill is tested for impairment on a geographical basis except where goodwill can be allocated to an identifiable separate CGU. Unless otherwise stated, impairment reviews are carried out in accordance with the methodology set out in Notes 2 and 3 using cashflows based on the latest Board approved management projections.

(a) Goodwill within the Speciality Food Ingredients segment includes £48 million (2010 – £48 million) relating to the acquisition of G.C. Hahn & Co. in June 2007, £18 million (2010 – £18 million) relating to the acquisition of the Cesalpinia Foods group in December 2005 and £12 million (2010 – £13 million) relating to the acquisition of Continental Custom Ingredients in January 2006. These businesses have been tested for impairment and a pre-tax discount rate of 11% (2010 – 11%). Zero growth was assumed in perpetuity. Management has concluded that no impairment is required.

The remaining goodwill relates to a number of smaller acquisitions, each of which has been tested for impairment using management projections for five years, pre-tax discount rates of 11% (2010 – 11%), and zero growth assumed in perpetuity. Management has concluded that no impairment is required.

(b) Goodwill relating to the United States includes £57 million (2010 – £60 million) relating to the Staley acquisition in 1988, which is treated as one CGU for impairment testing purposes. Cash flows used were based on the latest approved plans for five years discounted using a pre-tax rate of 11% (2010 – 11%). Zero growth was assumed in perpetuity. Management has concluded that no impairment is required.

15 Goodwill and other intangible assets (continued)

(c) Goodwill relating to Europe includes £84 million (2010 – £86 million) relating to the acquisition in 2000 of the minority of 34% of shares of the former Amylum business. Although cash flows have been identified for certain individual plants for the purposes of assessing the recoverable amounts of property, plant and equipment (as described in Note 16) the business is treated as one CGU for impairment testing purposes. The goodwill in the former Amylum business has been tested for impairment using a pre-tax discount rate of 11% (2010 – 11%). Zero growth was assumed in perpetuity. Management has concluded that no impairment is required.

Management considers that no reasonably possible change in any of the assumptions would cause the recoverable amount of goodwill attached to the above CGUs to fall below their carrying value.

Other intangible assets
Included in other intangible assets are £2 million (2010 – £nil) of assets under construction in relation to the implementation of a common global IS/IT platform.

16 Property, plant and equipment

	Land and buildings £m	Plant and machinery £m	Assets in the course of construction £m	Total £m
Cost				
At 1 April 2010	578	2 349	345	3 272
Additions at cost	3	11	53	67
Transfers on completion	3	50	(53)	–
Transfer to assets held for sale	(11)	(57)	–	(68)
Disposals and write-offs	(3)	(12)	(211)	(226)
Businesses sold	(114)	(346)	(39)	(499)
Exchange and other movements	(23)	(102)	(17)	(142)
At 31 March 2011	**433**	**1 893**	**78**	**2 404**
Accumulated depreciation and impairments				
At 1 April 2010	292	1 564	208	2 064
Depreciation charge	14	86	–	100
Transfer to assets held for sale	(4)	(42)	–	(46)
Impairment losses and write-downs	3	1	4	8
Disposals and write-offs	–	(12)	(195)	(207)
Businesses sold	(72)	(206)	(4)	(282)
Exchange and other movements	(12)	(63)	(13)	(88)
At 31 March 2011	**221**	**1 328**	**–**	**1 549**
Net book value at 31 March 2011	**212**	**565**	**78**	**855**
Cost				
At 1 April 2009	591	2 394	345	3 330
Additions at cost	2	12	68	82
Transfers on completion	6	44	(50)	–
Disposals and write-offs	(1)	(13)	(1)	(15)
Exchange and other movements	(20)	(88)	(17)	(125)
At 31 March 2010	578	2 349	345	3 272
Accumulated depreciation and impairments				
At 1 April 2009	288	1 493	1	1 782
Depreciation charge	15	101	–	116
Impairment losses and write-downs	–	31	209	240
Disposals and write-offs	(1)	(13)	–	(14)
Exchange and other movements	(10)	(48)	(2)	(60)
At 31 March 2010	292	1 564	208	2 064
Net book value at 31 March 2010	286	785	137	1 208

Additions to property, plant and equipment includes capitalised borrowing costs of £nil (2010 – £2 million).

Impairment losses
It is the Group's policy to test assets for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

16 Property, plant and equipment (continued)

Impairment reviews
2011
The Group's European businesses are a major supplier of sweeteners which operates in competition to sugar throughout the Continent. Following the disposal of five European starch plants in October 2007, the Group carried out an impairment review in respect of the remaining CGUs at 31 March 2011. The recoverable amount was based on value in use, calculated based on estimated future cash flows using management's internal forecasts of future margins for the next five years. The pre-tax discount rate used was 11% (2010 – 11%) and a zero growth rate assumed in perpetuity. Taking all factors into account management concluded that no further impairment or reversal of previous impairments was required.

During the year, the Group carried out an impairment review in respect of its Dayton plant which manufactures citric acid in light of changes to the regulatory and competitive environment in which it operates. The recoverable amount was based on value in use, calculated based on estimated future cash flows using management's internal forecasts of future margins for the next five years and applying a terminal value. The pre-tax discount rate used was 11%. Taking all factors into account management concluded that no further impairment or reversal of previous impairments was required.

2010
In the year ended 31 March 2010, following a detailed analysis of end markets, in light of costs of around £70 million to complete and commission the plant in Fort Dodge, Iowa, and factoring in the risks associated with future returns from operating the plant, the Group concluded that the plant was highly unlikely to be completed or commissioned in the foreseeable future. As a result, the facility was mothballed. An impairment review was carried out and as a result an impairment charge of £209 million against assets under construction (as part of the impairment charge of £217 million) was recognised as an exceptional item. This exceptional item related to the Bulk Ingredients segment. The recoverable amount was based on value in use, calculated using the expected cash flow approach, weighted for the potential timings of completion and commissioning the plant, and using management's internal forecasts of future cash flows for five years, a pre-tax discount rate of 11% and a zero growth rate assumed in perpetuity.

In the year ended 31 March 2010, following a review of its portfolio of research and development projects, the Group decided to write down assets relating to operations in the Bulk Ingredients segment resulting in an impairment write-down of £20 million relating to Plant and Machinery being recognised in exceptional items.

In the year ended 31 March 2010, the Group carried out a further review of its sugar refining operation in Israel as a result of the deterioration of the margins driven by record high sugar prices and a surplus of EU beet sugar being exported into the Israel domestic market. The recoverable amount was based on value in use, calculated based on management's internal forecasts of future cash flows for the remainder of the operation's contractual life and a pre-tax discount rate of 13% (2010 – 13%). An impairment of £11 million was recognised in exceptional items that year.

Leased assets
Included in property, plant and equipment is plant and machinery held under finance leases with a net book value of £11 million (2010 – £13 million).

17 Investments in associates and joint ventures

Associates	Notes	£m
At 1 April 2009		8
Exchange and other movements		(1)
At 31 March 2010		7
Disposals of businesses	37	(2)
At 31 March 2011		**5**

The Group's associates, which are accounted for under the equity method, are listed in Note 42.

During the year, the Group disposed of its investment in Eridania Tate & Lyle SpA for £3 million proceeds. The carrying value was £2 million at the date of disposal (Note 37).

The amounts equity accounted in the Group income statement and statement of financial position are summarised below:

Income statement

	Year to 31 March	
	2011 £m	2010 £m
Sales	**4**	5
Expenses	**(4)**	(5)
Profit before and after tax	**–**	–

Statement of financial position

	31 March	
	2011 £m	2010 £m
Assets	**10**	12
Liabilities	**(5)**	(5)
Net assets	**5**	7

17 Investments in associates and joint ventures (continued)

Joint ventures
The Group's joint ventures are proportionately consolidated and the continuing businesses are listed in Note 42. The amounts proportionately consolidated in the Group income statement and statement of financial position are summarised below:

Income statement	Notes	Year to 31 March 2011 Continuing operations £m	Year to 31 March 2011 Discontinued operations £m	Year to 31 March 2010 Continuing operations £m	Year to 31 March 2010 Discontinued operations £m
Sales	5	**403**	**3**	323	6
Other expense		**(344)**	**(7)**	(273)	(3)
Profit/(loss) before tax		**59**	**(4)**	50	3
Income tax expense		**(14)**	**–**	(9)	–
Profit/(loss) for the year		**45**	**(4)**	41	3

Statement of financial position	31 March 2011 £m	31 March 2010 £m
Assets		
Non-current assets	**175**	174
Cash and cash equivalents	**74**	61
Other current assets	**158**	118
	407	353
Liabilities		
Non-current borrowings	**7**	5
Other non-current liabilities	**23**	18
Current borrowings	**11**	10
Other current liabilities	**69**	57
	110	90
Net assets	**297**	263

18 Available-for-sale financial assets

	£m
At 31 March 2009	39
Additions	3
Fair value loss	(10)
At 31 March 2010	32
Additions	5
Disposal of businesses	(1)
Fair value gain	1
Exchange	(1)
At 31 March 2011	**36**

Presented in the statement of financial position as follows:	Notes	31 March 2011 £m	31 March 2010 £m
Non-current available-for-sale financial assets		**19**	14
Current assets held for sale	38	**17**	18
Total		**36**	32

Available-for-sale financial assets primarily comprise £36 million (2010 – £32 million) of unlisted securities. The fair values of non-current available-for-sale financial assets are approximated at cost where fair value can not be reliably measured. The fair values of current assets held for sale are based on management's valuation of expected proceeds based on a signed share sale agreement.

The carrying value of the available-for-sale financial assets are denominated in the following currencies:

	31 March 2011 £m	31 March 2010 £m
Saudi riyal (note a)	**14**	15
US dollar (note b)	**12**	9
Sterling	**8**	6
Euro	**2**	2
Total	**36**	32

(a) Saudi riyal comprises £14 million (2010 – £15 million) of assets classified as held for sale in current assets.

(b) US dollar includes £3 million (2010 – £3 million) of assets classified as held for sale in current assets.

19 Financial instruments by category

Set out below is a comparison by category of carrying values and fair values of all of the Group's financial assets and financial liabilities as at 31 March 2011 and 31 March 2010.

						31 March 2011	
	Notes	Amortised cost £m	Derivatives and other items in a hedging relationship £m	Held for trading £m	Available-for-sale £m	Total carrying value £m	Fair value £m
Available-for-sale financial assets	18	**–**	**–**	**–**	**19**	**19**	**19**
Trade and other receivables	23	**274**	**–**	**–**	**–**	**274**	**274**
Cash and cash equivalents	33	**654**	**–**	**–**	**–**	**654**	**654**
Derivative financial instruments – assets	20	**–**	**42**	**141**	**–**	**183**	**183**
Borrowings	28	**(736)**	**(378)**	**–**	**–**	**(1 114)**	**(1 154)**
Derivative financial instruments – liabilities	20	**–**	**(55)**	**(127)**	**–**	**(182)**	**(182)**
Trade and other payables	27	**(400)**	**–**	**–**	**–**	**(400)**	**(400)**
Total		**(208)**	**(391)**	**14**	**19**	**(566)**	**(606)**

						31 March 2010	
	Notes	Amortised cost £m	Derivatives and other items in a hedging relationship £m	Held for trading £m	Available-for-sale £m	Total carrying value £m	Fair value £m
Available-for-sale financial assets	18	–	–	–	14	14	14
Trade and other receivables	23	398	–	–	–	398	398
Cash and cash equivalents	33	504	–	–	–	504	504
Derivative financial instruments – assets	20	–	48	151	–	199	199
Borrowings	28	(819)	(490)	–	–	(1 309)	(1 318)
Derivative financial instruments – liabilities	20	–	(75)	(117)	–	(192)	(192)
Trade and other payables	27	(465)	–	–	–	(465)	(465)
Total		(382)	(517)	34	14	(851)	(860)

Trade and other receivables presented above excludes £18 million (2010 – £28 million) relating to prepayments.

Trade and other payables presented above excludes £7 million (2010 – £12 million) relating to social security. At 31 March 2010, £9 million in respect of deferred income relating to Transitional Aid was excluded.

Included in borrowings are other items in a hedging relationship which are held at amortised cost with a fair value adjustment applied, as they are in a fair value hedge.

Fair value hierarchy

Set out below is how the Group's financial instruments measured at fair value, fit within the following fair value hierarchy:

– quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
– inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2);
– inputs for the asset or liability that are not based on observable market data (level 3).

The following tables illustrate the Group's financial assets and liabilities measured at fair value at 31 March 2011 and 31 March 2010:

					31 March 2011
	Notes	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets at fair value					
Available-for-sale financial assets	18	**–**	**–**	**19**	**19**
Derivative financial instruments:					
– currency swaps	20	**–**	**16**	**–**	**16**
– interest rate swaps	20	**–**	**40**	**–**	**40**
– forward foreign exchange contracts	20	**–**	**10**	**–**	**10**
– commodity pricing contracts	20	**53**	**50**	**14**	**117**
Assets at fair value		**53**	**116**	**33**	**202**
Liabilities at fair value					
Derivative financial instruments:					
– currency swaps	20	**–**	**(46)**	**–**	**(46)**
– interest rate swaps	20	**–**	**(14)**	**–**	**(14)**
– forward foreign exchange contracts	20	**–**	**(10)**	**–**	**(10)**
– commodity pricing contracts	20	**(21)**	**(77)**	**(14)**	**(112)**
Borrowings		**–**	**(378)**	**–**	**(378)**
Liabilities at fair value		**(21)**	**(525)**	**(14)**	**(560)**

19 Financial instruments by category (continued)

	Notes	31 March 2010 Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets at fair value					
Available-for-sale financial assets	18	–	–	14	14
Derivative financial instruments:					
– currency swaps	20	–	28	–	28
– interest rate swaps	20	–	38	–	38
– forward foreign exchange contracts	20	–	4	–	4
– commodity pricing contracts	20	61	58	10	129
Assets at fair value		61	128	24	213
Liabilities at fair value					
Derivative financial instruments:					
– currency swaps	20	–	(58)	–	(58)
– interest rate swaps	20	–	(17)	–	(17)
– forward foreign exchange contracts	20	–	(10)	–	(10)
– commodity pricing contracts	20	(86)	(18)	(3)	(107)
Borrowings		–	(490)	–	(490)
Liabilities at fair value		(86)	(593)	(3)	(682)

Level 1 financial instruments
The fair value of financial instruments traded in active markets (commodity futures) is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 financial instruments
The fair values of financial instruments that are not traded in an active market (interest rate swaps, cross currency swaps, commodity pricing contracts and forward foreign exchange contracts) are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

The fair value of interest rate swaps, currency swaps and forward foreign exchange contracts is calculated as the present value of the future cash flows based on observable inputs drawn from interest yield curves sourced from a reputable third party source.

