

Building for growth

Annual Report 2013

Financial Highlights

A year of further progress

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Directors' Report

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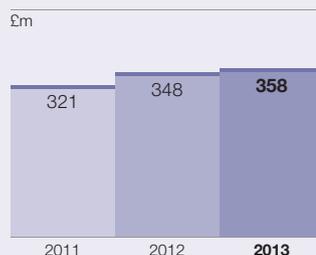
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* These sections make up the Directors' Report.

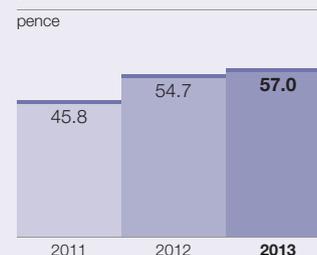
This part of the Annual Report sets out the information on the Group's principal activities, together with a review of the development and performance of the Group, including financial performance, in accordance with Section 417 of the Companies Act 2006.

Details of the sections that form the Business Review can be found on page 64.

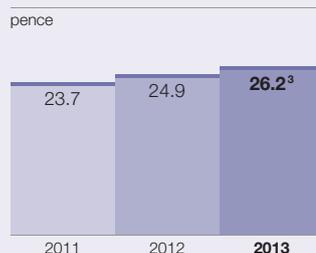
Adjusted operating profit¹



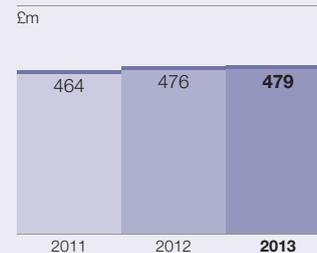
Adjusted diluted earnings per share²



Dividend per share



Net debt



- 1 Continuing operations; before exceptional items and amortisation of intangible assets acquired through business combinations.
- 2 Continuing operations; before exceptional items and amortisation of intangible assets acquired through business combinations and post-retirement benefit interest.
- 3 This includes the proposed final dividend.

Statutory results

	2013	2012
Operating profit	£336m	£404m
Profit before tax	£309m	£379m
Profit for the year (on total operations)	£278m	£309m
Diluted earnings per share (on total operations)	58.5p	64.3p

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 exclude discontinued operations and are before exceptional items and amortisation of intangible assets acquired through business combinations. In addition, adjusted profit before tax and adjusted earnings per share exclude post-retirement benefit interest.

Trademarks

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

Definitions/cautionary statement

Please read the statements on the inside back cover.

A leading global provider of ingredients and solutions

About us: Tate & Lyle is a leading global provider of ingredients and solutions to the food, beverage and other industries. Through our production facilities across 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.

Building a platform for future growth: Our vision is to become the leading global provider of speciality food ingredients and solutions. Over the last three years we have been taking a number of steps to realise this vision through our business transformation programme.

The first part of the transformation, which is now complete, was about realigning and focusing our resources on growing our Speciality Food Ingredients business unit.

The second part is about getting the right enabling platform in place. We have made good progress including the move to a new operating model comprising two global business units, implementing a global Shared Service Centre and the initial roll-out of our global IS/IT system.

Attention is now turning towards growth and we have started to see signs of this coming through, including a significant increase in customer engagement following the opening of our global Commercial and Food Innovation Centre, solid progress in growing the innovation pipeline and launching new products and, increasing our presence in emerging markets.

Our Strategy: pg 6 

This Annual Report is available on our Annual Report 2013 microsite, www.tateandlyle.com/annualreport2013.



Read more

Look out for this icon which refers you to the subject in more detail.



Find out more about Tate & Lyle

For more information about us, visit our website, www.tateandlyle.com.

Our Group at a Glance

A global business dedicated to serving our customers from over 30 locations worldwide

Sales

£3,256m [↑]

2012 – £3,088m

Adjusted profit before tax

£329m [↑]

2012 – £318m

Net debt

£479m [↑]

2012 – £476m

Employees worldwide

4,326



Tate & Lyle operates through two global business units: Speciality Food Ingredients and Bulk Ingredients.

These two business units are supported by our Innovation and Commercial Development group, our global Shared Service Centre and our other global functions.

We have operations in over 30 countries, including our manufacturing facilities, and our global network of satellite applications laboratories allowing us to collaborate with customers wherever they are located and to leverage our new global innovation hub, the Commercial and Food Innovation Centre in Chicago, USA.

Speciality Food Ingredients

USA

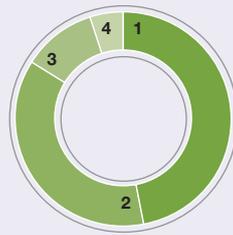
Chicago, Illinois	●
Houlton, Maine	▲
Lafayette, Indiana	▲
McIntosh, Alabama	▲
Princeton, New Jersey	●
Sycamore, Illinois	▲●
Van Buren, Arkansas	▲

Bulk Ingredients

USA

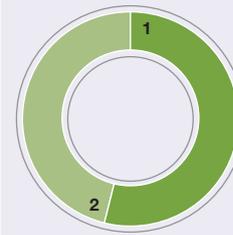
Dayton, Ohio	▲
Decatur, Illinois	▲
Duluth, Minnesota	▲
Lafayette, Indiana	▲
Loudon, Tennessee	▲

Employees by geography



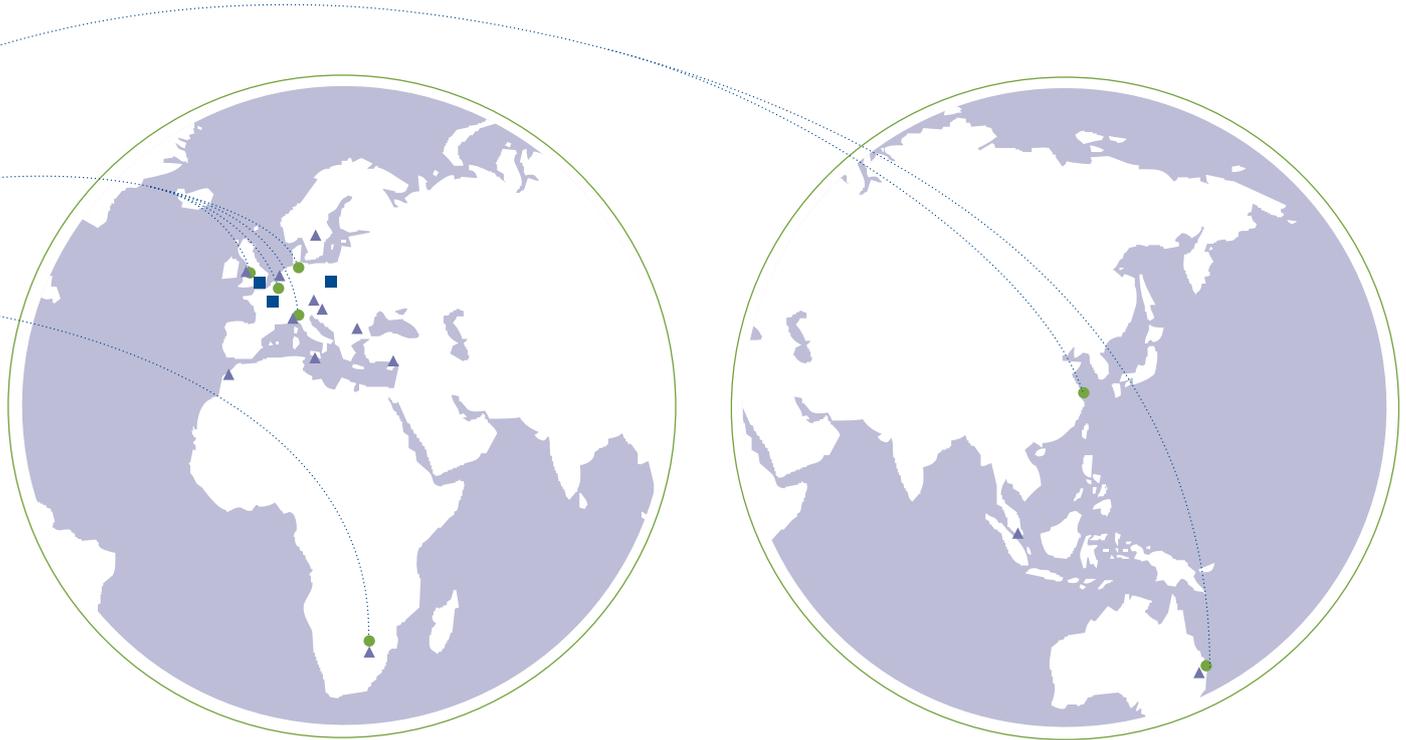
- 1 47% North America
- 2 37% Europe, Middle East & Africa
- 3 11% Latin America
- 4 5% Asia Pacific

Adjusted operating profit¹



- 1 54% Speciality Food Ingredients
- 2 46% Bulk Ingredients

1 Adjusted operating profit excluding central costs.



Latin America

Buenos Aires, Argentina	●
Mexico City, Mexico	●
São Paulo, Brazil	●

Europe

Bergamo, Italy	●
Kimstad, Sweden	▲
Koog, Netherlands	▲
Lille, France	●
Lübeck, Germany	▲●
Mold, UK	▲●
Noto, Italy	▲
Ossona, Italy	▲

Middle East & Africa

Kya Sand, South Africa	▲●
------------------------	----

Asia Pacific

Brisbane, Australia	▲●
Jurong Island, Singapore	▲
Shanghai, China	●

Key

- ▲ Manufacturing Facilities
- Applications/Technical Services Facilities
- Key Central/ICD Locations

Latin America

Guadalajara, Mexico ¹	▲
Santa Rosa, Brazil	▲

Europe

Adana, Turkey ¹	▲
Boleraz, Slovakia ¹	▲
Razgrad, Bulgaria ¹	▲
Szabadeyhaza, Hungary ¹	▲

Middle East & Africa

Casablanca, Morocco	▲
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Key Central/ICD Locations

Chicago, USA	■
Lille, France	■
Łódź, Poland	■
London, UK	■

1 Joint venture.

Our Business Model

Turning raw materials into distinctive, high-quality ingredients and solutions for our customers

Through our facilities across the world we:

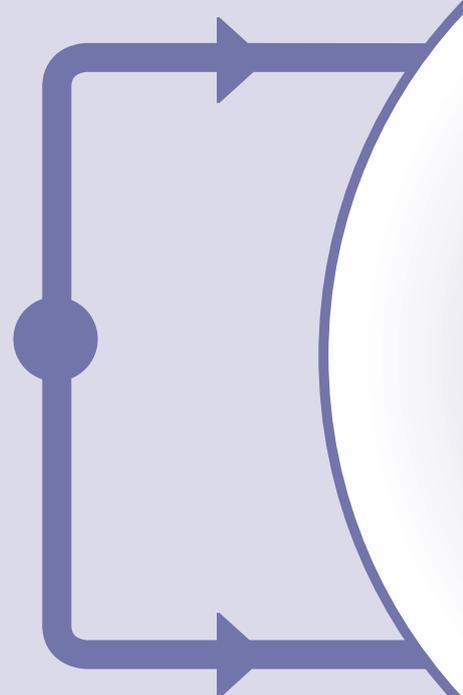
- Use our innovation capabilities to develop and enhance new and existing products
- Leverage our technical and applications expertise to provide a full end-to-end service for our customers

Sources

Most of 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 clear standards, both operational and ethical, to our 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, quality and ethical standards throughout the supply chain.