The amount shown within level 2 for borrowings only includes those borrowings which are designated as hedged items in fair value hedges with respect to interest rate risk and whose carrying amount is adjusted for the gain or loss on the hedged item attributable to the hedged risk.

Level 3 financial instruments
The fair value of financial instruments is based on unobservable inputs that are supported by little or no market activity at the balance sheet date. These inputs generally reflect the entity's own assumptions about how a market participant would reasonably be expected to determine the price of a financial instrument.

For commodity pricing contracts, in evaluating the significance of fair value inputs, the Group generally classifies assets or liabilities as level 3 when their fair value is determined using unobservable inputs that individually, or when aggregated with other unobservable inputs represent more than 10% of the fair value of the observable inputs of the assets or liabilities.

Available-for-sale financial assets which are analysed at level 3 primarily represent investments in unlisted securities. The fair values of the unlisted securities are approximated at cost. Hence, value is adjusted only for permanent impairment and for no other movement.

For financial instruments in level 3, the Group does not consider that changes to inputs to reasonable alternatives would have a material impact on the income statement or equity.

The following table reconciles the movement in the Group's financial instruments classified in level 3 of the fair value hierarchy:

	Commodity pricing contracts – assets £m	Commodity pricing contracts – liabilities £m	Available-for-sale assets £m	Total £m
At 1 April 2009	21	–	11	32
Total gains or losses in operating profit	10	(3)	–	7
Purchases	–	–	3	3
Settlements	(21)	–	–	(21)
At 31 March 2010	10	(3)	14	21
Total gains or losses:				
– in operating profit	14	(14)	–	–
– in other comprehensive income	–	–	1	1
Purchases	–	–	5	5
Settlements	(10)	3	(1)	(8)
At 31 March 2011	**14**	**(14)**	**19**	**19**

20 Derivative financial instruments

	31 March 2011 Assets £m	31 March 2011 Liabilities £m	31 March 2010 Assets £m	31 March 2010 Liabilities £m
Non-current derivative financial instruments used to manage the Group's net debt profile				
Currency swaps:				
– net investment hedges	**–**	**(43)**	–	–
– fair value, net investment and cash flow hedges	**–**	**–**	–	(51)
– held for trading	**12**	**(1)**	16	(2)
Interest rate swaps:				
– fair value hedges	**24**	**–**	22	(3)
– held for trading	**10**	**(11)**	9	(11)
	46	**(55)**	47	(67)
Current derivative financial instruments used to manage the Group's net debt profile				
Currency swaps – accrued interest	**4**	**(2)**	12	(5)
Interest rate swaps – accrued interest	**6**	**(3)**	7	(3)
	10	**(5)**	19	(8)
Total derivative financial instruments used to manage the Group's net debt profile	**56**	**(60)**	66	(75)
Other non-current derivative financial instruments				
Forward foreign exchange contracts – cash flow hedges	**1**	**(1)**	1	–
Commodity pricing contracts – cash flow hedges	**1**	**–**	1	–
	2	**(1)**	2	–
Other current derivative financial instruments				
Forward foreign exchange contracts:				
– cash flow hedges	**9**	**(9)**	3	(6)
– held for trading	**–**	**–**	–	(4)
Commodity pricing contracts:				
– cash flow hedges	**3**	**(1)**	2	(7)
– held for trading	**113**	**(111)**	126	(100)
	125	**(121)**	131	(117)
Total other derivative financial instruments	**127**	**(122)**	133	(117)
Total derivative financial instruments	**183**	**(182)**	199	(192)
Presented in the statement of financial position as follows:				
Non-current derivative financial instruments	**48**	**(56)**	49	(67)
Current derivative financial instruments	**135**	**(126)**	150	(125)
	183	**(182)**	199	(192)

The ineffective portion recognised in operating profit that arises from cash flow hedges amounts to £nil (2010 – £3 million loss).

The ineffective portion recognised in operating profit that arises from net investment hedges amounts to £nil (2010 – £1 million gain).

The ineffective portion recognised in net finance expense that arises from fair value hedges amounts to £nil (2010 – £1 million gain).

20 Derivative financial instruments (continued)

Cash flow hedges
The Group employs forward foreign exchange contracts and commodity pricing contracts to hedge cash flow risk associated with forecast transactions. The notional principal amounts of the outstanding forward foreign exchange contracts are as follows:

	31 March	
	2011 £m	2010 £m
Euro	**6**	(68)
US dollar	**(33)**	(30)
Sterling	**1**	75
Singapore dollar	**30**	25
Other	**(3)**	(4)

Gains and losses recognised in the hedging reserve in equity (Note 25) on forward foreign exchange and commodity pricing contracts as of 31 March 2011 will be released to the income statement at various dates up to 17 months from the balance sheet date.

Fair value hedges
The Group employs currency and interest rate swap contracts to hedge the currency and interest rate risks associated with its borrowings. The notional principal amounts of the outstanding interest rate and currency swap contracts applied in fair value hedging relationships as of 31 March 2011 were £353 million and £nil respectively (2010 – £364 million and £100 million respectively).

Net investment hedges
The Group employs currency swap contracts to hedge the currency risk associated with its net investments in subsidiaries located primarily in the USA and Europe. The notional principal amounts of the outstanding currency swap contracts applied in net investment hedging relationships as of 31 March 2011 were £290 million (31 March 2010 – £298 million). Within net investment hedging gains, a fair value gain of £7 million (2010 – £6 million gain) on translation of the currency swap contracts to pounds sterling at the balance sheet date was recognised in the translation reserve in shareholders' equity (Note 25).

In addition, at 31 March 2011, of the Group's borrowings, a total of £351 million (2010 – £564 million) is designated as hedges of the net investments in overseas subsidiaries.

Debt-related derivatives held for trading
Certain currency swap contracts associated with the partial repurchase of the 6.5% Guaranteed Notes 2012 were closed out during the year ended 31 March 2010 by entering into offsetting currency swap contracts. These swaps do not qualify for hedge accounting. The notional amounts of the outstanding currency swap contracts not designated within hedge relationships as at 31 March 2011 were £192 million (2010 – £203 million).

Some of the Group's interest rate swap contracts hedge the Group's exposure to interest rate risk, but do not qualify for hedge accounting. The notional amounts of the outstanding interest rate swap contracts not designated within hedge relationships as of 31 March 2011 were £218 million (2010 – £231 million).

Trading contracts
Commodity pricing contracts held for trading relate to the Group's commodity trading activities which are undertaken for the purposes of supporting underlying operations. Foreign exchange contracts held for trading are undertaken to hedge anticipated future contractual cash flows within the Group's cereal sweetners and starches business.

21 Financial risk factors

Management of financial risk

The key financial risks faced by the Group are credit risk, liquidity risk, and market risks, which include interest rate risk, foreign exchange risk and certain commodity price risks. The Board regularly reviews these risks and approves written policies covering the use of financial instruments to manage these risks and sets overall risk limits.

The Chief Financial Officer retains the overall responsibility for management of financial risk for the Group. Most of the Group's financing, interest rate and foreign exchange risk are managed through the Group treasury company, Tate & Lyle International Finance PLC, whose operations are controlled by its board. The treasury company is chaired by the Chief Financial Officer and has other board members who are independent of the treasury function. The board of Tate & Lyle International Finance PLC approves policies and procedures setting out permissible funding and hedging instruments, and a system of authorities for the approval of transactions and exposures within the limits approved by the Board of Tate & Lyle PLC.

Group interest rate and currency exposures are concentrated either in the treasury company or in appropriate holding companies through market-related transactions with Group subsidiaries. These positions are managed by the treasury company within its authorised limits.

Commodity price risks are managed through divisional commodity trading functions in the USA and Europe. These functions are controlled by divisional management who are responsible for ratifying general strategy and overseeing performance on a monthly basis. Commodity price contracts are categorised as being held either for trading or for hedging price exposures. Commodity contracts held for trading within the Group are limited, confined only to tightly controlled areas within the corn pricing areas.

The derivative financial instruments approved by the Board of Tate & Lyle PLC to manage financial risks include swaps, both interest rate and currency, swaptions, caps, forward rate agreements, financial and commodity forward contracts and options, and commodity futures.

Market risks

Foreign exchange management

Tate & Lyle operates internationally and is exposed to foreign exchange risks arising from commercial transactions (transaction exposure), and from recognised assets, liabilities and investments in overseas operations (translation exposure).

Transaction exposure

The Group's policy requires subsidiaries to hedge transactional currency exposures against their functional currency once the transaction is committed or highly probable, mainly through the use of forward foreign exchange contracts.

The amounts deferred in equity from derivative financial instruments designated as cash flow hedges are released to the income statement and offset against the movement in underlying transactions only when the forecast transactions affect the income statement.

Translation exposure

The Group manages the foreign exchange exposure to net investments in overseas operations, particularly in the USA and Europe, by maintaining a percentage of net debt in US dollars and euro to mitigate the effect of these risks. This is achieved by borrowing principally in US dollars and euro, which provide a partial match for the Group's major foreign currency assets. The Group also manages its foreign exchange exposure to net investments in overseas operations through the use of currency swap contracts. The amount deferred in equity from derivative financial instruments designated as net investment hedges is offset against the foreign currency translation effect of the net investment in overseas operations, and is released to the income statement upon disposal of those investments.

A weakening of the US dollar and euro against sterling would result in exchange gains on net debt denominated in these currencies which would be offset against the losses on the underlying foreign currency assets. At the year end, net debt amounting to £464 million (2010 – £814 million) was held in the following currencies: net borrowings of US dollars 98% (2010 – 76%), euro 35% (2010 – 20%), net deposits of pounds sterling 28% (2010 – net borrowings of 7%) and other currencies 5% (2010 – 3%). The Group's interest cost through the income statement is impacted by changes in the relevant exchange rates.

The following table illustrates only the Group's sensitivity to the fluctuation of the major currencies on its financial assets and liabilities, as defined and set out in Note 19:

	31 March 2011		31 March 2010	
	Income statement –/+£m	**Equity –/+£m**	Income statement –/+£m	Equity –/+£m
Sterling/US dollar 5% change	**1**	**23**	–	28
Sterling/euro 5% change	**–**	**11**	–	15

Interest rate management

The Group has an exposure to interest rate risk, arising principally from changes in US dollar, sterling and euro interest rates. This risk is managed by fixing or capping portions of debt using interest rate derivatives to achieve a target level of fixed/floating rate net debt, which aims to optimise net finance expense and reduce volatility in reported earnings. The Group's policy is that between 30% and 75% of Group net debt (excluding the Group's share of joint-venture net debt) is fixed or capped (excluding out-of-the-money caps) for more than one year and that no interest rates are fixed for more than 12 years. At 31 March 2011, the longest term of any fixed rate debt held by the Group was until November 2019 (2010 – November 2019). The proportion of net debt at 31 March 2011 (excluding the Group's share of joint-venture net debt) that was fixed or capped for more than one year was 85% (2010 – 82%). A derogation of the maximum percentage of fixed rate debt was approved by the Tate & Lyle PLC Board until 30 June 2011.

The Group considers a 100 basis point change in interest rates a reasonably possible change except where rates are less than 100 basis points. In these instances it is assumed that the interest rates increase by 100 basis points and decrease to zero for the purpose of performing the sensitivity analysis. The impact is calculated with reference to the gross debt and cash held as at 31 March 2011 assuming that other variables remain unchanged.

If interest rates increase by 100 basis points, Group profit before tax will increase by approximately £2 million (2010 – £1 million). If interest rates decrease by 100 basis points, or less where applicable, Group profit before tax will decrease by approximately £1 million (2010 – £1 million).

21 Financial risk factors (continued)

Price risk management
Tate & Lyle participates mainly in four markets: food and beverage; industrial ingredients; pharmaceutical and personal care; and animal feed. Food and beverage and industrial ingredients are the most significant. All ingredients are produced from renewable crops, predominantly corn (maize).

Tate & Lyle is exposed to movements in the future prices of commodities in those domestic and international markets where the Group buys and sells corn and energy for production. Commodity futures, forwards and options are used where available to hedge inventories and the costs of raw materials for unpriced and prospective contracts not covered by forward product sales. In most cases, these hedging contracts mature within one year and are either traded on recognised exchanges or over the counter.

The table below illustrates the sensitivity of the Group's commodity pricing contracts as of 31 March to the price movement of commodities.

	31 March 2011		31 March 2010	
	Income statement –/+£m	**Equity –/+£m**	Income statement –/+£m	Equity –/+£m
Corn 30% change	**2**	**–**	2	–

The majority of the Group's commodity pricing contracts are held for trading and changes in mark-to-market values of these contracts are taken directly into the income statement. Amounts deferred in equity from commodity pricing contracts designated as cash flow hedges are released to the income statement and offset against the movement in underlying transactions when they occur.

Credit risk management
Counterparty credit risk arises from the placing of deposits and entering into derivative financial instrument contracts with banks and financial institutions, as well as credit exposures inherent within the Group's outstanding receivables.

The Group manages credit risk by entering into financial instrument contracts only with highly credit-rated authorised counterparties which are reviewed and approved annually by the Board.

The Group has Board approved maximum counterparty exposure limits for specified banks and financial institutions based on the long-term credit ratings of Standard & Poor's and Moody's (typically single A long-term credit ratings or higher). Trading limits assigned to commercial customers are based on ratings from Dun & Bradstreet and Credit Risk Monitor. In cases where published financial ratings are not available or inconclusive, credit application, reference checking, and obtaining of customers' confidential financial information such as liquidity and turnover ratio, are required to evaluate customer's credit worthiness.

Counterparties' positions are monitored on a regular basis to ensure that they are within the approved limits and there are no significant concentrations of credit risks.

The Group considers its maximum exposure to credit risk as follows:

	31 March	
	2011 £m	2010 £m
Cash and cash equivalents	**654**	504
Trade and other receivables	**274**	398
Derivative financial instruments – assets	**183**	199
Available-for-sale financial assets	**19**	14

The Group's trade receivables are short term in nature and largely comprise amounts receivable from business customers. There are no amounts included in trade receivables in respect of securitised receivables (2010 – £nil). Concentrations of credit risk with respect to trade receivables are limited due to the Group's having a number of key quality customers and a customer base which is large, unrelated and internationally dispersed.

Liquidity risk management
The Group manages its exposure to liquidity risk and ensures maximum flexibility in meeting changing business needs, by maintaining access to a wide range of funding sources, including capital markets and bank borrowings. Capital market issues outstanding at 31 March 2011 include the US$300 million 6.125% 144A bond maturing in June 2011, the £100 million 6.50% bond maturing in June 2012, the US$500 million 5.00% 144A bond maturing in November 2014, the US$250 million 6.625% 144A bond maturing in June 2016, and the £200 million 6.75% bond maturing in November 2019.

The Group ensures that it has sufficient undrawn committed bank facilities to provide liquidity back-up to cover its funding requirements for the foreseeable future. The Group has a core committed bank facility of US$1 billion which matures in October 2012. This facility is unsecured and contains common financial covenants for Tate & Lyle and its subsidiary companies that the pre-exceptional and amortisation interest cover ratio should not be less than 2.5 times and the multiple of net debt to EBITDA, as defined in our financial covenants, should not be greater than 4.0 times.

The Group monitors compliance against all its financial obligations and it is Group policy to manage the consolidated statement of financial position so as to operate well within these covenanted restrictions. In both the current and comparative reporting period, the Group complied with its financial covenants at all measurement points. The majority of the Group's borrowings are raised through the Group treasury company, Tate & Lyle International Finance PLC, and are then on-lent to the business units on an arm's length basis.

21 Financial risk factors (continued)

Current Group policy is to ensure that, after subtracting the total of undrawn committed facilities, no more than 10% of gross debt matures within 12 months and no more than 35% has a maturity within two and a half years. At 31 March 2011, after subtracting total undrawn committed facilities, there was no debt maturing within two and a half years (2010 – none). The average maturity of the Group's gross debt was 4.8 years (2010 – 5.4 years). At the year end the Group held cash and cash equivalents of £654 million (2010 – £504 million) and had committed facilities of £623 million (2010 – £659 million) of which £623 million (2010 – £515 million) was undrawn. These resources are maintained to provide liquidity back-up and to meet the projected maximum cash outflow from debt repayment, capital expenditure and seasonal working capital needs foreseen for at least a year into the future at any one time.

The table below analyses the Group's non-derivative financial liabilities and derivative assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

			31 March 2011
Liquidity analysis	**<1 year £m**	**1-5 years £m**	**>5 years £m**
Borrowings including finance leases	**(229)**	**(436)**	**(418)**
Interest on borrowings	**(52)**	**(151)**	**(68)**
Trade and other payables	**(406)**	**(1)**	**–**
Derivative contracts:			
– receipts	**361**	**970**	**–**
– payments	**(346)**	**(990)**	**–**
Commodity contracts	**(5)**	**–**	**–**

			31 March 2010
	<1 year £m	1-5 years £m	>5 years £m
Borrowings including finance leases	(191)	(653)	(435)
Interest on borrowings	(61)	(185)	(96)
Trade and other payables	(474)	(1)	–
Derivative contracts:			
– receipts	407	778	–
– payments	(394)	(802)	–
Commodity contracts	(123)	(3)	–

Included in borrowings are £2,394,000 of 6.5% cumulative preference shares. Only one year's worth of interest payable on these cumulative preference shares is included in the less than one year category above.

Interest on borrowings is calculated based on borrowings held at year end without taking into account future issues. Floating-rate interest is calculated using forward interest rates derived from interest rate yield curves as at year end.

Derivative contracts include currency swaps, forward exchange contracts and interest rate swaps. All commodity pricing contracts such as options and futures are shown separately under commodity contracts.

Commodity contracts include only net settled commodity derivative contracts and gross settled commodity purchase contracts with negative fair values. Purchase contracts outflows represent actual contractual cash flows under the purchase contracts and not their fair values. Cash outflows from the purchase contracts are offset by cash inflows received from sale contracts; however, these inflows are not included as part of this analysis.

Financial liabilities denominated in currencies other than pounds sterling are converted to pounds sterling using year end exchange rates.

Capital risk management
The Group's primary objectives in managing its capital are to safeguard the business as a going concern; to maintain sufficient financial flexibility to undertake its investment plans; to retain as a minimum an investment grade credit rating which enables consistent access to debt capital markets; and to optimise capital structure in order to reduce the cost of capital. The Group's financial profile and level of financial risk is assessed on a regular basis in the light of changes to the economic conditions, business environment, the Group's business profile and the risk characteristics of its businesses.

Tate & Lyle has contractual relationships with Moody's and Standard and Poor's (S&P) for the provision of credit ratings, and it is the Group's policy to keep them informed of all major developments. At 31 March 2011, the long-term credit rating from Moody's was Baa3 (stable outlook) and from S&P was BBB– (stable outlook). The Group is committed to maintaining investment grade credit ratings.

The Group regards its total capital as follows:

			31 March
	Notes	**2011 £m**	2010 £m
Net debt	34	**464**	814
Total shareholders' equity		**973**	854
Total capital		**1 437**	1 668

21 Financial risk factors (continued)

The Board of Tate & Lyle PLC has set two ongoing key performance indicators (KPIs) to measure the Group's financial strength. The target levels for these financial KPIs are that the ratio of net debt/EBITDA should not exceed 2.0 times and interest cover should exceed 5 times. These ratios are calculated on the same basis as the external financial covenants noted above. The ratios for these KPIs for the financial years ended 31 March 2011 and 31 March 2010 are:

	31 March 2011	31 March 2010
Net debt/EBITDA	**1.1**	1.8
Interest cover	**6.9**	5.8

22 Inventories

	31 March 2011 £m	31 March 2010 £m
Raw materials and consumables	**288**	202
Work in progress	**16**	19
Finished goods	**150**	188
Total	**454**	409

Finished goods inventories of £4 million (2010 – £2 million) are carried at realisable value, this being lower than cost. Inventories of £197 million (2010 – £60 million) are carried at market value.

In 2010, the Group recognised an impairment charge of £4 million against finished goods inventories at its sugar refining business in Israel, which was included in exceptional items. The sugar refining business in Israel has been classed as an asset held for sale at 31 March 2011 and is reported in discontinued operations.

23 Trade and other receivables

	31 March 2011 £m	31 March 2010 £m
Non-current trade and other receivables		
Other receivables	**1**	2
Total	**1**	2

	31 March 2011 £m	31 March 2010 £m
Current trade and other receivables		
Trade receivables	**263**	329
Less: provision for impairment of receivables	**(19)**	(24)
Trade receivables – net	**244**	305
Prepayments and accrued income	**18**	28
Margin deposits	**5**	45
Government grants receivable	**–**	3
Other receivables	**24**	43
Total	**291**	424

The fair values of the non-current trade and other receivables are not materially different from their carrying values. The fair values of the current trade and other receivables are equivalent to their carrying values due to being short-term in nature.

There is limited credit risk with respect to trade receivables, as the Group has a number of key quality customers and a large number of internationally dispersed customers. The carrying value of trade and other receivables represents the maximum credit exposure.

Government grants receivable relate to the Transitional Aid and Restructuring Aid provisions of the EU Sugar Regime. These amounts were receivable subject to audit by the governments of the jurisdictions to which they relate.

The carrying amount of trade and other receivables are denominated in the following currencies:

	31 March 2011 £m	31 March 2010 £m
US dollar	**142**	231
Euro (note a)	**75**	98
Sterling	**19**	31
Other	**56**	66
Total	**292**	426

(a) Includes £nil of government grants receivable under the Transitional Aid and Restructuring Aid provisions of the EU Sugar Regime (2010 – £3 million).

23 Trade and other receivables (continued)

Provision for impairment of receivables

	31 March 2011 £m	31 March 2010 £m
At 1 April	**(24)**	(21)
Charge for the year	**(1)**	(3)
Reversal of impairment	**–**	1
Disposal of businesses	**5**	–
Exchange	**1**	(1)
At 31 March	**(19)**	(24)

The creation and release of provision for impaired receivables have been included in the income statement.

The Group recognised a loss of £1 million (2010 – £3 million) for impairment of its trade receivables during the year. The loss is solely from continuing operations and has been included in operating profit in the income statement (Note 6).

As at 31 March 2011, trade receivables of £37 million (2010 – £63 million) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	31 March 2011 £m	31 March 2010 £m
Up to 30 days past due	**26**	42
1–3 months past due	**1**	4
Over 3 months past due	**10**	17
Total	**37**	63

24 Share capital and share premium

	Ordinary share capital £m	Share premium £m	Total £m
At 1 April 2009	115	404	519
Proceeds from issuance of ordinary shares	–	1	1
Issue of shares for scrip dividends	–	2	2
Capitalised on scrip dividends	–	(2)	(2)
At 31 March 2010	115	405	520
Proceeds from issuance of ordinary shares	–	1	1
Issue of shares for scrip dividends	2	33	35
Capitalised on scrip dividends	–	(33)	(33)
At 31 March 2011	**117**	**406**	**523**

Ordinary shares carry the right to participate in dividends and each share entitles the holder to one vote on matters requiring shareholder approval.

Allotted, called up and fully paid equity share capital

	Year to 31 March 2011		Year to 31 March 2010	
	Shares	**£m**	Shares	£m
At 1 April	**460 575 700**	**115**	460 012 801	115
Allotted under share option schemes	**217 743**	**–**	48 287	–
Scrip dividend shares issued	**7 317 897**	**2**	514 612	–
At 31 March	**468 111 340**	**117**	460 575 700	115

Treasury shares and shares held in ESOP trust
As at 31 March 2011, the Group held 175,328 shares (2010 – 512,490 shares) in Treasury.

During the year 337,162 shares (2010 – 816,012 shares) were released from Treasury to satisfy share options exercised.

The shares held in Treasury at 31 March 2011 represented less than 0.1% (2010 – 0.1%) of the Parent company's share capital at the year end, and have a nominal value of less than £0.1 million (2010 – £0.1 million).

As at 31 March 2011, the Group held 2,713,694 shares (2010 – 3,141,100 shares) in an ESOP trust at a nominal value of 25p and a market value of 577.5p (2010 – 454.2p).

During the year ended 31 March 2011, shareholders were given the option to receive the final dividend relating to the prior year and the interim dividend relating to the current year in the form of a scrip issue. On 30 July 2010 and 7 January 2011, the Group issued 5,716,625 shares and 1,601,272 shares respectively for scrip at a nominal value per share of 25p and a cash equivalent value of £35 million.

24 Share capital and share premium (continued)

Analysis of ordinary shareholders

	31 March 2011			
	Number of holdings	%	Total	%
Up to 500 shares of 25p each	**5 133**	**30.0**	**1 362 081**	**0.3**
501 – 1 000	**4 340**	**25.3**	**3 408 994**	**0.8**
1 001 – 1 500	**2 262**	**13.2**	**2 818 630**	**0.6**
1 501 – 2 000	**1 555**	**9.1**	**2 814 748**	**0.6**
2 001 – 5 000	**2 449**	**14.3**	**7 603 898**	**1.6**
5 001 – 10 000	**560**	**3.3**	**3 943 911**	**0.8**
10 001 – 200 000	**586**	**3.4**	**29 665 839**	**6.3**
200 001 – 500 000	**102**	**0.6**	**33 304 495**	**7.1**
Above 500 000	**130**	**0.8**	**383 188 744**	**81.9**
Total	**17 117**	**100.0**	**468 111 340**	**100.0**

25 Other reserves

	Hedging reserve £m	Translation reserve £m	Other reserves (note a) £m	Total £m
At 31 March 2009	(23)	123	119	219
Cash flow hedges:				
– fair value gains in the year	13	–	–	13
– reclassified and reported in the income statement during the year	11	–	–	11
– tax effect of the above movements	(4)	–	–	(4)
Loss on revaluation of available-for-sale financial assets	–	–	(10)	(10)
Currency translation differences:				
– net investment hedging gains in the year	–	58	–	58
Net exchange differences on consolidation	–	(67)	–	(67)
At 31 March 2010	(3)	114	109	220
Cash flow hedges:				
– fair value gains in the year	9	–	–	9
– reclassified and reported in the income statement during the year	9	–	–	9
– tax effect of the above movements	(5)	–	–	(5)
Gain on revaluation of available-for-sale financial assets	–	–	1	1
Currency translation differences:				
– net investment hedging gains in the year	–	29	–	29
Net exchange differences on consolidation	–	(65)	–	(65)
Items transferred to the income statement on disposal	(3)	(20)	–	(23)
At 31 March 2011	**7**	**58**	**110**	**175**

(a) Other reserves include the merger reserve, the available-for-sale fair value reserve, and the statutory reserves of certain overseas subsidiaries, all of which are non-distributable.

26 Share-based payments

During the year to 31 March 2011, various equity-settled share-based payment arrangements existed, as set out below. The grants made during the year and the prior year were as follows:

Type of arrangement	Performance share plan	Executive share option scheme	Deferred bonus share plan	Sharesave scheme: Duration in years	Sharesave scheme	Sharesave scheme
Timing of grant	Bi-annually	Annually in June (note a)	Annually in July		Annually in June	Annually in December
Number of options/shares granted in year to 31 March 2011	3 305 524	–	–	3	–	14 218
				5	–	7 482
Number of options/shares granted in year to 31 March 2010	5 001 896	–	–	3	–	85 632
				5	–	45 453
Fair value per share for 2011 grant (pence)	381	–	–	3	–	84
				5	–	94
Fair value per share for 2010 grant (pence)	234	–	–	3	–	90
				5	–	97
Valuation basis	Monte Carlo	Binomial Lattice	Monte Carlo		Black-Scholes	Black-Scholes
Contractual life	10 years	10 years	3 years		3/5 years	3/5 years
Vesting conditions	(note b)	(note c)	(note d)		(note e)	(note e)

(a) The last grant under this scheme was made in June 2004.

(b) For the year ended 31 March 2011, exercise of 3,305,524 shares is dependent 50% on adjusted diluted earnings per share and 50% on return on capital employed.

For the year ended 31 March 2010, exercise of 419,403 shares was not subject to any performance conditions, exercise of 269,616 shares was dependent on total shareholder return and the exercise of 4,312,877 shares was dependent 50% on total shareholder return and 50% on adjusted diluted earnings per share.

(c) Exercise is dependent on earnings per share performance relative to inflation over a three-year period following grant. Participants are not entitled to dividends prior to the exercise of options.

(d) Executives have previously had the opportunity to defer up to 50% of their annual cash bonus (after deduction of tax, national insurance or other social security payments) and invest the amount deferred in the Company's shares. Subject to the satisfaction of employment conditions and a performance target over the performance period as described in (b) above, participants received awards of matching shares based on the number of shares which could have been acquired from the gross bonus amount deferred by the participant. During the performance period, dividends were paid on the deferred shares but not on matching shares. This plan was suspended during the year ended 31 March 2009.