Developing sustainable products: pg 34 ➔

Raw materials



Operations

We operate through two global business units – Speciality Food Ingredients and Bulk Ingredients. Each business unit has its own manufacturing and commercial operations to provide the necessary focus and expertise for customers in their two respective end markets.

Speciality Food Ingredients (SFI)

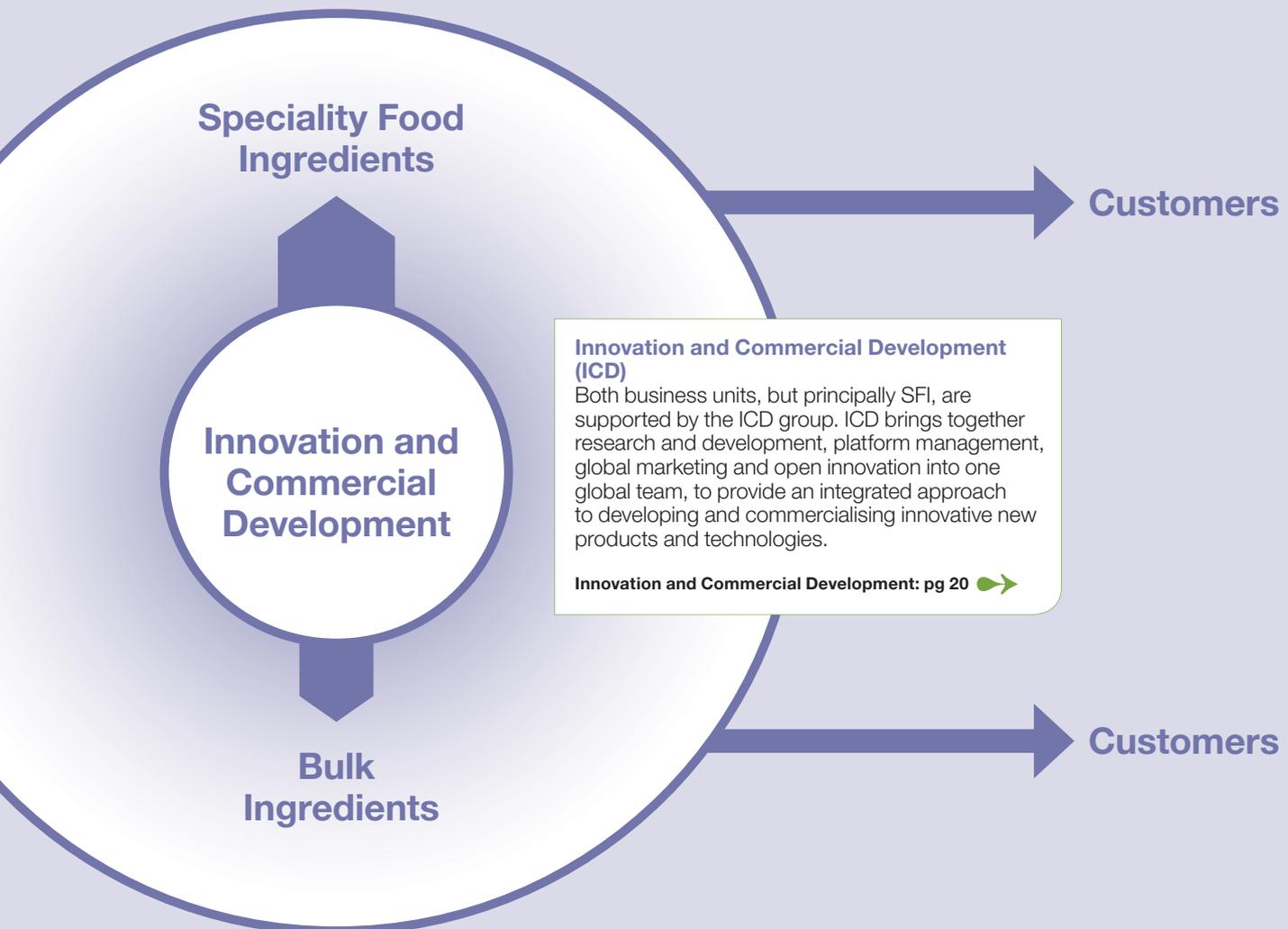
SFI produces distinctive, high-value ingredients which are sold in markets where customers look for technical and innovation capability, insight and flexibility. SFI also has a food systems or blending business which sources ingredients and uses them along with our own to develop bespoke combinations of ingredients primarily for small- to medium-sized customers.

Speciality Food Ingredients: pg 15 ➔

Customers

Food and beverage is our most significant market comprising over 70% 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, we provide technical and applications support. For smaller customers, we are often their 'outsourced' R&D team.



Innovation and Commercial Development (ICD)

Both business units, but principally SFI, are supported by the ICD group. ICD brings together research and development, platform management, global marketing and open innovation into one global team, to provide an integrated approach to developing and commercialising innovative new products and technologies.

Innovation and Commercial Development: pg 20 ➔

Bulk Ingredients (BI)

BI produces ingredients which are relatively undifferentiated and are sold in markets where customers principally look for supplier reliability, quality and value.

Bulk Ingredients: pg 18 ➔

Our Strategy

How we are delivering on our strategy



A strategy for long-term growth

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 unit through:
 - deeper customer understanding
 - continuous innovation
 - stronger positions in high-growth markets
- Driving our Bulk Ingredients business unit for sustained cash generation to fuel this growth

Deeper customer engagement

We believe that getting closer to our customers, developing a better understanding of their needs and changing the way we interact with them is a key part of delivering sustainable long-term growth.

Our new global Commercial and Food Innovation Centre in Chicago, which we opened to customers in June 2012, helps us transform the way we work with our customers. It has:

- Full sensory capabilities
- Full culinary capabilities
- High-tech food processing laboratories
- A pilot plant sample preparation area
- Global access, communications and capabilities
- The ability to expand into new applications



Speciality Food Ingredients: pg 15

Bulk Ingredients: pg 18

Innovation and Commercial Development: pg 20



Speciality Food Ingredients



Innovation

Creating a world-class innovation capability is a key part of our growth strategy. The Innovation and Commercial Development (ICD) group provides a fully integrated approach to developing and commercialising innovation to meet our customers' needs. Ideas within our innovation pipeline are derived from three sources:

In-house innovation (part of ICD)

- New products or technologies generated by in-house scientists

Open innovation (part of ICD)

- Leverages our global network of research institutions, start-ups and universities
- Provides route-to-market for technologies or products close to commercial launch

Tate & Lyle ventures

- Leverages our global network of research institutions, venture funds, universities and entrepreneurs
- Invests in early-stage companies and manages them to exit in three to five years



New markets and customer channels

Our aim is to build our presence significantly in emerging markets and those parts of the speciality food ingredients market where historically we have been under-represented, specifically in SMEs and private label.

Emerging markets

- Building dedicated go-to-market teams in both Asia Pacific and Latin America
- Strengthening our sales and technical resources
- Investing in local infrastructure with the opening of new satellite applications and technical services facilities in Mexico City, São Paulo and Shanghai

SMEs and private label

- Changing the way we access and work with SME and private label customers by developing more direct relationships



Bulk Ingredients



Sustained cash generation

Within Bulk Ingredients our strategy is to provide stable, long-term cash flow to help fund growth in Speciality Food Ingredients. We aim to achieve this by:

- Reducing earnings volatility by diversifying our income streams into new areas
- Optimising margins by gradually moving a proportion of the corn that we grind away from markets that are in long-term structural decline into higher margin speciality food ingredients
- Ensuring the security of our raw material supply
- Reducing costs and continuing to improve operational efficiency



Key Performance Indicators

Measuring our success against our strategy

Performance

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

Chief Executive's Review: pg 12 

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 assets¹ for continuing operations.

Cash conversion cycle²: controllable working capital divided by quarterly sales, multiplied by the number of days in the 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-grade credit ratings.

Group Financial Results: pg 21 

What we measure

Net debt to EBITDA multiple³: 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 cover³: 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.

Corporate Responsibility: pg 29 

What we measure

Recordable incident rate: the number of injuries per 200,000 hours that require more than first aid, for employees and contractors.

Lost-work case rate: the number of injuries that resulted in lost-work days per 200,000 hours, for employees and contractors.

¹ Defined as shareholders' equity excluding net debt, net tax assets/liabilities, net retirement benefit obligations and net operating assets of discontinued operations.

² Defined as controllable working capital divided by quarterly sales, multiplied by number of days in quarter on a four-quarter rolling basis (a reduction in the number of days represents an improvement).

³ Net debt, EBITDA, profit and interest are defined under the Group's bank covenant conditions and are based on unrounded numbers. Net debt is calculated using average rates of exchange.