(e) Options granted in the years to 31 March 2010 and 31 March 2011 were by invitation at a 10% discount to the market price. Options are exercisable at the end of a three-year or five-year savings contract.

The Group recognised total expenses before tax of £9 million (2010 – £5 million) related to equity-settled share-based payment transactions during the year.

Details of the movements for equity-settled share option schemes during the year to 31 March were as follows:

	31 March 2011		31 March 2010	
	Shares number	**Weighted average exercise price pence**	Shares number	Weighted average exercise price pence
Outstanding at 1 April	**11 154 941**	**72**	9 780 720	111
Granted	**3 327 224**	**3**	5 132 981	11
Exercised	**(982 311)**	**331**	(1 064 000)	174
Lapsed	**(2 240 878)**	**54**	(2 694 760)	55
Outstanding at 31 March	**11 258 976**	**33**	11 154 941	72

26 Share-based payments (continued)

The weighted average Tate & Lyle PLC share price at the date of exercise for share options exercised during the year was 514 pence (2010 – 377 pence). At 31 March 2011, 1,008,988 (2010 – 1,728,068) of the outstanding options were exercisable at a weighted average exercise price of 332 pence (2010 – 330 pence). A detailed breakdown of the range of exercise prices for options outstanding at 31 March is shown in the table below:

	Year to 31 March 2011			Year to 31 March 2010		
	Number outstanding at end of year	**Weighted average remaining contractual life in months**	**Weighted average exercise price pence**	Number outstanding at end of year	Weighted average remaining contractual life in months	Weighted average exercise price pence
At nil cost	**10 183 236**	**51.1**	**–**	8 864 912	55.5	–
£0.01 to £1.99	**–**	**–**	**–**	–	–	–
£2.00 to £3.99	**1 002 184**	**31.4**	**338**	2 044 399	40.9	341
£4.00 to £7.99	**73 556**	**38.1**	**449**	245 630	36.5	443
Total	**11 258 976**	**49.2**	**33**	11 154 941	52.4	72

The fair value of grants is measured using the valuation technique that is considered to be the most appropriate to value each class of grant. These include Binomial Lattice models, Black-Scholes calculations and Monte Carlo simulations. These valuations take into account factors such as non-transferability, exercise restrictions and behavioural considerations. Key assumptions are detailed below:

At 31 March 2011	**Performance share plan**	**Sharesave scheme December**
Expected volatility	**n/a**	**35%**
Expected life	**n/a**	**3.3/5.3 years**
Risk-free rate	**–**	**2.1%/3.0%**
Expected dividend yield	**5.2%**	**5.5%**
Forfeiture rate	**0%**	**10%**
Correlation with comparators	**n/a**	**n/a**
Volatility of comparators	**n/a**	**n/a**
Expectations of meeting performance criteria	**100%**	**n/a**
Weighted average market price at date of grant (pence)	**443**	**538**

At 31 March 2010	Performance share plan	Sharesave scheme December
Expected volatility	40%	35%
Expected life	n/a	3.3/5.3 years
Risk-free rate	–	3%/3.4%
Expected dividend yield	5.15%-7.8%	5.7%
Forfeiture rate	0%	10%
Correlation with comparators	35%	n/a
Volatility of comparators	26%-144%	n/a
Expectations of meeting performance criteria	100%	n/a
Weighted average market price at date of grant (pence)	346	418

The expected volatility is based on the Company's historical volatility over the three-year period prior to each award date.

27 Trade and other payables

	31 March	
	2011 £m	2010 £m
Non-current payables		
Accruals and deferred income	**1**	–
Other payables	**–**	1
Total	**1**	1

	31 March	
	2011 £m	2010 £m
Current payables		
Trade payables	**245**	302
Social security	**7**	12
Deferred consideration (note a)	**7**	7
Accruals and deferred income (note b)	**76**	126
Margin payables	**6**	–
Other payables	**65**	38
Total	**406**	485

(a) Deferred consideration relates to the acquisition of G. C. Hahn & Co. (Note 37).

(b) Includes government grant deferred income of £nil (2010 – £9 million) under the Transitional Aid provisions of the EU Sugar Regime.

28 Borrowings

Non-current borrowings

	31 March 2011 £m	31 March 2010 £m
Unsecured borrowings		
2,394,000 6.5% cumulative preference shares of £1 each (2010 – £2,394,000) (note a)	**2**	2
Industrial Revenue Bonds 2016-2036 (US$92,000,000)	**57**	61
6.125% Guaranteed Notes 2011 (US$300,000,000)	**–**	200
6.5% Guaranteed Notes 2012 (£100,000,000) (note b)	**104**	106
5.0% Guaranteed Notes 2014 (US$500,000,000)	**328**	346
6.625% Guaranteed Notes 2016 (US$250,000,000)	**170**	176
6.75% Guaranteed Notes 2019 (£200,000,000)	**201**	200
	862	1 091
Bank loans		
Variable unsecured loans (US$)	**7**	6
	7	6
Other borrowings		
Obligations under finance leases	**18**	22
	18	22
Total non-current borrowings	**887**	1 119

(a) On a return of capital on a winding-up, the holders of 6.5% cumulative preference shares shall be entitled to £1 per share, in preference to all other classes of shareholders. Holders of these shares are entitled to vote at meetings, except on the following matters: any question as to the disposal of the surplus profits after the dividend on these shares has been provided for; the election of directors; their remuneration; any agreement between the directors and the Company; or the alteration of the Articles of Association dealing with any such matters.

(b) During the year ended 31 March 2010, the Group redeemed £100 million of the 6.5% Guaranteed Notes maturing in June 2012.

Current borrowings

	31 March 2011 £m	31 March 2010 £m
6.125% Guaranteed Note 2011 (US$ 300,000,000)	**187**	–
Unsecured bank overdrafts	**10**	23
Drawdown of committed facilities	**–**	139
Short-term unsecured loans	**25**	25
Obligations under finance leases	**5**	3
Total current borrowings	**227**	190

Secured borrowings

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Fair values

The fair values of the Group's borrowings compared with their book values are as follows:

	31 March 2011		31 March 2010	
	Book value £m	**Fair value £m**	Book value £m	Fair value £m
Non-current unsecured borrowings	**862**	**900**	1 091	1 100
Non-current bank loans	**7**	**7**	6	6
Other non-current borrowings	**18**	**18**	22	22
Other current borrowings	**227**	**229**	190	190
Total	**1 114**	**1 154**	1 309	1 318

The fair value of borrowings has been determined using either quoted market prices, broker dealer quotations or discounted cash flow analysis.

28 Borrowings (continued)

Interest rate risks and maturity of borrowings

The maturity profile of the Group's non-current borrowings is as follows:

	31 March 2011 £m	2010 £m
One to two years	**115**	203
Two to five years	**338**	470
After five years	**434**	446
Total non-current borrowings	**887**	1 119

Floating rate borrowings bear interest based on relevant national LIBOR equivalents. If the interest rates applicable to the Group's floating rate debt and cash held as at 31 March 2011 rise by an average of 1% over the year to 31 March 2012, this would increase Group profit before tax by approximately £2 million (2010 – £1 million).

Taking into account the Group's interest rate and cross currency swap contracts, the effective interest rates of its borrowings are as follows:

	31 March 2011	2010
2,394,000 6.5% cumulative preference shares of £1 each	**6.5%**	6.5%
Industrial Revenue Bonds 2016–2036 (US$92,000,000)	**0.3%**	0.3%
6.125% Guaranteed Notes 2011 (US$300,000,000)	**5.1%**	5.0%
6.5% Guaranteed Notes 2012 (£100,000,000)	**3.7%**	7.2%
5.0% Guaranteed Notes 2014 (US$500,000,000)	**3.1%**	4.9%
6.625% Guaranteed Notes 2016 (US$250,000,000)	**5.9%**	5.9%
6.75% Guaranteed Notes 2019 (£200,000,000)	**4.7%**	4.8%

Short-term loans and overdrafts
Current short-term loans mature within the next 12 months and overdrafts are repayable on demand. Both short-term loans and bank overdrafts are arranged at floating rates of interest and expose the Group to cash flow interest rate risk.

Credit facilities and arrangements
The Group has an undrawn committed multi-currency facility of £623 million (2010 – £515 million), which matures in October 2012. This facility incurs commitment fees at market rates prevailing when the facility was arranged. The facility may only be withdrawn in the event of specified events of default. In addition, the Group has substantial uncommitted facilities.

Finance lease commitments
Amounts payable under finance lease commitments are as follows:

	31 March 2011		31 March 2010	
	Minimum lease payments £m	**Present value of minimum lease payments £m**	Minimum lease payments £m	Present value of minimum lease payments £m
Within one year	**7**	**5**	5	3
Between one and five years	**18**	**16**	20	17
After five years	**3**	**2**	7	5
	28	**23**	32	25
Less future finance charges	**(5)**		(7)	
Present value of minimum lease payments	**23**		25	

Finance lease agreements allow for renewal at the end of the original ten-year lease term at the option of the Group.

29 Deferred tax

Deferred tax is calculated in full on temporary differences using tax rates applicable in the jurisdictions where such differences arise. Movements in deferred income tax net liabilities/(assets) in the year are as follows:

Deferred tax	£m
At 1 April 2009	48
Credited to the income statement	(108)
Credited to the statement of comprehensive income	(25)
Credited directly to equity	(1)
Exchange	2
At 31 March 2010	(84)
Charge to the income statement	38
Charge to the statement of comprehensive income	–
Credited directly to equity	(1)
Exchange	3
At 31 March 2011	**(44)**

29 Deferred tax (continued)

Of the amounts of deferred tax charged to the income statement and other comprehensive income, a credit of £1.8 million (2010 – £0.3 million) arises from changes in tax rates. There was no impact from the imposition of new taxes.

Deferred tax assets in respect of unutilised tax losses of £451 million (2010 – £371 million) have not been recognised to the extent that they exceed taxable profits against which these assets may be recovered. No unrelieved tax losses expired under current tax legislation in the year ended 31 March 2011.

Deferred tax assets in respect of tax losses of £39 million have been recognised in the current year in relation to the disposal of Fort Dodge. In addition tax losses of £25 million have been recognised in the current year to offset the deferred tax liability arising from the UK pensions surplus.

The total deferred tax on unremitted earnings is £5.5 million (2010 – £3.3 million) of which £0.6 million (2010 – £0.6 million) has been recognised. The Group has not recognised the remaining amount as it is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

The aggregate amount of temporary differences arising from unremitted profits at the balance sheet date was approximately £4.9 million (2010 – £2.7 million).

Other deferred tax liabilities principally relate to deferred tax on acquired intangible assets.

Other deferred tax assets principally relate to deferred tax on provisions.

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

Deferred tax liabilities	Capital allowances in excess of depreciation £m	Other £m	Total £m
At 1 April 2009	102	54	156
Transfers between categories	–	(2)	(2)
Credited to the income statement	(94)	(25)	(119)
Exchange	(1)	(4)	(5)
At 31 March 2010	7	23	30
Transfers between categories	–	(3)	(3)
Charged to the income statement	84	7	91
Charged to the statement of comprehensive income	–	2	2
Exchange	(6)	–	(6)
At 31 March 2011	**85**	**29**	**114**

Deferred tax assets	Retirement benefit obligations £m	Share-based payments £m	Tax losses £m	Other £m	Total £m
At 1 April 2009	81	2	–	25	108
Transfers between categories	–	–	–	(2)	(2)
(Charged)/credited to the income statement	(10)	(1)	4	(4)	(11)
Credited/(charged) to the statement of comprehensive income	29	–	–	(4)	25
Credited to equity	–	1	–	–	1
Exchange	(6)	–	–	(1)	(7)
At 31 March 2010	94	2	4	14	114
Transfers between categories	–	–	–	(3)	(3)
(Charged)/credited to the income statement	(1)	–	42	12	53
(Charged)/credited to the statement of comprehensive income	(19)	–	22	(1)	2
Credited to equity	–	1	–	–	1
Exchange	(5)	–	(4)	–	(9)
At 31 March 2011	**69**	**3**	**64**	**22**	**158**

Deferred tax assets and liabilities are offset where there is a legally enforceable right of offset and there is an intention to settle the balances net. As a result of these offsets, the deferred tax balances are presented in the statement of financial position as follows:

	31 March	
	2011 £m	2010 £m
Deferred tax liabilities	**30**	59
Deferred tax assets	**(74)**	(143)
Total	**(44)**	(84)

30 Retirement benefit obligations

(a) Plan information

The Group maintains pension plans for its operations throughout the world. Some of these arrangements are defined benefit pension schemes with retirement, disability, death and termination income benefits. The retirement income benefits are generally a function of years of employment and final salary.

The principal schemes are funded and their assets held in separate trustee-administered funds. The schemes are funded in line with local practice and contributions are assessed in accordance with local independent actuarial advice. The schemes operated by the Group are subject to independent actuarial valuation at regular intervals using consistent assumptions appropriate to conditions prevailing in the relevant country. In the United Kingdom, the most recent actuarial valuations of plan assets and the present value of the defined benefit obligations were carried out as at 31 March 2010 by independent actuaries, and the results of these valuations are being finalised.

The Group also maintains defined contribution pension schemes and some fully insured pension schemes.

On 1 April 2002, the main United Kingdom scheme was closed to new members. A defined contribution pension scheme has been established to provide pension benefits to new United Kingdom employees. Under the projected unit method, the service cost of the closed scheme will increase as the members approach retirement.

In the year ended 31 March 2010, the Group decided to close the main United Kingdom pension scheme to future accrual from 6 April 2011. At the same time, the decision that the Group would no longer fund early retirements was communicated to members. These changes gave rise to exceptional items in the income statement for the year ended 31 March 2010 (Note 7).

The Group's subsidiaries in the USA provide unfunded retirement medical and life assurance benefits to their employees.

During the year, the Group announced its intention to close its main US pension schemes, which closed to future accrual from 1 January 2011.

The Group expects to contribute approximately £40 million to its defined benefit plans in the year to 31 March 2012, subject to the finalisation of the 2010 actuarial valuations of the UK schemes.