The Board has chosen a number of key performance indicators to measure the Group's progress. The table 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			Comment
	2013	2012	Change	
To ensure we are successful in growing the business unit which is the key area of strategic focus for the business.	£947m	£887m	+8% (constant currency) ⁴	Delivered solid sales growth in SFI, underpinned by 4% volume growth.
To track the underlying performance of the business and to ensure sales growth translates into increased profits.	£358m	£348m	+4% (constant currency) ⁴	7% growth in Bulk Ingredients with Speciality Food Ingredients flat as a result of a step change in fixed costs due to restart of the US Sucralose facility and business transformation initiatives.
To ensure that we continue to generate a strong rate of return on the assets that we employ and have a disciplined approach to capital investment.	19.8%	21.6%	-180bps ⁵	Growth in operating assets outstripped growth in adjusted operating profit reflecting restart of the US Sucralose facility, investment in business transformation initiatives and higher working capital.
To track how efficient we are in turning increased sales into cash and to ensure that working capital is managed effectively.	42 days	36 days	Lengthened by 6 days	Higher inventory levels in the US due to higher corn prices, aflatoxin ⁶ and additional sucralose inventory following the restart of the US sucralose facility.
Why we measure it	How we performed			Comment
	2013	2012		
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.	1.0x	1.1x		Ratio remains well inside our internal maximum limit of 2.0x. Improvement reflects modest growth in EBITDA and small reduction in net borrowings.
	11.1x	11.1x		Ratio remains well above internal minimum limit of 5.0x.
Why we measure it	How we performed ⁷			Comment
	2012	2011	Change	
The safety of our employees and contractors is of paramount importance. Ensuring safe and healthy conditions at all our locations is essential to our operation as a successful business.	0.85	0.85	No change	
	0.26	0.21	Three more lost-work cases	19 lost-work cases globally in 2012, compared to 16 in 2011.

4 Changes in constant currency are calculated by translating comparative period results at current period exchange rates.

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

6 A fungus impacting corn quality caused by prolonged hot and dry conditions.

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

Chairman's Statement

We remain on track with our objective of delivering a platform for sustainable long-term growth

A key strength of long-standing companies such as Tate & Lyle is their ability to reinvent themselves. As one of only two companies currently listed in the FTSE 100 index that have also been members of the FT30 since its inception in 1935, Tate & Lyle has successfully managed change for nearly 100 years – including our current transformation journey which began in 2010 – and this is one of the reasons why we are still going strong today.

Introduction

As a company, Tate & Lyle has embraced change and responded to it effectively over many decades, but it is also important to recognise those aspects of the business that have remained constant and been critical in ensuring our success throughout our long history.

First, our core values of safety, respect and integrity remain enshrined within the culture of the business and guide how we operate both internally and externally. Second is our core competence of manufacturing and delivering food ingredients and solutions to our customers with the highest standards of quality, traceability and reliability.

These attributes have helped us get to where we are today and will remain at the very core of the business in the future as we build upon the work we have done over the last three years.

Safety

We have no higher priority than safety and are committed to providing safe and healthy working conditions for all our employees and contractors, and our safety performance continues to compare well with companies both within and outside our industry.

While we delivered an improvement in our contractor recordable incident rate during calendar year 2012, there are still areas where we can do better. The overall recordable incident rate in 2012 was the same as in 2011 and the number of lost-work cases increased by three.

During the year, we undertook a wide range of safety improvement projects and we continue to work to assure the safety of all those who work at our sites. Our employees can be rightly proud that we are a leader in safety performance in our sector, but we are not complacent and we continually strive for improvement.

Strategy

In May 2010, we announced a number of important steps to help your Company build a platform capable of delivering sustainable long-term growth and to achieve our vision of becoming the leading global provider of speciality food ingredients and solutions underpinned in part by the cash generated



“Our core values of safety, respect and integrity remain enshrined within the culture of the business and guide how we operate both internally and externally.”

by our Bulk Ingredients business unit. Since then, significant progress has been made under the leadership of Javed Ahmed and his team and we have started to see the initial signs of the investment we have made coming through, but there is still more work to do.

Central to our ability to deliver sustainable growth is improving the way we innovate, something that began with the creation of the Innovation and Commercial Development group (ICD) in June 2010. Since its formation, ICD has made good progress developing the innovation pipeline and in partnership with the Speciality Food Ingredients business unit has driven the launch of new products during the year.

Our new global Commercial and Food Innovation Centre in Chicago, USA which opened to customers in June 2012, reinforces not only our commitment to establish a world-class innovation capability but also significantly improves how we interact and collaborate with customers. I am delighted to say that since it opened we have seen a significant increase in the level of activity and interaction with customers and their feedback has been extremely encouraging.

Board composition and diversity

On 1 December 2012, we welcomed Virginia (Ginny) Kamsky and Anne Minto to the Board as non-executive directors. Ginny’s detailed knowledge and experience of China and Anne’s broad corporate experience will be of considerable benefit to the Board. On behalf of the Board, I would also like to thank Evert Henkes, who retired from the Board after nine years of highly-valued service.

We have taken advantage of the opportunities provided by our new global Shared Service Centre in Poland and the global Commercial and Food Innovation Centre in Chicago, USA to broaden the make up of our employees in terms of gender and ethnicity.

Corporate responsibility and risk management

We continue to strengthen our internal control arrangements and associated reporting of environmental, social and governance matters.

Reflecting the importance the Board places on ethical leadership we rolled out our new Code of Ethics to replace our Code of Business Conduct and reviewed and updated our supply chain standards. We built additional corporate responsibility requirements into our standard purchase contract terms and conditions and implemented a new sustainability risk assessment and evaluation tool for our product development pipeline.

Financial performance

Entering the year, we faced a number of headwinds, including the step change in fixed costs associated with the restart of production at our SPLENDA® Sucralose facility in McIntosh, Alabama and our business transformation initiatives. I am therefore pleased to report that despite these we have delivered growth in adjusted profit before tax of 4% to £329 million (2012 – £318 million) and adjusted diluted earnings per share of 5% at constant currency to 57.0p per share (2012 – 54.7p per share).

Dividend

The Board recognises the importance of the dividend to shareholders and follows a progressive dividend policy with the aim of growing the dividend over time taking into account the long-term earnings prospects of the business.

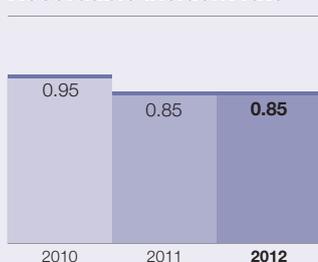
In line with our progressive dividend policy, the Board is recommending a 5.6% increase in the final dividend to 18.8p (2012 – 17.8p) making a full year dividend of 26.2p (2012 – 24.9p) per share, up 5.2% on the prior year. Subject to shareholder approval, the proposed final dividend will be due and payable on 2 August 2013 to all shareholders on the Register of Members on 28 June 2013. In addition to the cash dividend option, shareholders will continue to be offered a Dividend Reinvestment Plan (DRIP) alternative.

Finally, I would like to thank all our employees who have again worked immensely hard to deliver this year’s results while continuing to make good progress in transforming Tate & Lyle.

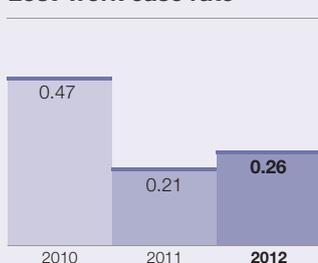
Sir Peter Gershon

Chairman
29 May 2013

Recordable incident rate¹



Lost-work case rate¹



¹ Unlike our other KPIs, we report safety performance by calendar year.

Chief Executive's Review

The underlying business performed well as we build on the foundations we have put in place

Highlights

- Speciality Food Ingredients sales up 7% to £947 million (8% in constant currency) with adjusted operating profit broadly in line (0% in constant currency) with prior year at £213 million (2012 – £214 million)
- Bulk Ingredients adjusted operating profit up by 6% to £182 million (7% in constant currency)
- Adjusted diluted earnings per share up 4% to 57.0p (5% in constant currency)
- 5.6% increase proposed for the final dividend to 18.8p, making a total dividend increase of 5.2% to 26.2p
- Promising new product launches including our stevia-based, natural, no-calorie sweetener, TASTEVA® Stevia Sweetener and salt reduction product, SODA-LO® Salt Microspheres

Overview of Group's financial performance

I am pleased to report that the underlying business continues to perform well and that, despite having entered the year facing a number of headwinds, including the step change in fixed costs associated with the restart of our SPLENDA® Sucralose facility in McIntosh, Alabama and our business transformation initiatives, we have made progress.

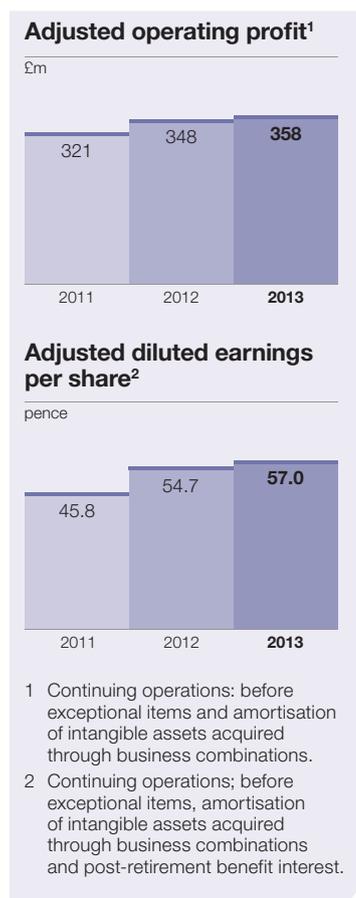
Sales for the year were £3,256 million (2012 – £3,088 million), an increase of 5% (6% in constant currency) on the prior year with sales in our Speciality Food Ingredients business unit growing by 7% (8% in constant currency) to £947 million (2012 – £887 million). Adjusted operating profit increased by 3% (4% in constant currency) to £358 million (2012 – £348 million) with adjusted operating profit in Speciality Food Ingredients broadly in line with the prior year at £213 million and up 6% (7% in constant currency) in Bulk Ingredients at £182 million (2012 – £172 million). Adjusted profit before tax increased by 4% (4% in constant currency) to £329 million (2012 – £318 million) with adjusted diluted earnings per share also up 4% (5% in constant currency) to 57.0p (2012 – 54.7p).

Financial management and balance sheet

Our average quarterly cash conversion cycle increased from 36 days to 42 days. This was driven by an increase in working capital including higher inventory levels in the US due to higher corn prices and aflatoxin, and the requirement for additional sucralose inventory following the restart of production at our McIntosh, Alabama facility.

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 2013, the net debt to EBITDA ratio was 1.0 times (2012 – 1.1 times), against our upper limit of 2.0 times. Interest cover on total operations at 31 March 2013 was 11.1 times (2012 – 11.1 times), again comfortably ahead of our minimum limit of 5.0 times.





Net debt of £479 million at 31 March 2013 was slightly higher than at the end of last year (2012 – £476 million), reflecting an increase in working capital, capital expenditure payments including our business transformation projects and an increase in the value of dollar denominated debt as a result of the strengthening of the US dollar against sterling.

Return on capital employed at 19.8% (2012 – 21.6%) was lower than the prior year driven by an increase in operating assets reflecting the restart of our SPLENDA® Sucralose facility in McIntosh, Alabama, investment in our business transformation initiatives and higher levels of working capital within the business.

Building a platform for long-term growth

During the year, we reached a number of important milestones in our business transformation programme.

In June 2012, we formally opened our global Commercial and Food Innovation Centre in Chicago, USA to customers, featuring state-of-the-art laboratories, a demonstration kitchen, sensory testing, analytical facilities and a pilot plant. Since then we have seen a step change in the level of customer engagement with a significant increase in the number of visits to the new facility as well as an improvement in the quality of customer interaction. In April 2013, the global Commercial and Food Innovation Centre was awarded the prestigious Gold certification by LEED¹ (Leadership in Energy and Environmental Design). The total investment made to develop the new Centre was £33 million, including £7 million of costs incurred during the year.

Our Innovation and Commercial Development group (ICD), continues to develop the new product development pipeline across our core platforms of Sweeteners, Texturants and Health & Wellness. During the year, ICD supported the launch of six new products including our stevia-based, natural, no-calorie sweetener TASTEVA® Stevia Sweetener, and our salt reduction product, SODA-LO® Salt Microspheres for which the formal grant of the US patent was confirmed in March 2013. To drive the successful commercialisation of our new products, we have reorganised and strengthened our marketing organisation including the recruitment of a new Senior Vice President, Global Marketing.

Our Open Innovation team continues to search for opportunities globally to form partnerships with universities, research institutes and start-ups specialising in food science. In December 2012, we signed an agreement with Nandi Proteins Limited, a spin-out from Heriot-Watt University in Edinburgh, to continue developing an early-stage protein ingredient technology for use in the food texturants space. In January 2013, we launched a new,

dedicated open innovation web portal (www.tateandlyleopeninnovation.com) to encourage potential partners to submit proposals aligned with our innovation priorities. In May 2013, following our earlier agreement on SODA-LO® Salt Microspheres, we broadened our relationship with Eminate, a subsidiary of Nottingham University, with an agreement to develop its hollow microsphere technology to reduce sodium bicarbonate in baked goods.

We launched a new £30 million eight-year venture capital fund on 1 January 2013, building on our existing venture fund activities. The new fund will invest in start-ups and expansion-stage companies in both developed and emerging markets in food sciences and enabling technologies. The combination of the new fund and our internal Open Innovation team will give us access to the full spectrum of new ideas, technologies and opportunities in the global food science sector enabling us to deliver more innovative solutions to our customers.

On 17 May 2013, we acquired Biovelop, an early-stage manufacturer of oat beta glucan. The acquisition broadens our health and wellness offering and adds a clean-label, speciality fibre with strong health claims to our existing corn-based fibre portfolio.

We continued to grow our presence in emerging markets. In December 2012, we opened our newly upgraded offices and applications centre in Shanghai, which, together with the opening of applications and technical services facilities in Mexico City and São Paulo last year, has strengthened our ability to service customers in these regions and expanded our global innovation network. These new facilities include pilot plant equipment for the production of food and beverage prototypes which are helping us leverage our applications know-how and technical expertise to help meet local taste preferences and respond rapidly to our customers. We have also continued to

1 LEED certification is official recognition that the design, fit-out and operation of a building complies with the requirements prescribed within the LEED rating systems of the US Green Building Council®.

Chief Executive's Review continued

expand our go-to-market and technical teams in both Asia and Latin America allowing us to broaden our coverage in these regions in terms of both product categories and geography.

Global Shared Service Centre and IS/IT system

Our global Shared Service Centre in Łódź, Poland is operating well having successfully completed its first full year of operations processing financial transactions for our European and US businesses.

In July 2012, we deployed our new global IS/IT system across the majority of our European operations alongside a new set of business processes. Since then, we have gained invaluable practical experience operating the new system and processes in a live environment. This has shown us that while the new system meets the day-to-day needs of the business, we need to adapt the design to meet the high-quality operational capabilities we require, and to realise further benefits, some of which have been identified as a result of operating the new system. Accordingly, to allow time to develop, build and test the design changes, we have decided to extend the next phase of the system's deployment into the first half of calendar year 2014.

Given that the new system is a key enabler of our global operating model, it warrants taking the additional time. As a result, the total investment in the global Shared Service Centre and IS/IT system is expected to increase by £45–60 million, dependent on the final date of implementation, bringing the total expected investment in these projects to around £120–135 million. Based on our current estimates, including the benefits that have already been delivered from these projects, we continue to target a three-year cash payback on the total investment following implementation of the IS/IT system across the business.

Our global Commercial and Food Innovation Centre is driving customer engagement and new product development

The opening of our new state-of-the-art global Commercial and Food Innovation Centre is helping us step up the level of customer interaction and get new products to market faster. During the year, we made solid progress increasing the number of projects in the new product development pipeline and launching new products including our stevia-based natural, no-calorie sweetener, TASTEVA® Stevia Sweetener and our salt reduction product SODA-LO® Salt Microspheres.



During the year, we incurred £43 million of costs on the roll-out of the global Shared Service Centre and the common IS/IT platform, taking the total costs to date on these projects to £78 million.

Conclusion

Three years ago we set out to build a high-quality business, one capable of generating sustained growth over the long term. We are on track to deliver this but we are not there yet. While we have more work to do, I believe we now have a solid foundation from which we can build.

Our new Innovation Centre in Chicago, USA and global network of satellite laboratories are working well, providing the ideal environment for us to get closer to our

customers. We have started to get new products into the market and expanded our health and wellness offering through the acquisition of new technologies. Our emerging markets presence and business continues to grow as we leverage the investment we have made in both people and infrastructure.

A key competitive advantage for any company is its people and its culture. We have very talented and dedicated people at Tate & Lyle working hard to create a real entrepreneurial and high performance culture and without them none of what we have achieved during the year would have been possible. I am very grateful for their support and commitment.

Key performance indicators (KPIs)

Our KPIs for the year ended 31 March 2013 are detailed on pages 8 and 9.

Group outlook for the year ending 31 March 2014

In Speciality Food Ingredients, we expect to deliver good sales and profit growth with volume growth across all major product categories.

In Bulk Ingredients, against a backdrop of continued corn price volatility, improved bulk sweetener unit margins in the US are expected to offset a softer start in US bulk sweetener volumes and lower isoglucose margins in Europe. Profits within Bulk Ingredients are expected to be more evenly distributed between the first and second half than in the prior year.

Overall, we expect to deliver another year of profitable growth.

Javed Ahmed

Chief Executive
29 May 2013

Speciality Food Ingredients

Growth in Speciality Food Ingredients through focus and depth



Olivier Rigaud President

“The market for speciality food ingredients is supported by three strong consumer trends: convenience, health and wellness and ‘natural’. Our strong product portfolio, technical and applications expertise and the investment we have made over the last three years makes us well placed to benefit from these trends longer term.”

Sales

£947m¹

2012 – £887m

Adjusted operating profit

£213m¹

2012 – £214m

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 to develop a pipeline of new products.

Market conditions and trends

While the food and beverage industry remains relatively resilient, it is not immune to fluctuations in the wider economy. Nonetheless, the global market for speciality food ingredients continued to benefit from a number of underlying global consumer trends.

The rising incidence of diabetes and obesity in both developed and developing countries is driving consumers and governments to focus more on healthier lifestyles and in turn, increasing demand for ingredients from food and beverage manufacturers in the health and wellness space. Consumer demand for more natural, ‘cleaner label’ products is increasing with close to a third of all product launches in 2012 in Western Europe¹ making some form of natural claim.

Rapid urbanisation in emerging markets and rising levels of disposable income continue to increase the penetration of packaged and convenience foods which in turn is supporting demand for speciality ingredients that provide added functionality such as extending shelf-life, stability and texture.

Against the backdrop of continuing tough macroeconomic conditions and a weaker consumer environment, particularly in Europe, coupled with high and volatile prices for certain raw materials, cost optimisation continues to be an important driver for food and beverage customers, looking at ways to reduce costs and provide more value-based alternatives for consumers.

We believe that the combination of our leading market positions, strong product portfolio and technical and applications expertise along with the investments we have made to build a platform capable of delivering long-term sustainable growth, makes us well placed to benefit from these global trends in the future.

Customers

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

Products

- Sweeteners:
 - Speciality corn-based sweeteners including crystalline fructose
 - High intensity sweeteners including SPLENDA® Sucralose, PUREFRUIT™ Monk Fruit Extract and TASTEVA® Stevia Sweetener

- Texturants:
 - Speciality starches
 - Locust bean gum
- Health & Wellness:
 - PROMITOR® Soluble Corn Fiber
 - STA-LITE® Polydextrose
 - SODA-LO® Salt Microspheres
 - Oat beta glucan
- Food systems:
 - Food stabiliser systems
 - Functional ingredient blends

¹ GNPD Mintel; Food and drink products claiming to be ‘natural’ or ‘all natural’ as a proportion of all food and drink product launches.

Speciality Food Ingredients continued

The global speciality food ingredients market is large and growing...

Our approach to delivering a winning strategy in this market is to focus on three core platforms: Texturants, Sweeteners and Health & Wellness, and to have deep expertise within each one.