(b) Principal assumptions

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	Pension benefits			Medical
Year to 31 March 2011	**UK**	**US**	**Others**	**benefits**
Inflation rate	**2.6/3.6%**	**2.5%**	**2.0%**	**2.5%**
Expected rate of salary increases	**4.4%**	**3.5%**	**2.0%**	**n/a**
Expected rate of pension increases	**3.4%**	**n/a**	**1.3%**	**n/a**
Discount rate	**5.5%**	**5.4%**	**5.2%**	**5.3%**
Expected return on plan assets (total)	**6.2%**	**7.2%**	**5.3%**	**n/a**
Expected equity return on plan assets	**8.4%**	**8.0%**	**6.5%**	**n/a**

	Pension benefits			Medical
Year to 31 March 2010	UK	US	Others	benefits
Inflation rate	3.7%	2.5%	2.0%	2.5%
Expected rate of salary increases	4.5%	3.5%	2.0%	n/a
Expected rate of pension increases	3.5%	n/a	1.3%	n/a
Discount rate	5.5%	5.7%	4.8%	5.6%
Expected return on plan assets (total)	5.9%	7.5%	6.3%	n/a
Expected equity return on plan assets	8.1%	8.4%	7.5%	n/a

During the year the UK government announced that the Consumer Price Index (CPI) rather than the Retail Price Index (RPI) should be used as the basis of the calculation of inflation for the statutory index linked features of retirement benefits. Accordingly, the obligations of the UK schemes have been calculated with reference to the CPI where permitted by the scheme rules. For the year ended 31 March 2011, the inflation rate applied for CPI and RPI are 2.6% and 3.6% respectively.

	Expected longevity post age 65	
Mortality assumptions – Year to 31 March 2011	**UK**	**US**
Male aged 65 now	**21 years**	**19 years**
Male aged 65 in 20 years' time	**24 years**	**19 years**
Female aged 65 now	**22 years**	**21 years**
Female aged 65 in 20 years' time	**24 years**	**21 years**

	Expected longevity post age 65	
Mortality assumptions – Year to 31 March 2010	UK	US
Male aged 65 now	21 years	19 years
Male aged 65 in 20 years' time	24 years	19 years
Female aged 65 now	22 years	21 years
Female aged 65 in 20 years' time	24 years	21 years

Shorter longevity assumptions are used for members who retire on grounds of ill-health.

The expected rates of return on individual categories of plan assets are estimated by reference to indices published by the relevant exchanges. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio. The actual rate of return on the plan assets for the year was positive 9.3% (2010 – positive 26.5%), and amounted to a gain of £109 million (2010 – £258 million gain).

30 Retirement benefit obligations (continued)

Medical cost trend rates are estimated at 9.5% per annum (2010 – 10%), grading down to 5% by 2020. If medical cost trend rates were to increase or decrease by 1%, the effects are estimated as follows:

	31 March 2011		31 March 2010	
	Increase £m	**Decrease £m**	Increase £m	Decrease £m
Increase/(decrease) in medical benefits current service and interest cost	**1**	**(1)**	1	(1)
Increase/(decrease) in medical benefits obligation	**9**	**(7)**	8	(7)

(c) Amounts recognised in the income statement

	Pension benefits					
Year to 31 March 2011	**UK £m**	**US £m**	**Others £m**	**Total £m**	**Medical benefits £m**	**Total £m**
Current service cost charged to operating profit	**2**	**5**	**1**	**8**	**3**	**11**
Past service cost	**–**	**1**	**–**	**1**	**–**	**1**
Curtailment benefit	**(1)**	**–**	**–**	**(1)**	**–**	**(1)**
Total charged to operating profit	**1**	**6**	**1**	**8**	**3**	**11**
Interest cost	**47**	**22**	**2**	**71**	**5**	**76**
Expected return on plan assets	**(52)**	**(18)**	**(2)**	**(72)**	**–**	**(72)**
(Credited)/charged to finance expense	**(5)**	**4**	**–**	**(1)**	**5**	**4**
Total	**(4)**	**10**	**1**	**7**	**8**	**15**

	Pension benefits					
Year to 31 March 2010	UK £m	US £m	Others £m	Total £m	Medical benefits £m	Total £m
Current service cost charged to operating profit	3	5	1	9	2	11
Exceptional items (Note 7):						
– negative past service cost	(32)	–	–	(32)	–	(32)
– curtailment benefit	(10)	–	–	(10)	–	(10)
Total (credited)/charged to operating profit	(39)	5	1	(33)	2	(31)
Interest cost	46	22	2	70	6	76
Expected return on plan assets	(42)	(13)	(2)	(57)	–	(57)
Charged to finance expense	4	9	–	13	6	19
Total	(35)	14	1	(20)	8	(12)

Current service costs are presented in staff costs (Note 9); expected return on plan assets and interest cost are presented in net finance expense (Note 10).

(d) Amounts recognised in the statement of financial position

	Pension benefits									
	UK		US		Others		Total			
At 31 March 2011	**% of plan assets**	**£m**	**% of plan assets**	**£m**	**% of plan assets**	**£m**	**% of plan assets**	**£m**	**Medical benefits £m**	**Total £m**
Fair value of plan assets:										
– equities	**38%**	**349**	**53%**	**145**	**35%**	**18**	**41%**	**512**	**–**	**512**
– bonds	**47%**	**430**	**30%**	**81**	**44%**	**23**	**43%**	**534**	**–**	**534**
– property and other	**15%**	**140**	**17%**	**48**	**21%**	**11**	**16%**	**199**	**–**	**199**
		919		**274**		**52**		**1 245**	**–**	**1 245**
Present value of funded obligations		**(823)**		**(366)**		**(55)**		**(1 244)**	**–**	**(1 244)**
Present value of unfunded obligations		**–**		**(42)**		**–**		**(42)**	**(97)**	**(139)**
Unrecognised asset due to surplus restriction		**–**		**–**		**(1)**		**(1)**	**–**	**(1)**
Net asset/(liability) recognised in the statement of financial position		**96**		**(134)**		**(4)**		**(42)**	**(97)**	**(139)**
Disclosed in the statement of financial position as:										
– retirement benefit surplus		**102**		**–**		**1**		**103**	**–**	**103**
– retirement benefit deficits		**(6)**		**(134)**		**(5)**		**(145)**	**(97)**	**(242)**

30 Retirement benefit obligations (continued)

At 31 March 2010	UK % of plan assets	UK £m	US % of plan assets	US £m	Others % of plan assets	Others £m	Pension benefits Total % of plan assets	Pension benefits Total £m	Medical benefits £m	Total £m
Fair value of plan assets:										
– equities	29%	249	54%	131	32%	16	34%	396	–	396
– bonds	34%	301	29%	72	44%	22	34%	395	–	395
– property and other	37%	327	17%	42	24%	12	32%	381	–	381
		877		245		50		1 172	–	1 172
Present value of funded obligations		(872)		(357)		(57)		(1 286)	–	(1 286)
Present value of unfunded obligations		–		(42)		–		(42)	(101)	(143)
Net asset/(liability) recognised in the statement of financial position		5		(154)		(7)		(156)	(101)	(257)
Disclosed in the statement of financial position as:										
– retirement benefit surplus		15		–		1		16	–	16
– retirement benefit obligations		(10)		(154)		(8)		(172)	(101)	(273)

The plan assets do not include any of the Group's financial instruments, nor any property occupied by, or other assets used by, the Group.

e) Reconciliation of movement in plan assets and liabilities

Liabilities	Pension benefits UK £m	Pension benefits US £m	Pension benefits Others £m	Pension benefits Total £m	Medical benefits £m	Total £m
At 1 April 2009	687	355	50	1 092	94	1 186
Total service cost	3	5	1	9	2	11
Negative past service cost	(32)	–	–	(32)	–	(32)
Curtailment benefits	(10)	–	–	(10)	–	(10)
Interest cost	46	22	2	70	6	76
Actuarial loss	229	55	8	292	13	305
Benefits paid	(51)	(22)	(2)	(75)	(5)	(80)
Exchange	–	(16)	(2)	(18)	(9)	(27)
At 31 March 2010	872	399	57	1 328	101	1 429
Total service cost	2	5	1	8	3	11
Past service cost	–	1	–	1	–	1
Curtailment benefits	(1)	–	–	(1)	–	(1)
Interest cost	47	22	2	71	5	76
Actuarial (gain)/loss	(48)	27	–	(21)	(1)	(22)
Benefits paid	(49)	(23)	(2)	(74)	(5)	(79)
Businesses sold	–	–	(2)	(2)	–	(2)
Exchange	–	(23)	(1)	(24)	(6)	(30)
At 31 March 2011	**823**	**408**	**55**	**1 286**	**97**	**1 383**

Assets	Pension benefits UK £m	Pension benefits US £m	Pension benefits Others £m	Pension benefits Total £m	Medical benefits £m	Total £m
At 1 April 2009	732	198	45	975	–	975
Expected return on assets	42	13	2	57	–	57
Actuarial gain	141	55	5	201	–	201
Contributions paid by employer	13	12	2	27	5	32
Benefits paid	(51)	(22)	(2)	(75)	(5)	(80)
Exchange	–	(11)	(2)	(13)	–	(13)
At 31 March 2010	877	245	50	1 172	–	1 172
Expected return on assets	52	18	2	72	–	72
Actuarial gain	21	16	–	37	–	37
Contributions paid by employer	18	32	2	52	5	57
Benefits paid	(49)	(23)	(2)	(74)	(5)	(79)
Exchange	–	(14)	–	(14)	–	(14)
Unrecognised asset due to surplus restriction	–	–	(1)	(1)	–	(1)
At 31 March 2011	**919**	**274**	**51**	**1 244**	**–**	**1 244**

30 Retirement benefit obligations (continued)

(f) Analysis of actuarial (gains)/losses recognised in the consolidated statement of comprehensive income

	31 March 2011 £m	2010 £m
Difference between the actual return and the expected return on plan assets	**(37)**	(201)
Experience gains arising on scheme liabilities	**(12)**	–
Changes in assumptions underlying the present value of scheme liabilities	**(10)**	305
Unrecognised asset due to surplus restriction	**1**	–
Actuarial (gains)/losses recognised in the consolidated statement of comprehensive income	**(58)**	104
Cumulative actuarial loss recognised in the consolidated statement of comprehensive income	**101**	159

Deferred tax taken directly to equity on retirement benefit obligations was £19 million charge to equity (2010 – £29 million credit to equity).

(g) History of the plans and experience adjustments

	2011 £m	2010 £m	2009 £m	2008 £m	2007 £m
Present value of defined benefit obligation and medical benefits	**1 383**	1 429	1 186	1 203	1 317
Fair value of plan assets	**(1 244)**	(1 172)	(975)	(1 112)	(1 188)
Net deficit	**139**	257	211	91	129
Experience adjustments on plan liabilities – (gain)/loss	**(12)**	–	(18)	(9)	25
Experience adjustments on plan assets – (gain)/loss	**(37)**	(201)	247	69	3

All experience adjustments are recognised directly in equity, net of related tax (see the consolidated statement of comprehensive income).

31 Provisions for other liabilities and charges

	Insurance funds £m	Restructuring and closure provisions £m	Other provisons £m	Total £m
At 1 April 2009	12	7	13	32
Charged to the income statement	3	56	–	59
Utilised in the year	(2)	(21)	(1)	(24)
Exchange and other movements	(1)	–	(3)	(4)
At 31 March 2010	12	42	9	63
Charged to the income statement	5	28	16	49
Credited to the income statement	(2)	(20)	(1)	(23)
Utilised in the year	(2)	(13)	(7)	(22)
Exchange and other movements	–	(2)	–	(2)
At 31 March 2011	**13**	**35**	**17**	**65**

	31 March 2011 £m	2010 £m
Provisions are expected to be utilised as follows:		
– within one year	**44**	26
– after more than one year	**21**	37
Total	**65**	63

Insurance funds represent amounts provided by the Group's captive insurance subsidiary in respect of the expected level of insurance claims. These provisions are expected to be utilised within five years.

The restructuring and closure provisions charged during the year primarily relate to the implementation of a common global IS/IT platform and additional closure and other restructuring costs relating to the Food Systems business, within the Speciality Food Ingredients segment. The amount utilised during the year primarily relates to the decision to mothball the sucralose manufacturing facility in McIntosh, Alabama. In addition, during the year the Group charged to the income statement an exceptional provision of £25 million in respect of onerous contracts relating to the future obligations of the plant at Fort Dodge, Iowa. As a result of the disposal in March 2011, £20 million of the resultant provision was no longer required and was reversed. These provisions are expected to be utilised within two years.

Other provisions primarily relate to Group legal matters and costs associated with the disposal of the Sugars segment. These provisions are expected to be utilised within 5 years.

The charge to the income statement in relation to the unwinding of discounts was £2 million (2010 – £nil).

32 Change in working capital

	31 March 2011 £m	31 March 2010 £m
(Increase)/decrease in inventories	**(121)**	99
Decrease in receivables	**1**	78
Increase in payables	**88**	39
(Increase)/decrease in derivative financial instruments (excluding debt-related derivatives)	**(7)**	10
Decrease in provisions for other liabilities and charges	**(16)**	(19)
Decrease in retirement benefit obligations	**(46)**	(21)
(Increase)/decrease in working capital (continuing operations)	**(101)**	186

Excluded from the movement in retirement benefit obligations is an actuarial gain of £58 million (2010 – actuarial loss £104 million).

33 Cash and cash equivalents

	31 March 2011 £m	31 March 2010 £m
Cash at bank and in hand	**153**	142
Short-term bank deposits	**501**	362
Total	**654**	504

The effective interest rate on short-term deposits was 0.4% (2010 – 0.4%), with an average maturity of 12 days (2010 – 6 days).

The carrying amount of cash and cash equivalents are denominated in the following currencies:

	31 March 2011 £m	31 March 2010 £m
Euro	**55**	136
US dollar	**415**	322
Sterling	**132**	2
Other	**52**	44
Total	**654**	504

34 Net debt

The components of the Group’s net debt are as follows:

	Notes	31 March 2011 £m	31 March 2010 £m
Non-current borrowings	28	**(887)**	(1 119)
Current borrowings and overdrafts	28	**(227)**	(190)
Debt-related derivative instruments	20	**(4)**	(9)
Cash and cash equivalents	33	**654**	504
Net debt		**(464)**	(814)

Derivative financial instruments presented within assets and liabilities in the statement of financial position of £1 million net asset comprise net debt-related instruments of £4 million liability and net non-debt-related instruments of £5 million asset (2010 – £7 million net asset comprising net debt-related instruments of £9 million liability and net non-debt-related instruments of £16 million asset).