Global speciality food ingredients market
approximately US\$35 billion*



- 1 **14%** Sweeteners
- 2 **20%** Texturants
- 3 **14%** Functional food ingredients
- 4 **8%** Colours and preservatives
- 5 **33%** Flavour
- 6 **11%** Other

Where Tate & Lyle plays

Sweeteners

- SPLENDA® Sucralose
- Speciality corn-based sweeteners
- PUREFRUIT™ Monk Fruit Extract
- TASTEVA® Stevia Sweetener

Texturants

- Speciality food starches
- Dairy stabilisers

Health & Wellness

- PROMITOR® Soluble corn fibre
- STA-LITE® Polydextrose
- SODA-LO® Salt Microspheres
- Oat beta glucan

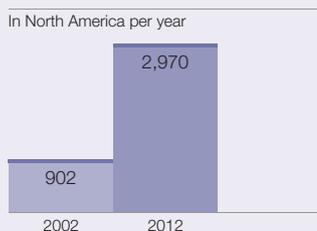
*Source: Leatherhead; SRI; LMC International; Company analysis; Data as at 2010.

... with growth underpinned by three strong consumer trends:

Convenience

24/7 lifestyles increasing the demand for processed foods

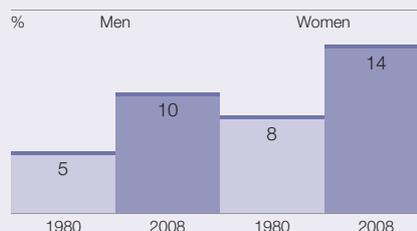
Convenience product launches¹



Health and wellness

Greater understanding of the link between diet and health

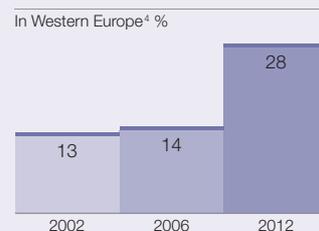
Global population who are obese²



Natural

Trend towards natural, 'cleaner label' foods

Product launches labelled as 'natural'³



Sources: World Health Organisation, Tate & Lyle analysis of Mintel GNPD data

1 Includes microwaveable, on-the-go and time-saving/speedy products.

2 Obesity measured as BMI > 30.

3 Food and drink products claiming to be 'natural' or 'all natural' as a proportion of all food and drink product launches.

4 'Western Europe' includes Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the UK.

	Year to 31 March		Change	
	2013 £m	2012 £m	Reported	Constant currency
Sales	947	887	+7%	+ 8%
Adjusted operating profit	213	214	0%	0%
Margin	22.5%	24.1%	-160 bps	-170 bps

Financial performance

Within Speciality Food Ingredients, volumes grew by 4% and sales increased by 7% (8% in constant currency) to £947 million (2012 – £887 million). Adjusted operating profit was broadly in line with the prior year at £213 million (2012 – £214 million) with operating margins down 1.6 percentage points at 22.5% (2012 – 24.1%). The reduction in margin reflects the step change in fixed costs associated with the restart of our SPLENDA® Sucralose facility in McIntosh, Alabama, our business transformation initiatives, lower sucralose volumes and higher corn input costs. The effect of exchange translation was to decrease adjusted operating profit by £1 million.

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

Starch-based speciality ingredients

In starch-based speciality ingredients, sales increased by 13% (14% in constant currency) to £559 million (2012 – £494 million) with volume growth of 5%. While we increased unit margins, percentage operating margins were lower due to the increase in fixed costs and higher corn prices. While we expect to deliver an increase in unit margins within this category for the 2014 financial year, the impact of passing through a further increase in corn prices during the 2013 calendar year contracting round is expected to result in a slight reduction in percentage operating margins in this category.

In food starches, volumes grew across all regions, with particularly strong growth in Asia driven by rising demand for convenience foods where our value-added starches are used to add functionality such as mouth-feel and extending shelf life. We have also seen good demand for our speciality starches in Europe and the US, particularly within the snacks sector.

We saw strong volume growth in our speciality corn sweeteners in emerging markets where demand is driven not only by the functional benefits they provide, including the delivery of a consistent texture and sweetness profile, but also the role that they play as a substitute for sugar in cost-optimisation projects. The strike at our plant in Turkey during the first quarter resulted in volumes in Europe being lower than the comparative period.

Our fibres range continues to benefit from consumers' increased focus on health and wellness, and we saw strong volume growth in Europe and Asia during the period. The acquisition in May 2013 of Biovelop, an early-stage manufacturer of oat beta glucan, adds a clean-label speciality fibre with strong health claims to our existing corn-based fibres portfolio.

High-intensity sweeteners

Within high-intensity sweeteners, which comprises SPLENDA® Sucralose and our no-calorie, natural sweeteners PUREFRUIT™ Monk Fruit Extract and TASTEVA® Stevia Sweetener, sales were in line with the comparative period at £198 million (2012 – £197 million) with volumes 1% lower.

After a very strong prior year, where volumes grew by 12%, SPLENDA® Sucralose volumes were 1% lower than the prior year as a result of two main factors. First, we had a slow start to the year with a soft first quarter driven by weakness in Europe. Second, we experienced lower volumes within the table top segment where competition from natural alternatives has increased.

While we saw a return towards more normal growth patterns overall in the second quarter and throughout the remainder of the year, supported by the delivery of a number of growth initiatives, this was not sufficient to match the strong prior year result.

We expect long-term demand for SPLENDA® Sucralose to continue to be underpinned by the health and wellness trend as well as its superior taste profile and heat stability. With our two unique large-scale continuous production facilities now operational following the restart of our facility in McIntosh, Alabama we continue to provide our customers with the highest quality, fully traceable sucralose, produced according to the highest standards of sustainability and reliability in the industry.

The launch of products by our customers within the table top segment incorporating our no-calorie, fruit-based sweetener, PUREFRUIT™ Monk Fruit Extract has stimulated a number of other customer product launches and driven incremental sales within the high-intensity sweetener category. We have also been encouraged by the initial customer response to our stevia-based, natural, no-calorie sweetener, TASTEVA® Stevia Sweetener which launched in September 2012.

Food systems

In Food Systems, our blending business, sales were 3% lower (flat in constant currency) at £190 million (2012 – £197 million) with volumes also down 3% on the prior year. Despite the price of certain raw materials remaining high during the period, the performance of this product category was ahead of the prior year reflecting the improvements we have made in managing these higher input costs and our decision to focus on higher margin blends.

Our new technical and commercial facility in Lübeck, Germany which opened in June 2012, has helped us to increase the level of customer interaction and has provided a focal point for the creation and sharing of new ideas between our food systems facilities around the world.

Group outlook for the year ending 31 March 2014: pg 14 ➔

Bulk Ingredients

Stable long-term cash flows to fuel our growth



Matt Wineinger President

“Our aim is to provide a sustainable source of cash to drive growth in Speciality Food Ingredients. Over the last three years, we have taken a number of steps to diversify our income streams into new areas and to reduce volatility and costs.”

Sales

£2,309m ↑

2012 – £2,201m

Adjusted operating profit

£182m ↑

2012 – £172m

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.

Market conditions

In the US, the worst drought in the mid-west for 56 years affected both the size and quality of the 2012/13 harvest with supply falling from the original US Department of Agriculture's (USDA) projections of 15.6 million¹ to 11.9 million² bushels (-24%), resulting in a sharp rise in corn prices during the summer. While corn prices remained high and volatile throughout the remainder of the financial year, they eased slightly during the second half based on higher projections for ending stocks and on the latest planting intentions for the new harvest which if realised, would represent the highest acreage since 1936. Corn prices in Europe, where the harvest was also affected by a hot and dry summer, followed a similar pattern to the US.

The extremely dry and hot conditions in the US also affected corn quality with aflatoxin, a by-product of a grain fungus which tends to concentrate in certain co-products, present in the harvest particularly in those areas hardest hit by the drought.

Sugar is the key competitor of many of our corn bulk sweeteners. World sugar prices fell during the year reflecting better supplies, underpinned by a better harvest in Brazil, which helped stock levels to recover and created a global surplus. In the US, prices also fell as a result of a record beet harvest, a large crop in Mexico (where sugar prices also fell) and the USDA's decision to allow additional imports before the size of the domestic crop was known. Conversely, EU prices remained high and increased slightly during the year reflecting

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

1 10 May 2012.

2 10 August 2012.

	Year to 31 March		Change	
	2013 £m	2012 £m	Reported	Constant currency
Sales	2 309	2 201	+5%	+6%
Adjusted operating profit	182	172	+6%	+7%
Margin	7.9%	7.8%	+10 bps	+10 bps

the undersupply of imports from preferential cane sugar suppliers over the last few years, something that has led the EU Commission to intervene to boost supply.

While US domestic demand for nutritive sweeteners continued its long-term downward trend, once again strong seasonal demand and an increase in exports helped offset this decline with Mexico continuing to represent the major export destination. In Europe, higher corn prices during the second half reduced isoglucose (HFCS) margins.

In the US and Europe, overall consumption of paper and board, the main sources of demand for our industrial starches, was slightly lower than the prior year.

The market for US ethanol continued to be challenging with negative industry margins and inventory overhang for much of the period as a result of oversupply, following the removal of the blender's tax credit in December 2011, and high corn prices. In response, some industry capacity has come off-line in order to get a better balance between supply and demand, leading to lower levels of industry utilisation and inventory.

Against a backdrop of high corn prices and the severe drought in the US, prices for animal feed increased in the summer peaking in September and remaining high for the remainder of the financial year. However, as anticipated, the increased concentration of aflatoxin above certain thresholds, particularly in corn gluten meal, restricted the end markets into which these co-products could be sold, reducing average prices in the second half.

Financial performance

Bulk Ingredients volumes decreased by 2% as we continued our strategy of diverting grind to produce speciality food ingredients, with sales up 5% (6% in constant currency) to £2,309 million (2012 – £2,201 million) as a result of higher corn prices. Adjusted operating profit increased by 6% (7% in constant currency) to £182 million (2012 – £172 million) driven by a strong performance from bulk sweeteners in both the US and Europe, partially offset by challenging market

conditions in US ethanol and a £8 million adverse impact from aflatoxin. The full year result includes the release of accrued royalties and other expenses totalling £4.5 million following the settlement of the commercial dispute with Whitefox after the year end. The effect of exchange translation was to decrease operating profit by £2 million.

This business unit comprises three broad product categories namely: sweeteners; industrial starches, acidulants and ethanol; and co-products.

Sweeteners

In the Americas, bulk corn sweeteners volumes decreased by 1% and sales increased by 8% (7% in constant currency) to £942 million (2012 – £876 million) due to higher corn prices. Having achieved a modest increase in HFCS unit margins in the 2012 contracting round, profits were higher within this segment than the comparative period despite the lower volumes.

In Europe, sales of bulk corn sweeteners increased by 4% (10% in constant currency) to £146 million (2012 – £141 million) with volumes in line with the prior year. While unit margins during the first half were higher as a result of higher sugar prices (which provide the reference price for isoglucose (HFCS) in the EU), they were squeezed during the second half on the back of higher corn prices, with the overall performance for the full year ahead of the comparative period.

Operating profits from Almex, our Mexican joint venture, were up on the comparative period.

Industrial starches, acidulants and ethanol

Sales of industrial starches, acidulants and ethanol decreased by 2% (flat at constant currency) to £667 million (2012 – £677 million) with volumes down by 5%.

In industrial starches, volumes were 5% lower as we continued to switch a proportion of corn grind to speciality food ingredients. In the US where we are able to contract for longer periods than in Europe, while volumes were lower than the

comparative period, we delivered a better performance for the year overall driven by firmer pricing. In Europe, while volumes were broadly in line with the prior year, unit margins were somewhat lower reflecting higher corn costs. This part of the business remains particularly sensitive to changes in the macro-economic environment.

In US ethanol, which represents a small part of our business, the challenging market conditions resulted in negative margins for much of the period and an increase in operating losses for the full year compared to the prior year.

The performance of our citric acid business was slightly better than the prior year with higher volumes more than offsetting the impact of higher raw material costs. Having made a loss last year, our Bio-PDO® joint venture delivered a better performance generating a small operating profit during the period.

As part of our strategy to diversify and reduce volatility within our Bulk Ingredients business unit, our Bio-Ventures team continued to work on a number of projects to leverage our fermentation facilities with our green-chemistry partners. In December 2012, we completed the first successful commercial scale production of 1,4-Butanediol (Bio-BDO) with our partner Genomatica using a bio-based manufacturing process at our joint-venture facility in Loudon, Tennessee.

Co-products

Sales of co-products increased by 9% (9% in constant currency) to £554 million (2012 – £507 million). For the full year, overall we generated a small amount of net additional income from co-products with gains made in corn gluten feed partially offset by lower returns on corn gluten meal where quality and prices have been affected by aflatoxin. We will continue to manage the risk posed by aflatoxin throughout the current crop until the new harvest in the autumn of 2013.

Since over 80% of our US corn grind is utilised to produce bulk ingredients, the majority of the impact from co-products is recorded within this segment.

Group outlook for the year ending 31 March 2014: pg 14 ➔

Innovation and Commercial Development

Sustainable long-term growth through successfully commercialising innovation



Karl Kramer President

“We have made good progress developing the innovation pipeline.”

Remit

The Innovation and Commercial Development (ICD) group was established on 1 June 2010 as a key enabler of Tate & Lyle's growth strategy. ICD brings together the following: R&D, platform management, global marketing, and open innovation – into one global team, to provide an integrated approach towards developing and commercialising innovative new products and technologies.

While ICD supports both of Tate & Lyle's global business units, it concentrates particularly on growing the Speciality Food Ingredients business unit. As a result, ICD's resources are predominantly focused on three broad platforms within the global speciality food ingredients market – Sweeteners, Texturants, and Health & Wellness.

We generate ideas across our three product platforms from both internal and external sources. Internally, we generate ideas based on the work done by our own scientists leveraging our deep platform expertise and the investment we have made in innovation and technical services facilities across the world. Externally, we generate ideas from engagement with our customers and also from dedicated Open Innovation team – which seeks to develop partnerships with universities, research institutions and start-ups specialising in

ICD brings together R&D and the commercial functions into one team to drive innovation and bring new products to market



food science and novel ingredients, in addition to our ventures fund. All of our ideas and innovations are commercialised via our stage-gate process.

Our achievements during the year

Our first priority, following the transfer of our ICD operations into our new global Commercial and Food Innovation Centre in Chicago, USA at the end of the last financial year, was to integrate our people, including those who were new to Tate & Lyle, fully into the facility and to embed the Centre into day-to-day operations.

In June 2012, we opened the new Centre to customers and since then we have seen a step change in the number of customer visits, including customers based outside the US.

In addition, the new facility is helping us to collaborate with customers on new projects at an earlier stage and has increased the depth and overall quality of customer engagement with the involvement of representatives on both sides from a broader range of areas including R&D, applications and marketing.

During the year, we realigned and refreshed our global marketing capabilities, including the recruitment of a new Senior Vice President, Global Marketing. The integration of global marketing within ICD is helping to

provide an important link between our R&D scientists, platform managers and customers and also to drive the successful commercialisation of new product launches.

Working alongside the Speciality Food Ingredients business unit, ICD has supported the launch of a number of new products. In September 2012, we launched our second natural, no-calorie sweetener, TASTEVA® Stevia Sweetener, which further enhances our sweeteners offering alongside PUREFRUIT™ Monk Fruit Extract and SPLENDA® Sucralose. In November 2012, we announced the global launch of our new salt-reduction technology, SODA-LO® Salt Microspheres, helping to expand our offering within our Health & Wellness platform.

The ICD group has continued to lay the foundations for future growth through the expansion and development of the innovation pipeline. During the year, we have made good progress developing ideas and moving projects through the pipeline including preparing the ground for the launch of new products in the final stages of development.

Looking ahead, we will remain focused on building the innovation pipeline, opening up new projects with customers and supporting the launch of new products, a number of which we aim to roll out in the coming financial year.

Group Financial Results

A strong balance sheet providing a robust financial platform



Tim Lodge Chief Financial Officer

“Our balance sheet remains strong with both net debt to EBITDA and interest cover ratios well within our internal limits, providing us with the flexibility to invest for growth.”

Sales

£3,256m ↑

2012 – £3,088m

Adjusted profit before tax

£329m ↑

2012 – £318m

Adjusted diluted earnings per share

57.0p ↑

2012 – 54.7p

Sales from continuing operations of £3,256 million (2012 – £3,088 million) were 5% higher than the prior year (6% in constant currency). Sales in Speciality Food Ingredients increased by 7% (8% in constant currency) to £947 million (2012 – £887 million), with sales volumes increasing by 4%. Sales in Bulk Ingredients grew by 5% (6% in constant currency) to £2,309 million (2012 – £2,201 million) with volumes 2% lower.

Adjusted operating profit increased by 3% (4% in constant currency) to £358 million (2012 – £348 million). In Speciality Food Ingredients, adjusted operating profit was broadly in line with the prior year at £213 million (2012 – £214 million) and in Bulk Ingredients adjusted operating profit increased by 6% (7% in constant currency) to £182 million (2012 – £172 million).

Adjusted net finance expense (excluding post-retirement benefit interest) decreased from £30 million to £29 million largely driven by the repayment of our £100 million bond at its maturity in June 2012 which was funded from cash reserves.

Adjusted profit before tax increased by 4% (4% in constant currency) to £329 million (2012 – £318 million) with adjusted diluted earnings per share increasing by 4% (5% in constant currency) to 57.0p (2012 – 54.7p).

On a statutory basis, profit before tax from continuing operations decreased by 18% to £309 million (2012 – £379 million) and profit for the year from total operations was down 10% at £278 million (2012 – £309 million) with the comparative period benefiting from a net exceptional credit of £68 million largely related to our decision to restart production at our SPLENDA® Sucralose facility in McIntosh, Alabama.

Summary of financial results

	2013 £m	2012 £m	Change (reported) %	Change (constant currency) %
Year to 31 March				
Continuing operations				
Sales	3 256	3 088	+5%	+6%
Adjusted operating profit	358	348	+3%	+4%
Adjusted net finance expense	(29)	(30)		
Adjusted profit before tax	329	318	+4%	+4%
Exceptional items	(12)	68		
Amortisation of intangible assets acquired through business combinations	(10)	(12)		
Post-retirement benefit interest	2	5		
Profit before tax	309	379		
Income tax expense	(49)	(72)		
Profit for the year from continuing operations	260	307		
Profit for the year from discontinued operations	18	2		
Profit for the year	278	309		
Earnings per share – continuing operations				
Basic	56.0p	65.9p		
Diluted	54.9p	64.6p		
Adjusted earnings per share – continuing operations				
Basic	58.2p	55.8p		
Diluted	57.0p	54.7p	+4%	+5%
Dividends per share				
Interim paid	7.4p	7.1p	+4.2%	
Final proposed	18.8p	17.8p	+5.6%	
	26.2p	24.9p	+5.2%	
Net debt				
At 31 March	479	476		

Additional Financial Information

As announced in May 2012 we now exclude post-retirement benefit interest from the presentation of our adjusted earnings. All comparatives have been restated accordingly.

Basis of preparation

Adjusted performance

We report adjusted profit because 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 (Notes 12 and 37)
- exceptional items from continuing operations (Note 7)
- amortisation of intangible assets acquired through business combinations (Note 15)
- post-retirement benefit interest (as announced in May 2012) (Note 10).

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

In comparison to the prior year, the Group's reported financial performance this year has been adversely affected by exchange rate translation. A strengthening of the average US dollar exchange rate against sterling has been more than offset by the weakening of other currencies which has reduced profits. The movement in period-end exchange rates, particularly the stronger US dollar, led to an increase in net debt as a result of the translation of dollar-denominated debt. The average and closing exchange rates used to translate reported results were as follows:

	Average rates		Closing rates	
	2013	2012	2013	2012
US dollar:sterling	1.57	1.60	1.52	1.60
Euro:sterling	1.24	1.15	1.18	1.20

Central costs

Central costs, which include head office, treasury and reinsurance activities, decreased by £1 million to £37 million mainly as a result of the settlement of claims by our captive insurer.

Energy costs

Energy costs were slightly lower than the prior year at £170 million (2012 – £171 million) as a result of lower consumption, following the sale of our share in Sucromiles SA, the former citric acid joint venture in Colombia, partially offset by increased costs due to changes in energy mix. We have covered approximately 70% of our estimated energy needs for year ending 31 March 2014, albeit at higher prices than in the year ended 31 March 2013 which we will look to mitigate through further efficiencies.