34 Net debt (continued)

Net debt is denominated in the following currencies:

	31 March 2011 £m	2010 £m
Euro	**(162)**	(161)
US dollar	**(458)**	(620)
Sterling	**131**	(60)
Other	**25**	27
Total	**(464)**	(814)

Movements in the Group's net debt are as follows:

	2011 £m	2010 £m
At 1 April	**(814)**	(1 231)
Increase in cash and cash equivalents in the year	**168**	80
Cash outflow from net decrease in borrowings	**147**	267
Debt transferred on disposal of businesses	**8**	–
Trade finance recognised as debt	**–**	(16)
Fair value and other movements	**–**	7
Exchange	**27**	79
Decrease in net debt in the year	**350**	417
At 31 March	**(464)**	(814)

Included in the cash outflow from net decrease in borrowings is an amount of £16 million (2010 – £45 million) that is included in net cash used in financing activities from discontinued operations.

35 Contingent liabilities

	31 March 2011 £m	2010 £m
Trade guarantees	**1**	13

As at 31 March 2010, trade guarantees included £13 million in relation to discontinued operations.

In addition to the above, in 2010 we had guaranteed the obligations of certain subsidiaries and joint ventures to Payment Agencies in connection with Restructuring Aid. The Group's share of these guarantees were £6 million.

Other trade guarantees have been given in the normal course of business by the Group at both 31 March 2011 and 31 March 2010. These are excluded from the figures given above and are in respect of Revenue and Customs and the Rural Payments Agency for Agricultural Produce bonds, ECGD recourse agreements, letters of credit and tender and performance bonds.

The Group is subject to claims and litigation generally arising in the ordinary course of its business, some of which are for substantial amounts. All such actions are strenuously defended but provision is made for liabilities that are considered likely to arise on the basis of current information and legal advice and after taking into account the Group's insurance arrangements.

While there is always uncertainty as to the outcome of any claim or litigation, it is not expected that claims and litigation existing at the balance sheet date will have a material adverse effect on the Group's financial position.

Sale of EU Sugars

The sale of EU Sugars to American Sugar Refining, Inc. completed on 30 September 2010. The consideration after working capital adjustments was £227 million, subject to closing adjustments arising from the agreement of post completion statements. The process to reach such agreement is ongoing and items totalling £54 million remain outstanding and are expected to be submitted for adjudication to an independent expert. These items relate to the impact of major turbulence in the supply of raw sugar to the EU during the period prior to closing which resulted in an increase in certain rolling re-export commitments of the business arising under the EU Sugar Regime. The Group believes that its position is fully supported and as such will be robustly defended. No provision in respect of outstanding items has been recorded.

36 Commitments

Capital commitments

	31 March 2011 £m	2010 £m
Commitments for the acquisition of property, plant and equipment	**24**	8

Operating lease arrangements

Operating lease payments represent rentals payable by the Group for certain of its land, buildings, plant and equipment. Certain operating lease agreements allow for renewal at the end of the original term at the option of the Group.

36 Commitments (continued)

At the balance sheet date the Group has outstanding commitments under non-cancellable operating leases which fall due as follows:

	31 March 2011 £m	31 March 2010 £m
Within one year	**24**	31
Later than one year and no later than five years	**68**	84
After five years	**81**	80
Total	**173**	195

37 Acquisitions and disposals

Acquisitions
During the year ended 31 March 2008, the Group acquired 80% of the issued share capital of G.C. Hahn & Co. (Hahn) from Georg Hahn Familien GmbH (the Hahn Family). As the Group effectively bears all the risks and rewards for 100% of this business, no non-controlling interest is recognised in the Group's financial statements.

The acquisition agreement allowed for the Group to acquire the remaining 20% of the issued share capital of Hahn through put and call options. During the year to 31 March 2010 a put option was exercised for 15% of the issued share capital for a total consideration of £21 million which was paid by the Group on 31 March 2010. At 31 March 2011 deferred consideration of £7 million relating to the remaining 5% of the issued share capital is recognised in trade and other payables (Note 27).

Disposals

EU Sugars and Molasses disposal
During the year the Group completed the disposal of EU Sugars to American Sugar Refining, Inc. The disposal comprised an asset sale of the Thames Sugar Refinery and its associated businesses in London and a share sale of Alcantara Empreendimentos SGPS, SA, Tate & Lyle Norge AS and Eridania Tate & Lyle SpA. Total consideration of £227 million remains subject to finalisation of post completion statements (Note 35).

During the year the Group also completed the disposal of Molasses to W&R Barnett Ltd. Total consideration was £66 million, subject to finalisation of post completion statements. The Group incurred £4 million of costs associated with the disposal.

The calculation of the result on disposal is shown below:

31 March 2011	EU Sugars £m	Molasses £m	Total £m
Goodwill and intangible assets	**1**	**2**	**3**
Property, plant and equipment	**203**	**14**	**217**
Investment in associates	**2**	**–**	**2**
Available-for-sale financial assets	**1**	**–**	**1**
Derivative financial instruments – assets	**18**	**7**	**25**
Inventories	**72**	**35**	**107**
Trade and other receivables	**66**	**42**	**108**
Trade and other payables	**(53)**	**(33)**	**(86)**
Derivative financial instruments – liabilities	**(15)**	**(3)**	**(18)**
Retirement benefit obligation	**(2)**	**–**	**(2)**
Cash and cash equivalents	**5**	**5**	**10**
Borrowings	**(5)**	**(3)**	**(8)**
Taxation	**(1)**	**(2)**	**(3)**
Total assets disposed	**292**	**64**	**356**
Non controlling interests disposed	**–**	**(5)**	**(5)**
Net assets disposed	**292**	**59**	**351**
Cash received during the year	**225**	**65**	**290**
Receivable at 31 March 2011	**2**	**1**	**3**
Total consideration	**227**	**66**	**293**
Other items:			
Disposal costs	**(4)**	**(4)**	**(8)**
Recycling of cash flow hedge reserve	**3**	**–**	**3**
Exchange differences transferred from equity	**11**	**9**	**20**
(Loss)/gain on disposal	**(55)**	**12**	**(43)**
Cash flows:			
Cash consideration	**225**	**65**	**290**
Cash disposed	**(5)**	**(5)**	**(10)**
Cash inflow in the year	**220**	**60**	**280**

37 Acquisitions and disposals (continued)

International Sugar Trading
In the year to 31 March 2009, the Group disposed of its International Sugar Trading business to Bunge Limited (Bunge) for total consideration, net of disposal costs of £57 million. Following agreement of completion adjustments, the Group repaid £26 million to Bunge during the year to 31 March 2010.

38 Assets and liabilities classified as held for sale

On 20 April 2011, the Group has entered into a conditional contract to dispose of Vietnam Sugar to TH Milk Food Joint Stock Company. The Group is committed to the disposal of its other remaining businesses within the legacy Sugars division, principally Tate & Lyle Gadot Manufacturing and Tate & Lyle Israel Limited. These businesses have been disclosed as discontinued operations (Note 12) and the assets and liabilities as at 31 March 2011 are shown in the table below.

Assets and liabilities as at 31 March 2011 are shown as held for sale as follows:

	31 March 2011 £m	31 March 2010 £m
Assets		
Intangible assets	**2**	–
Property, plant and equipment	**22**	–
Inventories	**17**	–
Trade and other receivables	**9**	–
Available-for-sale financial assets	**17**	18
Total assets held for sale	**67**	18
Liabilities		
Trade and other payables	**(5)**	–
Total liabilities held for sale	**(5)**	–

39 Post balance sheet events

On 20 April 2011, the Group announced the sale on a conditional basis of Vietnam Sugar to TH Milk Food Joint Stock Company for cash consideration of £33 million in addition to the Group's share of the value of working capital and net cash to be retained in the business. The disposal is expected to be completed during the first half of the 2012 financial year.

On 26 May 2011, the Group took the decision to re-open the mothballed facility in McIntosh, Alabama and restart production of sucralose there. The Group estimates that the re-opening process will take about 12 months and that production will commence in the first half of the financial year ending 31 March 2013. Capital expenditure of around £13 million is anticipated before the plant can restart. The decision will result in the reversal of impairment of around £50 million and the release of around £20 million of the McIntosh mothball provision at current exchange rates. Both the reversal of the impairment and the release of the provision will be recognised as exceptional items in the 2012 financial year.

40 Related party disclosures

Identity of related parties
The Group has related party relationships with its subsidiaries, joint ventures and associates, the Group's pension schemes and with key management being its directors and executive officers. No related party relationships with close family members of the Group's key management existed in the current or comparative year.

Subsidiaries, joint ventures and associates
Transactions entered into by the Company with subsidiaries and between subsidiaries as well as the resultant balances of receivables and payables are eliminated on consolidation and are not required to be disclosed. Similarly, the Group's share of transactions entered into by the Company and its subsidiaries with joint ventures and between joint ventures as well as the Group's share of the resultant balances of receivables and payables are eliminated on consolidation. Transactions and balances with joint ventures (before consolidation eliminations) and with associates are as follows:

Continuing	31 March 2011 £m	31 March 2010 £m
Sales of goods and services		
– to joint ventures and associates	**150**	111
Purchases of goods and services		
– from joint ventures and associates	**221**	174
Receivables		
– due from joint ventures and associates	**15**	18
Payables		
– due to joint ventures and associates	**17**	8
Financing		
– loans to joint ventures and associates	**18**	10
– deposits from joint ventures and associates	**25**	3

The Group had no material related party transactions containing unusual commercial terms.

The Group provides guarantees in respect of banking facilities of a joint venture totalling £10 million (2010 – £21 million).

Key management
Key management compensation is disclosed in Note 9.

41 Foreign exchange rates

The following exchange rates have been applied in the translation of the financial statements of foreign subsidiaries, joint ventures and associates:

	Year to 31 March 2011	Year to 31 March 2010
Average foreign exchange rates		
£1 = US$	**1.55**	1.61
£1 = €	**1.19**	1.13

	31 March 2011	31 March 2010
Year end foreign exchange rates		
£1 = US$	**1.60**	1.52
£1 = €	**1.13**	1.12

42 Main subsidiaries and investments

Subsidiaries based in the United Kingdom[1]	Type of business	Percentage of equity attributable to Tate & Lyle PLC
G.C. Hahn & Co. Limited[2]	Blending	100
Tate & Lyle Holdings Limited[3]	Holding company	100
Tate & Lyle Industries Limited	Holding company	100
Tate & Lyle International Finance PLC[3]	In-house treasury company	100
Tate & Lyle Investments Limited[3]	Holding company	100
Tate & Lyle LLC	Holding company	100

1 Registered in England and Wales, except Tate & Lyle LLC which is registered in Delaware, USA.
2 The Group holds 95% of the issued capital of Hahn and has the right to acquire the remaining 5% through put and call options. However due to the structure of the acquisition agreement, the Group effectively bears all the risks and rewards for 100% of the business and therefore no minority interest is recognised.
3 Direct subsidiaries of Tate & Lyle PLC.

42 Main subsidiaries and investments (continued)

Subsidiaries operating overseas

Country of incorporation or registration	Company	Type of business	Percentage of equity attributable to Tate & Lyle PLC
Argentina	Tate & Lyle Argentina SA	Cereal sweeteners & starches, Sucralose distribution	100
Australia	Tate & Lyle ANZ Pty Limited[2]	Sucralose distribution and blending	100
Belgium	Tate & Lyle Services Belgium NV	Holding company	100
Bermuda	Tate & Lyle Management & Finance Limited	Management & finance	100
Brazil	Tate & Lyle Brasil do SA[1]	Citric acid, Sucralose distribution	100
	G.C. Hahn & Co. Estabilizantes e Tecnologia para Alimentos Ltda.[2]	Blending	100
Chile	Tate & Lyle Chile Commercial Ltda	Cereal sweeteners & starches, Sucralose distribution	100
China	Tate & Lyle Trading (Shanghai) Limited	Sucralose distribution	100
	G.C. Hahn & Co. Food Stabilizer Business (Shanghai) Ltd.[2]	Blending	100
Croatia	G.C. Hahn & Co. d.o.o.[2]	Blending	100
Czech Republic	G.C. Hahn & Co. Stabilizacni technika s.r.o.[2]	Blending	100
France	G.C. Hahn & Cie. S.A.R.L.[2]	Blending	100
Germany	G.C. Hahn & Co. Stabilisierungstechnik GmbH[2]	Blending	100
	G.C. Hahn & Co. Cooperationsgeschaft mbH[2]	Holding company	100
	Cesalpinia Germany GmbH	Blending	100
Gibraltar	Tate & Lyle Insurance (Gilbraltar) Limited	Reinsurance	100
Hong Kong	Tate & Lyle Asia Limited	Sucralose distribution	100
Hungary	G.C. Hahn & Co. Stabilizalastechnikai Kft[2]	Blending	100
Italy	Tate & Lyle Italia Spa	Blending	100
Israel	Tate & Lyle Gadot Manufacturing	Sugar refining	65
	Tate & Lyle Israel Limited	Sugar trading	100
Lithuania	UAB Litauen G.C. Hahn & Co.[2]	Blending	100
Mexico	Tate & Lyle Mexico S. de R.L.de C.V.	Holding company	100
Morocco	Tate & Lyle Morocco SA	Cereal sweeteners & starches	100
Netherlands	Tate & Lyle Holland BV	Holding company	100
	Tate & Lyle Netherlands BV	Cereal sweeteners & starches, Sucralose distribution	100
	Nederlandse Glucose Industrie BV	Holding company	100
Poland	G.C. Hahn & Co. Technika stabilizowania sp.z.o.o.[2]	Blending	100
Singapore	Tate & Lyle Singapore Pte Ltd	High-intensity sweeteners	100
South Africa	Tate & Lyle South Africa (Pty) Limited	Blending	100
Spain	G.C. Hahn Estabilizantes y Tecnologia para Alimentos[2]	Blending	100
Ukraine	G.C. Hahn[2]	Blending	100
USA	Staley Holdings LLC	Holding company	100
	Tate & Lyle Custom Ingredients LLC	Blending	100
	Tate & Lyle Finance LLC	In-house banking	100
	TLHUS, Inc	Holding company	100
	Tate & Lyle Ingredients Americas, LLC	Cereal sweeteners & starches	100
	Tate & Lyle Sucralose LLC	High-intensity sweeteners	100
	TLI Holding LLC	In-house banking	100

1 Non-coterminous year-end.
2 The Group holds 95% of the issued capital of Hahn and has the right to acquire the remaining 5% through a call option. However due to the structure of the acquisition agreement, the Group effectively bears all the risks and rewards for 100% of the business and therefore no minority interest is recognised.