Exceptional items from continuing operations

	Year to 31 March	
	2013 £m	2012 £m
Gain on disposal of joint venture – Sucromiles	8	–
Business transformation costs	(20)	(15)
Reversal of fixed asset impairments – McIntosh and Decatur assets	–	60
Reversal of provision – McIntosh	–	23
Exceptional (loss)/gain	(12)	68

Exceptional items within continuing operations generated a net loss of £12 million on a pre-tax basis. On 1 August 2012, the Group completed the disposal of our share in Sucromiles SA, the former citric acid joint venture in Colombia, to our former joint venture partner, Organizacion Ardila Lulle, resulting in a gain on disposal of £8 million.

An exceptional charge of £20 million was recognised in relation to business transformation costs with £18 million in relation to the implementation of a common global IS/IT platform and global Shared Service Centre and £2 million in relation to the new Commercial and Food Innovation Centre in Chicago.

The tax impact on continuing operations' net exceptional items is a credit of £5 million.

Exceptional items from continuing operations in the prior year comprised a net exceptional credit of £68 million related to our decision to restart production at our SPLEND® Sucralose facility in McIntosh, Alabama (£76 million credit) and the reversal of previously impaired assets in Decatur, Illinois (£7 million credit), partially offset by business transformation costs (£15 million). The tax impact of net exceptional items from continuing operations was a £31 million charge and the Group also recognised an exceptional tax credit of £10 million for the recognition of a deferred tax asset in respect of US foreign tax credits associated with the disposal of the partially constructed and mothballed corn wet mill facility in Fort Dodge, Iowa.

Net finance expense

As announced in May 2012, when calculating adjusted earnings we now exclude the impact of post-retirement benefit plans from net finance expense to provide a more stable measure of the underlying performance of the business. After excluding this impact, net finance expense from continuing operations decreased to £29 million (2012 – £30 million) with a reduction in underlying net interest expense largely driven by the repayment of our £100 million bond in June 2012.

Final proposed dividend**18.8p** ↑

+5.6%

Net debt**£479m** ↑

2012 – £476m

Free cash flow**£110m** ↑

2012 – £79m

For the year ending 31 March 2014, the Group will adopt the revised IAS19 accounting standard on employee benefits. We will continue to exclude the impact of post-retirement benefit plans from net interest expense in calculating adjusted earnings. The standard also requires administration costs for post-retirement schemes to be expensed through the profit and loss account. These are approximately £2 million and adoption of the revised standard will reduce both reported and adjusted operating profit by this amount.

Taxation

Our tax rate is sensitive to the geographic mix of profits and reflects a combination of higher rates in certain jurisdictions such as the US, nil effective rates in Singapore (due to pioneer status which we were granted in 2003 to reflect our investment in innovative technology) and the UK, and rates that lie somewhere in between for example, in certain Eastern European countries.

Our UK earnings are now relatively small following the sale of our sugars and molasses businesses with less than 1% of total Group sales (£23 million) being derived from our UK operations and which are offset by our corporate costs, primarily the interest we pay on our borrowings. As a result, we pay no corporation tax in the UK.

The effective tax rate on adjusted profit reduced to 17.9% (2012 – 18.2%) with an increase in the underlying tax rate of around 150 basis points – driven by changes in the geographic mix of profits – being more than offset by the settlement of outstanding tax issues in certain jurisdictions outside the UK. As a result of these non-recurring tax benefits in financial year 2013, and our expectation of further changes in the geographic mix of profits, we anticipate the effective tax rate will be somewhat higher in financial year 2014 than this underlying tax rate.

Discontinued operations and legacy issues

Discontinued operations comprise our former Sugars division, principally the EU Sugars business which we sold in September 2010, Molasses which we sold

in December 2010, our Vietnamese sugar interests which we sold in June 2012 and legacy contracts and investments of our former International Sugar Trading business.

Sales from discontinued operations for the year decreased to £10 million from £72 million as a result of the disposal of the Vietnamese sugar interests and the continued run-off of activities in the former International Sugar Trading business. The operating profit from our discontinued operations totalled £18 million, after exceptional gains of £26 million (2012 – £11 million).

The exceptional gains for the year relate to the disposal of our Vietnamese sugar operations (£21 million) and the disposal of land and buildings relating to the former Molasses business (£5 million). The impact of taxation on our discontinued operations was £nil which compares to a £15 million exceptional tax charge in the prior year in respect of outstanding tax matters associated with our former starch facilities in Europe. The profit from discontinued operations after taxation for the year was £18 million (2012 – £2 million).

American Sugar Refining (ASR) has issued proceedings setting out a number of claims it believes it has under the Agreement dated 30 September 2010 relating to the sale and purchase of Tate & Lyle's EU Sugar refining business, totalling around £40 million. The subject matter of these claims is closely related to the issues considered by the independent accounting expert in his decision notified to the parties in May 2012 which strongly supported Tate & Lyle's position, as reported in our full year results last year.

After the period end, we settled the commercial dispute with Whitefox Technologies Limited which was the subject of proceedings in New York last year. The terms of the settlement are confidential, but the companies are pleased that this matter has now been resolved in a positive way for all involved.

Additional Financial Information continued

Earnings per share

Adjusted diluted earnings per share from continuing operations were 57.0p (2012 – 54.7p), an increase of 4% (5% in constant currency) as a result of higher operating profits, marginally lower net finance expense and the reduction in the effective tax rate. On the same basis, adjusted basic earnings per share increased by 4% (5% in constant currency) to 58.2p (2012 – 55.8p).

Total basic earnings per share decreased by 9% to 59.7p (2012 – 65.5p) with the prior year benefiting from net exceptional gains driven by the restart of our SPLEND[®] Sucralose facility in McIntosh, Alabama.

Dividend

The Board is recommending a 5.6% increase in the final dividend to 18.8p (2012 – 17.8p) making a full year dividend of 26.2p (2012 – 24.9p) per share, up 5.2% on the prior year. Subject to shareholder approval, the proposed final dividend will be due and payable on 2 August 2013 to all shareholders on the Register of Members on 28 June 2013. In addition to the cash dividend option, shareholders will continue to be offered a Dividend Reinvestment Plan (DRIP) alternative.

Assets

Gross assets of £2,787 million at 31 March 2013 were £119 million lower than the prior year principally as a result of the disposal of assets that were held for sale, including our former Vietnamese sugar and Colombian citric acid businesses. Net assets decreased by £22 million to £1,036 million with profits generated in the year and foreign exchange gains on the translation of overseas subsidiaries being more than offset by actuarial losses on our post-retirement schemes and dividend payments.

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 now closed the main UK scheme and US salaried scheme to future accrual, certain obligations remain. In the US, we also provide medical and life assurance benefits as part of the retirement package.

In December 2012, the Trustee of the main UK pension scheme agreed a £347 million partial pensioner buy-in of approximately 43% of total pensioner liabilities with Legal & General plc which effectively hedges these liabilities in full.

The net deficit of our post-retirement obligations at 31 March 2013 of £265 million increased by £125 million from the prior year (2012 – £140 million). The increase in obligations was a result of lower discount rates used to value our obligations and the accounting impact on plan assets of the pensioner buy-in, partly offset by cash contributions made to the schemes.

Net debt

Net debt was marginally higher than the prior year at £479 million (2012 – £476 million). Free cash flow from continuing businesses of £110 million together with disposal proceeds from the sale of businesses (£51 million) were partially offset by dividend payments of £117 million and the repurchase of £23 million of ordinary shares to satisfy the Group's share option schemes (Note 24). There was an adverse exchange rate impact on net debt of £43 million principally as a result of the strengthening of the US dollar exchange rate against sterling.

In June 2012, at maturity, we repaid our 6.5% £100 million Guaranteed Notes from cash resources. During the year, net debt peaked at £526 million in February 2013. The average net debt was £433 million, a reduction of £21 million from £454 million in the prior year.

Cash flow

Operating cash flow from continuing operations was £297 million (2012 – £233 million). An outflow within working capital of £107 million included higher inventory levels in the US due to higher corn prices and aflatoxin, and the requirement for additional sucralose inventory following the restart of production at our McIntosh, Alabama facility.

The cash flow impact of payments made into the Group's main pension schemes amounted to £44 million (2012 – £80 million) with the prior year including a

one-off contribution of £45 million into the main UK pension scheme following the conclusion in June 2011 of the triennial valuation as at 31 March 2010.

	Year to 31 March	
	2013 £m	2012 £m
Adjusted operating profit from continuing operations	358	348
Depreciation/amortisation	98	91
Working capital before retirement benefits and exceptional cash items	(107)	(121)
Net retirement benefit obligations	(44)	(80)
Cash expenditure on exceptional items	(21)	(16)
Share-based payments	13	11
Operating cash flow	297	233
Capital expenditure	(134)	(130)
Operating cash flow less capital expenditure	163	103
Net interest and tax paid	(53)	(24)
Free cash flow	110	79

Capital expenditure of £134 million, including a £42 million investment in intangible assets, was 1.4 times the depreciation and amortisation charge of £98 million and, as in the prior year, reflects expenditure on our business transformation initiatives and in particular, the implementation of the global IS/IT system. We expect the ratio of capital expenditure to depreciation/amortisation in the year ending 31 March 2014 to be higher than that of 2013.

Net interest paid decreased by £5 million to £35 million principally as a result of the repayment of the £100 million bond in June 2012.

Net income tax payments were £18 million (2012 – £16 million inflow), with the prior year including a one-off US tax receipt of £24 million in relation to the recovery of tax as a result of the sale of the mothballed facility at Fort Dodge, Iowa.

Free cash inflow (representing cash generated from continuing operations after working capital, interest, taxation and

capital expenditure) at £110 million was £31 million higher than the prior year principally as a result of lower contributions to the main UK pension scheme and lower working capital outflows partially offset by higher tax payments.

During the year we spent £23 million on the repurchase of ordinary shares to satisfy share option schemes. Parent company cash dividends paid were £117 million, £5 million higher than the prior year.