42 Main subsidiaries and investments (continued)

Joint ventures

Country of incorporation or registration	Company	Type of business		Percentage of equity attributable to Tate & Lyle PLC
Bulgaria	Amylum Bulgaria EAD[1,2]	Cereal sweeteners & starches	(100)	50
Columbia	Sucromiles SA[2]	Citric acid		50
Hungary	Hungrana Kft[1,2]	Cereal sweeteners & starches	(50)	25
Mexico	Almidones Mexicanos SA[2]	Cereal sweeteners & starches		50
Netherlands	Eaststarch CV	Holding company		50
Slovakia	Amylum Slovakia spol sro[1]	Cereal sweeteners & starches	(100)	50
Turkey	Amylum Nisasta AS[1]	Cereal sweeteners & starches	(100)	50
USA	DuPont Tate & Lyle Bio Products Company LLC	Industrial ingredients		50

1 Share capital held by Eaststarch CV
2 Non-coterminous year-end.

Associates

Country of incorporation or registration	Company	Type of business	Percentage of equity attributable to Tate & Lyle PLC
Thailand	Tapioca Development Corporation[1]	Starch production	33.3

1 Indirect associates of Tate & Lyle PLC.

The proportion of shares held by Tate & Lyle PLC, its subsidiaries, joint ventures and associates is shown in brackets where it is different from the percentage of equity attributable to Tate & Lyle PLC.

Those entities which have non-coterminous year ends are consolidated in the Group financial statements using management accounts for the period to 31 March.

43 Reconciliation to adjusted information

As explained in Note 1, adjusted information is presented as it provides both management and investors with valuable additional information on the performance of the business. The following items are excluded from adjusted information:

- exceptional items including profits and losses on disposals of businesses, impairments, and closure and restructuring provisions; and
- amortisation of intangibles acquired through business combinations.

The following table shows the reconciliation of the statutory information presented in the income statement to the adjusted information:

	Year to 31 March 2011			Year to 31 March 2010		
£m (unless otherwise stated)	**Reported**	**Exceptional/ amortisation**	**Adjusted**	Reported	Exceptional/ amortisation	Adjusted
Continuing operations						
Sales	**2 720**	**–**	**2 720**	2 533	–	2 533
Operating profit/(loss)	**303**	**18**	**321**	(44)	312	268
Net finance expense	**(58)**	**–**	**(58)**	(72)	–	(72)
Profit/(loss) before tax	**245**	**18**	**263**	(116)	312	196
Income tax (expense)/credit	**(49)**	**–**	**(49)**	95	(136)	(41)
Non-controlling interests	**–**	**–**	**–**	–	–	–
Profit/(loss) attributable to equity holders of the Company	**196**	**18**	**214**	(21)	176	155
Basic EPS (pence)	**42.6**	**3.9**	**46.5**	(4.7)	38.6	33.9
Diluted EPS (pence)	**41.9**	**3.8**	**45.7**	(4.7)	38.4	33.7
Tax rate	**19.7%**		**18.5%**	81.9%		20.8%
Discontinued operations						
Sales	**590**	**–**	**590**	1 074	–	1 074
Operating (loss)/profit	**(45)**	**43**	**(2)**	50	(22)	28
Net finance income	**–**	**–**	**–**	1	–	1
(Loss)/profit before tax	**(45)**	**43**	**(2)**	51	(22)	29
Income tax credit/(expense)	**16**	**(19)**	**(3)**	(11)	5	(6)
Non-controlling interests	**(4)**	**–**	**(4)**	(4)	–	(4)
(Loss)/profit attributable to equity holders of the Company	**(33)**	**24**	**(9)**	36	(17)	19
Basic EPS (pence)	**(7.3)**	**5.4**	**(1.9)**	8.0	(3.7)	4.3
Diluted EPS (pence)	**(7.2)**	**5.3**	**(1.9)**	8.0	(3.7)	4.3
Total operations						
Sales	**3 310**	**–**	**3 310**	3 607	–	3 607
Operating profit	**258**	**61**	**319**	6	290	296
Net finance expense	**(58)**	**–**	**(58)**	(71)	–	(71)
Profit/(loss) before tax	**200**	**61**	**261**	(65)	290	225
Income tax (expense)/credit	**(33)**	**(19)**	**(52)**	84	(131)	(47)
Non-controlling interests	**(4)**	**–**	**(4)**	(4)	–	(4)
Profit attributable to equity holders of the Company	**163**	**42**	**205**	15	159	174
Basic EPS (pence)	**35.3**	**9.3**	**44.6**	3.3	34.9	38.2
Diluted EPS (pence)	**34.7**	**9.1**	**43.8**	3.3	34.7	38.0
Tax rate	**16.4%**		**19.7%**	129.2%		20.9%

Independent Auditors' Report to the Members of Tate & Lyle PLC: Parent company financial statements

We have audited the Parent company financial statements of Tate & Lyle PLC for the year ended 31 March 2011 which comprise the Parent company balance sheet and the Notes to the Parent company financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors
As explained more fully in the Directors' statement of responsibilities set out on page 59, the directors are responsible for the preparation of the Parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report 2011 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the Parent company financial statements:

- give a true and fair view of the state of the Parent company's affairs as at 31 March 2011;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:

- the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Annual Report 2011 for the financial year for which the Parent company financial statements are prepared is consistent with the Parent company financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Other matter
We have reported separately on the Group financial statements of Tate & Lyle PLC for the year ended 31 March 2011.

Paul Cragg (Senior Statutory Auditor)
for and on behalf of **PricewaterhouseCoopers LLP**
Chartered Accountants and Statutory Auditors
London
26 May 2011

Note:
(a) the maintenance and integrity of the Tate & Lyle PLC website, and any other electronic media used to present the financial statements, is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website, or any other electronic media.
(b) legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Parent company balance sheet

	Notes	2011 £m	2010 £m
		Year to 31 March	
Fixed assets			
Tangible assets	2	**3**	2
Investments in subsidiary undertakings	3	**1 184**	1 416
Investment in associate	4	**1**	1
		1 188	1 419
Current assets			
Debtors:			
– amounts falling due within one year	5	**326**	399
– amounts falling due after more than one year	5	**–**	1
		326	400
Creditors – due within one year	6	**(71)**	(61)
Net current assets		**255**	339
Total assets less current liabilities		**1 443**	1 758
Creditors – amounts falling due after more than one year	7	**(188)**	(490)
Provisions for liabilities and other charges	9	**(3)**	(1)
Net assets		**1 252**	1 267
Capital and reserves			
Called up share capital	12	**117**	115
Share premium account	13	**406**	405
Capital redemption reserve	13	**8**	8
Profit and loss account	13	**721**	739
Shareholders' funds		**1 252**	1 267

The Parent company financial statements were approved by the Board of directors on 26 May 2011 and signed on its behalf by:

Javed Ahmed, Tim Lodge Directors

Registered no. 76535

The notes on pages 114 to 117 form part of these Parent company financial statements.

Notes to the Parent company financial statements

1 Parent company accounting policies

Accounting basis
The Parent company financial statements are prepared under the historical cost convention in accordance with the Companies Act 2006 and applicable UK accounting standards. As permitted by Section 408(2) of the Companies Act 2006, the Company's profit and loss account and statement of total recognised gains and losses are not presented in these financial statements. The profit for the year before dividends dealt with in the financial statements of the Company amounted to £44 million (2010 – £83 million). The Tate & Lyle PLC consolidated financial statements for the year ended 31 March 2011 contain a consolidated statement of cash flows. Consequently the Company has taken the exemption available in FRS1 (Revised 1996) *Cash flow statements*, and has not presented its own cash flow statement.

New UK standards and interpretations adopted
The following new standards, amendments and interpretations were adopted by the Company in the year. Adoption had no effect on the results, financial position of the Company or its disclosures.

- Amendment to FRS 25 *Financial Instruments: Presentation* – Puttable financial instruments and obligations arising on liquidation
- Amendment to FRS 26 *Financial Instruments: Recognition and Measurement* – Eligible hedged items
- Improvements to Financial Reporting Standards
- Amendments to FRS 29 *Financial Instruments: Disclosures*
- Amendment to FRS 20 *Share-based payment* – Group cash-settled share-based payment transactions
- Amendment to FRS 25 (IAS 32) *Financial instruments:* Presentation on the classification of rights issues
- UITF Abstract 48 on accounting implications of the replacement of RPI with CPI

New UK standards and interpretations not adopted
The following amendments to Financial Reporting Standards have been issued but have not yet been adopted by the Company:

- FRS 30 *Heritage Assets*
- Improvements to Financial Reporting Standards
- SSAP 25 *Segmental Reporting*
- FRS 8 *Related Party Disclosures*
- FRS 29 *Financial Instruments: Disclosures*
- UITF Abstract 47 (IFRIC 19), *Extinguishing financial liabilities with equity instruments*

The adoption of these amendments is not expected to have a material impact on the Company's profit for the year or equity. The adoptions may affect disclosures in the Company's financial statements.

Tangible fixed assets
Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on a straight-line basis to write off the cost of tangible fixed assets over their estimated useful life. The tangible fixed assets comprise plant and machinery and computer software which are depreciated over a period of 3 to 28 years. Impairment reviews are undertaken if there are indications that the carrying values may not be recoverable.

Investments
Unless they are financed by foreign currency borrowings and designated as a fair value hedging relationship, investments in subsidiaries and associates are shown at cost less amounts written off where there is a permanent diminution in value. Investments in shares in overseas undertakings that are financed by foreign currency borrowings and designated as a fair value hedging relationship are retranslated into pounds sterling at the exchange rate ruling at the balance sheet date and the resulting exchange gains and losses are recognised in the profit and loss account. Exchange gains and losses on the related foreign currency borrowings are also recognised in the profit and loss account in accordance with FRS 23 *The Effects of Changes in Foreign Exchange Rates*.

An undertaking is regarded as a subsidiary undertaking if the Company has control over its operating and financial policies.

An undertaking is regarded as an associate if the Company holds a participating interest and has significant influence, but not control, over its operating and financial policies. Significant influence generally exists where the Company holds more than 20% and less than 50% of the shareholders' voting rights.

All loans and receivables to and from subsidiary undertakings are shown at cost less amounts written off where deemed unrecoverable.

Leases
Operating lease costs are charged to profit as incurred.

Research and development
All expenditure on research and development is charged to profit as incurred.

Retirement benefits
The Company contributes to the Group pension plan operated in the UK. Details of the plan are included within Note 30 of the Group financial statements. As permitted under FRS17 Retirement Benefits, the plan is accounted for as a defined contribution plan, as the employer cannot identify its share of the underlying assets and liabilities of the plan. The employer's contributions relate to the current service period only and are charged to the income statement as they are incurred.

Deferred tax
Deferred tax is recognised on a full provision basis on timing differences between the recognition of gains and losses in the financial statements and their recognition for tax purposes that have arisen but not reversed at the balance sheet date. Deferred tax is not recognised on permanent differences or on timing differences arising on unremitted profits of overseas subsidiaries. Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be sufficient future taxable profits to permit tax relief of the underlying timing differences.

Foreign currencies
Monetary assets and liabilities in foreign currencies are translated into pounds sterling at the rates of exchange ruling on the last day of the financial period (the closing rate). Profits and losses are translated into pounds sterling at the prevailing rate at the time of transaction and credited or charged to the profit and loss account.

Share-based compensation
The Company operates a number of equity-settled, share-based compensation plans. Details of the plans are included within Note 26 of the Group financial statements. The fair value of employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, earnings targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, for options granted with non-market vesting conditions, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the profit and loss account, and a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

Dividend distribution
Final dividend distributions to the Company's equity holders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders, while interim dividend distributions are recognised in the period in which the dividends are declared and paid. Where a scrip alternative is offered and taken, the distribution is effected through an issue of bonus shares from the share premium account.

1 Parent company accounting policies (continued)

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital and holds that share either directly as treasury shares or indirectly within an ESOP trust, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders. These shares are used to satisfy share options granted to employees under the Group's share option schemes. The trustee purchases the Company's shares on the open market using loans made by the Company or other loans guaranteed by the Company.

2 Tangible fixed assets

The net book value of tangible fixed assets of £3 million (2010 – £2 million) comprises plant and machinery and computer software. Net book value comprises cost of £5 million (2010 – £4 million) less accumulated depreciation of £2 million (2010 – £2 million).

3 Investments in subsidiary undertakings

	Shares in subsidiary undertakings £m
At 1 April 2010	1 416
Increase – share-based payments	3
Impairment	(232)
Reversal of impairment	13
Exchange	(16)
At 31 March 2011	**1 184**

Shares in subsidiary undertakings are stated at cost or earliest ascribed value less amounts provided of £368 million (2010 – £149 million).

The impairment relates to the reassessment of the carrying value of a subsidiary after the payment of a dividend in favour of the Company.

The reversal of impairment reflects an uplift to the recoverable amount of the Company's investment in Tate & Lyle Ventures Ltd and Tate & Lyle Services Belgium NV.

4 Investment in associate

The Company holds a 16.6% interest in Tapioca Development Corporation, a company incorporated in Thailand, for book value of £1 million (2010 – £1 million).

5 Debtors

	31 March 2011 £m	31 March 2010 £m
Due within one year		
Current tax	**3**	16
Amounts due from subsidiary undertakings	**318**	377
Other debtors	**4**	5
Prepayments and accrued income	**1**	1
Total	**326**	399

The effective interest rate applicable to amounts due from subsidiary undertakings at 31 March 2011 is 2.0% (2010 – 1.5%). Amounts due from subsidiary undertakings are receivable on demand.

	Note	31 March 2011 £m	31 March 2010 £m
Due after more than one year			
Deferred tax	8	**–**	1
Total		**–**	1

6 Creditors – due within one year

	31 March 2011 £m	31 March 2010 £m
Amounts due to subsidiary undertakings	**55**	49
Other creditors	**8**	4
Accruals and deferred income	**8**	8
Total	**71**	61

Amounts due to subsidiary undertakings are repayable on demand.

7 Creditors – due after more than one year

	31 March 2011 £m	31 March 2010 £m
Amounts due to subsidiary undertakings (note a)	**186**	488
Preference shares (note b)	**2**	2
Total	**188**	490

(a) The effective interest rate applicable to amounts owed to subsidiary undertakings at 31 March 2011 is 6.5% (2010 – 6.5%). Amounts due to subsidiary undertakings at year end mature after more than one year (2010 – mature after more than two years).

(b) On a return of capital on a winding-up, the holders of 6.5% cumulative preference shares shall be entitled to £1 per share, in preference to all other classes of shareholders. Holders of these shares are entitled to vote at meetings, except on the following matters: any question as to the disposal of the surplus profits after the dividend on these shares has been provided for; the election of directors; their remuneration; any agreement between the directors and the Company; or the alteration of the Articles of Association dealing with any such matters.

8 Deferred tax

Deferred tax charged to profit in the year was £1 million (2010 – £2 million).

9 Provisions for liabilities

	Restructuring £m
At 31 March 2010	1
Charged to the income statement	8
Utilised in the year	(6)
At 31 March 2011	**3**

Provisions primarily relate to restructuring as a result of the disposal of Group businesses and are expected to be utilised within the next 12 months.

10 Contingent liabilities

	31 March 2011 £m	31 March 2010 £m
Loans and overdrafts of subsidiaries and joint ventures	**1 035**	1 251

Guarantees given in respect of drawn and undrawn loans and overdrafts by Tate & Lyle PLC were £2,479 million at 31 March 2011 (2010 – £2,661 million).

Other trade guarantees have been given in the normal course of business by Tate & Lyle PLC at both 31 March 2011 and 31 March 2010. These are excluded from the figures given above and are in respect of Revenue and Customs and the Rural Payments Agency for Agricultural Produce bonds, ECGD recourse agreements, letters of credit, and tender and performance bonds.

11 Financial commitments

Annual payments made by the Company in the year ended 31 March 2011 in respect of operating leases that expire within one year were £3 million (2010 – £3 million that expire later than one year and no later than five years).

12 Called up share capital

Allotted, called up and fully paid equity share capital

	31 March 2011		31 March 2010	
	Shares	**£m**	Shares	£m
At 1 April	**460 575 700**	**115**	460 012 801	115
Allotted under share option schemes	**217 743**	**–**	48 287	–
Scrip dividend shares issued	**7 317 897**	**2**	514 612	–
At 31 March	**468 111 340**	**117**	460 575 700	115

Treasury shares and shares held in ESOP trust
As at 31 March 2011, the Group held 175,328 shares (2010 – 512,490 shares) in Treasury.

During the year 337,162 shares (2010 –816,012 shares) were released from Treasury to satisfy share options exercised.

The shares held in Treasury at 31 March 2011 represented less than 0.1% (2010 – 0.1%) of the share capital at the year end, and have a nominal value of less than £0.1 million (2010 – £0.1 million).

As at 31 March 2011, the Group held 2,713,694 shares (2010 – 3,141,100 shares) in an ESOP trust at a nominal value of 25p and a market value of 577.5p (2010 – 454.2p).

13 Reconciliation of movements in shareholders' funds

	Ordinary shares £m	Share premium account £m	Capital redemption reserve £m	Profit and loss account £m	Total £m
At 1 April 2010	115	405	8	739	1 267
Profit for the year	–	–	–	44	44
Proceeds from shares issued	–	1	–	1	2
Share-based payments	–	–	–	9	9
Ordinary dividends paid	–	–	–	(105)	(105)
Issue of shares for scrip dividend	2	–	–	33	35
At 31 March 2011	**117**	**406**	**8**	**721**	**1 252**

Ordinary shares carry the right to participate in dividends and each share entitles the holder to one vote on matters requiring shareholder approval. The amount available for the payment of dividends by the Company at 31 March 2011 was £721 million (2010 – £714 million).

During the year ended 31 March 2011, shareholders were given the option to receive the final dividend relating to the prior year and the interim dividend relating to the current year in the form of a scrip issue. On 30 July 2010 and 7 January 2011, the Group issued 5,716,625 shares and 1,601,272 shares respectively for scrip at a nominal value per share of 25p and a total cash equivalent value of £35 million.

14 Related parties

As permitted by FRS 8 *Related Party Disclosures*, disclosure of related party transactions with other companies controlled by Tate & Lyle PLC is not provided. There were no reportable transactions with other related parties other than providing guarantees in respect of banking facilities of a joint venture totalling £10 million (2010 – £21 million).

15 Profit and loss account disclosures

As permitted by Section 408(2) of the Companies Act 2006, the Company has not presented its own profit and loss account.

The Company employed 98 staff including directors (2010 – 94) and the total staff costs are shown below:

	31 March	
	2011 £m	2010 £m
Wages and salaries	**14**	11
Social security	**2**	1
Retirement benefits	**1**	1
Share based payments	**6**	3
Total	**23**	16

Directors' emoluments disclosures are provided in the directors' remuneration report on pages 44 to 56 of this annual report and in Note 9 of the Group financial statements.

In addition, 5,108,263 outstanding share options attributable to employees and Directors of the Company as at 31 March 2011 are shown below:

	Year issued	Number of shares	Subscription prices pence	Dates normally exercisable
Sharesave Scheme – 3/5 year options	2006	4 847	518.00	2011-2012
	2006	456	716.00	2012
	2007	1 911	531.00	2012-2013
	2007	26 073	395.00	2011-2013
	2008	5 029	408.00	2011-2014
	2008	52 131	376.00	2012-2014
	2009	39 613	418.00	2013-2015
	2011	21 700	488.00	2014-2016
Performance Share Plan	2008	222 115	–	2011-2017
	2008	326 216	–	2012-2018
	2009	677 307	–	2012-2018
	2010	1 066 797	–	2013-2019
Executive share option scheme	2003	136 216	335.75	2006-2013
	2004	339 904	325.00	2007-2014
Javed Ahmed – compensatory awards	2009	689 019	–	2011-2017
	2009	359 488	–	2012-2018
Javed Ahmed – long term incentive awards	2009	659 609	–	2012-2018
	2010	473 042	–	2013-2019
Deferred bonus share plan	2008	6 790	–	2011-2017

16 Dividends

Details of the Company's dividends are set out in Note 14 of the Group financial statements.

Five-year review financial years to 31 March

Share information Pence per 25p ordinary share	IFRS 2007[1]	2008[1]	2009[1]	2010[1]	**2011**[1]
Closing share price	575.0	540.0	260.5	454.2	**577.5**
Earnings per share:					
– basic[2]	44.3	40.9	14.2	3.3	**35.3**
– basic, before amortisation and exceptional items[2]	48.7	41.1	37.8	38.2	**44.6**
Earnings per share:					
– diluted[2]	43.6	40.4	14.1	3.3	**34.7**
– diluted, before amortisation and exceptional items[2]	47.9	40.6	37.5	38.0	**43.8**
Dividend	21.5	22.6	22.9	22.9	**23.7**
Closing market capitalisation (£ million)	2 816	2 484	1 198	2 092	**2 665**
Business ratios					
Interest cover – times Profit before interest, exceptional items and amortisation divided by net finance expense[2,3]	8.4	7.8	6.1	5.8	**6.9**
Gearing Net borrowings as a percentage of total net assets[2]	90%	110%	122%	95%	**48%**
Net margin Profit before interest, exceptional items and amortisation as a percentage of sales[2]	9.2%	8.7%	6.8%	8.2%	**9.6%**
Return on net operating assets Profit before interest and exceptional items as a percentage of average net operating assets[2]	18.9%	15.5%	12.7%	14.1%	**20.2%**
Dividend cover – times					
Basic earnings per share after exceptional items and amortisation divided by dividends per share[2]	2.1	1.8	0.6	0.1	**1.5**
Basic earnings per share before exceptional items and amortisation divided by dividends per share[2]	2.3	1.8	1.7	1.7	**1.9**

1 'Amortisation' relates to the amortisation of acquired intangible assets.
2 These ratios have been calculated using the results of both continuing and discontinued operations.
3 Interest cover has been calculated using the same basis as set out in the Group's external bank covenants.

Results presented above are for years to 31 March and have been calculated using the Group's published interim and full-year financial statements.

Employment of capital	IFRS 2007[1] £m	2008[1] £m	2009[1] £m	2010[1] £m	**2011[1] £m**
Goodwill, intangible assets and property, plant and equipment	1 449	1 516	1 922	1 548	**1 175**
Other non-current assets	25	22	19	21	**24**
Working capital	445	576	394	45	**140**
Net assets held for sale	61	–	28	18	**62**
Net operating assets	1 980	2 114	2 363	1 632	**1 401**
Net borrowings	(900)	(1 041)	(1 231)	(814)	**(464)**
Net (liabilities)/assets for dividends and tax	(85)	(123)	(119)	36	**36**
Total net assets	995	950	1 013	854	**973**
Capital employed					
Called up share capital	122	114	115	115	**117**
Reserves	838	820	872	712	**833**
	960	934	987	827	**950**
Non-controlling interests	35	16	26	27	**23**
	995	950	1 013	854	**973**
Profit summary[1]					
Sales	1 707	1 995	2 505	2 533	**2 720**
Group operating profit:					
Before exceptional items and amortisation[2]	250	260	286	268	**321**
Amortisation of acquired intangible assets	(9)	(12)	(15)	(14)	**(13)**
Exceptional items	(13)	(59)	(110)	(298)	**(5)**
Group operating profit/(loss)	228	189	161	(44)	**303**
Net finance expense	(39)	(45)	(53)	(72)	**(58)**
Profit/(loss) before tax	189	144	108	(116)	**245**
Income tax (expense)/credit	(66)	(72)	(11)	95	**(49)**
Profit/(loss) after tax	123	72	97	(21)	**196**
Non-controlling interests	(3)	10	(1)	(4)	**(4)**
Discontinued operations	94	112	(31)	40	**(29)**
Profit for the year attributable to equity holders of the Company	214	194	65	15	**163**
Profit before tax, exceptional items and amortisation[2]	210	215	233	196	**263**
Earnings/(loss) per share attributable to the equity holders of the Company from continuing operations:					
– basic	24.9	17.3	21.0	(4.7)	**42.6**
– diluted	24.4	17.1	20.9	(4.7)	**41.9**

1 Profit summary for the years ended 31 March 2007 to 31 March 2010 has been restated to reflect the disposal of EU Sugars, the sale of the Molasses businesses and the intention to sell the remaining businesses in the legacy Sugars segment. These businesses, classed as discontinued operations are excluded from all years.

2 'Amortisation' relates to the amortisation of acquired intangible assets.

Information for investors

Dividends on ordinary shares
Two payments were made during the tax year 2010/2011 as follows:

Payment date	Dividend description	Dividend per share
30 July 2010	Final 2010	16.1p
7 Jan 2011	Interim 2011	6.8p

Services
Shareholding enquiries
Queries on shareholdings should be addressed to Tate & Lyle's Registrar, Equiniti.

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA
Tel: 0871 384 2063† (for UK calls)
+44 (0)121 415 0235 (for calls from outside the UK)
www.equiniti.com
www.shareview.co.uk

† Calls to 0871 numbers are charged at 8 pence per minute from a BT landline. Other telephone providers' costs may vary. Lines are open from 8:30am to 5:30pm UK time, Monday to Friday.

Individual Savings Account (ISA)
Tate & Lyle's ordinary shares can be held in an ISA. For information, please call the Equiniti ISA Helpline on 0871 384 2244.

Tate & Lyle's website (www.tateandlyle.com) and share price information
Tate & Lyle's website provides direct links to other Group company sites and to sites providing financial and other information relevant to the Company. The share price is available on the website with a 20-minute delay. Similar information is available on many specialist websites, on Teletext and in several national newspapers.

Capital gains tax
The market values on 31 March 1982 for the purposes of indexation up to April 1998 in relation to capital gains tax of Tate & Lyle PLC shares then in issue were:

Ordinary shares of £1 each	201.00p
Equivalent value per ordinary share of 25p	50.25p
6½% cumulative preference shares	43.50p

Tate & Lyle American Depositary Shares (ADSs)
The Company's shares trade in the USA on the NASDAQ over the counter (OTC) market in the form of ADSs and these are evidenced by American Depositary Receipts (ADRs). The shares are traded on the OTCQX exchange under the ticker symbol TATYY. Each ADS is equivalent to four ordinary shares. For more information, contact the Bank of New York Mellon at:

The Bank of New York Mellon
Shareowner Services
PO Box 358516
Pittsburgh
PA 15252-8516
Tel: +1 888 269 2377 (for US calls)
+1 201 680 6825 (for calls from outside the USA)

On 10 April 2007, Tate & Lyle was approved for the International PremierQX tier of International OTCQX. This provides a gateway to US securities markets for international companies that are listed on a qualified international exchange. Tate & Lyle's ADR is identified with an International PremierQX logo and investors can find current financial information and other disclosure on www.otcqx.com and www.pinksheets.com.

Financial calendar

2011 Annual General Meeting	28 July 2011
Announcement of half-year results for six months to 30 September 2011	3 Nov 2011[1]
Announcement of full-year results for the year ending 31 March 2012	31 May 2012[1]
2012 Annual General Meeting	26 July 2012[1]

1 Provisional date

Dividend on ordinary shares

	2011 final	2012 interim	2012 final
Announced	27 May 2011	3 Nov 2011[1]	31 May 2012[1]
Payment date	5 Aug 2011[2]	6 Jan 2012[1]	3 Aug 2012[2]

1 Provisional date
2 Subject to the approval of shareholders

Dividends on 6½% cumulative preference shares
Paid 31 March and 30 September.

Electronic communications
Shareholder documents are only sent in paper format to shareholders who have elected to receive documents in this way. This approach enables the Company to reduce printing and distribution costs and its impact on the environment.

Shareholders who have not elected to receive paper copies are sent a notification whenever shareholder documents are published, to advise them how to access the documents via the Tate & Lyle website, www.tateandlyle.com. Shareholders may also choose to receive this notification via email with a link to the relevant page on the website. Shareholders who wish to receive email notification should register online at www.shareview.co.uk, using their reference number that is either on their share certificate or other correspondence.

Find out more about Tate & Lyle
at www.tateandlyle.com

Non-reliance statement
This annual report and accounts has been prepared solely to provide additional information to shareholders to assess the Group's strategy and the potential of that strategy to succeed and should not be relied upon by any other party or for any other purpose.

Cautionary statement
This annual report and accounts contains certain forward-looking statements with respect to the financial condition, results, operations and businesses of Tate & Lyle PLC. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this annual report and accounts should be construed as a profit forecast.

Tate & Lyle PLC
Tate & Lyle PLC is a public limited company listed on the London Stock Exchange and registered in England. This is the report and accounts for the year ended 31 March 2011. More information about Tate & Lyle can be found on our website at www.tateandlyle.com.

Environmental statement
This Report is printed on 'Look!' paper and has been independently certified on behalf of the Forest Stewardship Council (FSC).

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Registered office
Tate & Lyle PLC
Sugar Quay
Lower Thames Street
London EC3R 6DQ
Tel: +44 (0)20 7626 6525
Fax: +44 (0)20 7623 5213
Company number: 76535

www.tateandlyle.com

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