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 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 £2 million at 31 March 2013 (2012 – £1 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 £189 million (2012 – £205 million) and related primarily to railcar leases in the USA. Rental charges for the year ended 31 March 2013 in respect of continuing operations were £19 million (2012 – £22 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 £529 million against a book value of £479 million (2012 – fair value £518 million; book value £476 million). Derivative financial instruments used to manage the interest rate and currency of borrowings had a fair value of £38 million asset (2012 – £24 million asset).

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 £nil (2012 – £1 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 a £21 million asset (2012 – £1 million asset).

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 was 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 values 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 70% 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.

Risks

Managing the risks we face effectively

Tate & Lyle is exposed to a number of risks which might have a material adverse effect on our reputation, operations and financial performance.

The Board 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 a rolling 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 business unit. As part of the process, senior executive management formally confirms once a year 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, and where appropriate, reported to the Board.

During the year ended 31 March 2013, the Board and the Group Executive Committee undertook an exercise to consider the nature and extent of the Group's risk appetite. The results of this exercise are 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
Safety Failure to act safely and to maintain the safe and continuous operation of our facilities	<p>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, which could cause a temporary or permanent stoppage in production and could have a material adverse effect on the Group.</p>	<ul style="list-style-type: none"> • Central global function, Group Operational Efficiency and Sustainability, outside business unit control, sets and monitors safety and environmental standards • Health and safety policies and procedures at all facilities with dedicated staff to ensure they are embedded and measured • Regular review of performance and policies by the Corporate Responsibility Committee • Safety and environmental targets are included in employees' performance objectives • Internal global compliance audits on safety and environment performed • Business continuity capabilities 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.

Risk	Impact and description	Examples of mitigating actions
Strategy Failure to grow in speciality food ingredients	<p>The Group's strategy is to become the leading global provider of speciality food ingredients and solutions. Failure to deliver on this strategy over the longer term would negatively affect the Group's credibility and reputation.</p>	<ul style="list-style-type: none"> • Three platforms have been established in Innovation and Commercial Development – Sweeteners, Texturants and Health & Wellness – to drive new product development and innovation in Speciality Food Ingredients • New global Commercial and Food Innovation Centre opened in Chicago, USA in 2012 to promote closer collaboration with speciality food ingredient customers and to link with the global network of applications and technical services facilities • Investments are being made to increase the Group's sales and technical resources in emerging markets • Internal capabilities have been enhanced to help promote growth through acquisition • Open Innovation team actively scout for breakthrough technologies and opportunities across industries and universities • A second corporate venture fund launched to invest in start-ups and expansion-stage companies in the global food science and investment community • Programmes in place to recruit new staff and develop existing staff to upgrade skill sets particularly in customer-facing areas and innovation.
Quality Failure to maintain the quality of our products and high standards of customer service	<p>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.</p>	<ul style="list-style-type: none"> • Central global function, Group Operational Efficiency and Sustainability, manages Group-wide quality process and procedures with dedicated staff at all facilities to ensure they are embedded and measured • Product safety and quality policies and procedures in place to prevent contamination • Policies procedures and performance reviewed regularly by the Corporate Responsibility Committee • Third-party audit programme in place, supplemented by internal global compliance audits • Recall simulation exercises undertaken.
People Failure to attract, develop and retain key personnel	<p>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.</p>	<ul style="list-style-type: none"> • 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 process and system in place • Increased Board-level focus on succession planning for key roles.
Legal and regulatory Non-compliance with legislation and regulation	<p>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.</p>	<ul style="list-style-type: none"> • Regular monitoring and review of changes in law and regulation in such areas as health and safety, environment, quality, food and corporate governance are regularly monitored and reviewed • Global regulatory team supported by external consultants, monitors local regulatory requirements affecting our products and how these change over time • Legal teams maintain compliance policies in areas such as anti-trust and anti-corruption laws; and provide ongoing training to employees.

Risks continued

Risk	Impact and description	Examples of mitigating actions
Raw materials Fluctuations in prices 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 increase in raw material prices or higher energy, freight or other operating costs. Additionally, margin may be affected by customers not taking volumes to which they previously committed.	<ul style="list-style-type: none"> • New purchasing and storage practices developed to minimise the impact of aflatoxin (a fungus impacting corn quality caused by prolonged hot and dry conditions, such as those experienced in certain parts of the US during the year) • 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 • Network of grain elevators in place in the US to hold corn supplies • Derivatives used where possible to hedge exposure to movements in future prices of commodities.
Key projects 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 shared services. If this programme is not implemented as planned, this would have an adverse impact on the Group's ability to achieve its strategy.	<ul style="list-style-type: none"> • Dedicated internal resources allocated to the project • Programme 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 • Retained services of experienced external global implementation partners • Ongoing refinements to programme based on lessons learnt in the process.
Reputation Failure to counter negative perceptions of the Group's products	We must be fully prepared to counter unexpected/unfounded negative publicity about our products.	<ul style="list-style-type: none"> • Innovation and Commercial Development and regulatory experts substantiate relevant product claims prior to launch • Media relations advisors monitor Group press coverage and action plans to deal with any negative publicity • Participation in trade organisations and industry-wide initiatives to promote and protect our products • When dealing with regulatory bodies, industry and consumer groups, and the media, our regulatory and nutrition teams focus on credible, high quality science to inform debates on the benefits, risks or efficacy of our ingredients.
Finance Failure to manage the balance sheet, particularly during periods of economic uncertainty	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 capital expenditure projects which, if not delivered successfully, could negatively affect the Group's performance and reputation.	<ul style="list-style-type: none"> • Capital expenditure procedures to control and monitor allocation and spend • All new investments are evaluated against clear strategic and financial criteria with greater scrutiny and clear execution milestones for approved investments • External resources and expertise used where required • Exposure to liquidity risk is managed by ensuring access is maintained to a wide range of funding sources, and by effective management of our cash resources.
Finance 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.	<ul style="list-style-type: none"> • Policies ensure that key tasks are segregated to safeguard assets • Finance and capital expenditure manuals set out procedure • Chief Executive and Chief Financial Officer undertake detailed quarterly business and financial reviews • Additional control processes, including external reviews by a third party, put in place during the year in light of the initial implementation of the new global IS/IT system in the Single Ingredients business in Europe

Our sustainability journey

We think about corporate responsibility (CR) from a stakeholder perspective, and so we define our reporting in terms of our workplace, the environment, our marketplace, and the communities of which we are a part.

We want to continuously improve the way that we perform in, manage and report on CR matters across all aspects of our business.

Overview of the year

Management of corporate responsibility

This year we:

- reviewed and strengthened our contractor safety programme
- rolled out our new Code of Ethics to replace our Code of Business Conduct
- reviewed and updated the CR requirements in our standard purchase contract terms and conditions
- implemented a new sustainability risk assessment and evaluation tool for our product development pipeline.

Reporting and communication

This year we:

- raised the profile of CR matters with employees, suppliers, customers and investors, including having discussions with customers on CR issues to explain our approach, to understand each other's programmes, and to explore ways of working together to improve our collective performance
- completed the transition to stakeholder-orientated reporting in this Annual Report
- gained external assurance over selected environmental data in this Annual Report from PricewaterhouseCoopers LLP (see page 36).

Performance

This year we:

- continued to be above average for safety performance compared with our own and other industry sectors. We take safety very seriously and seek to continuously improve our programmes and performance, which is outlined on page 30
- reduced CO₂ emissions, water use and waste to landfill at our manufacturing facilities, per tonne of production
- were included in the FTSE 350 Carbon Disclosure Leadership Index, having scored in the top 10% of FTSE 350 companies responding to the Carbon Disclosure Project (CDP) 2012 information request
- developed new global community involvement programmes and partnerships.

More online

Read more about our approach to corporate responsibility at www.tateandlyle.com.



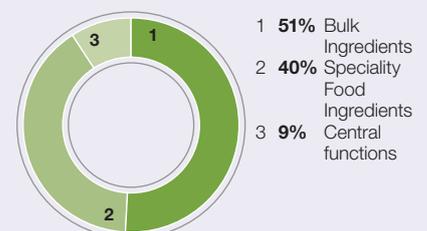
Workplace

The key CR considerations for us in terms of our workplace are health and safety, and how we manage our relationship with employees. In line with our values, we believe that everyone should be safe at work and be treated fairly and with respect.

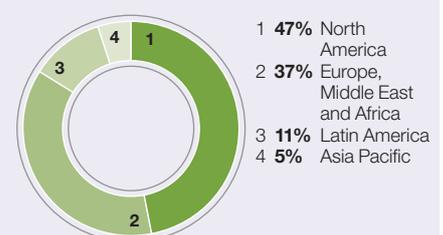
Employee profile

At 31 March 2013, Tate & Lyle employed 4,326 people. We have further developed our employee base in the last year through the opening of our new global Commercial and Food Innovation Centre in Chicago, USA and by expanding our commercial teams.

Employees by business unit as at 31 March 2013



Employees by geography as at 31 March 2013



Corporate Responsibility continued

Safety

We have no higher priority than safety, not only for our employees but for everyone who comes to our sites. Our ultimate goal is no accidents or injuries.

Our Executive Safety Committee, chaired by our Chief Executive, met throughout the year to review our safety performance and improvement programmes. Our senior executives are personally involved in safety management and undertake annual executive audits at our major sites around the world.

Performance

We measure and report safety against two key performance indicators:

- Recordable incident rate**

Employees and contractors combined:
no change at 0.85.

- Lost-work case rate**

Employees and contractors combined:
0.26 compared with 0.21 last year, due to 19 lost-work cases globally in calendar year 2012 compared to 16 in 2011.

Despite a low number of accidents in the spring and early summer, and very good results at many facilities, we ended the year with the overall recordable incident rate being the same as 2011 and the overall lost-work case rate increasing due to three more lost-work cases than last year.

Many of our locations achieved excellent safety performance: a number of sites had zero recordable incidents; several reached milestones of four million hours worked without a lost-work case; and one site had an accident in December after 20 years without a lost-work case.

Two of our US plants, both of which are in Lafayette, Indiana, won US Corn Refiners Association awards during the year. Lafayette South won three – Incident Rate Excellence, One Million Hours and Zero Lost Work Days and Sagamore won one – Zero Lost Work Days.

Safety performance

Recordable incident rate

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

Employees

Number of incidents

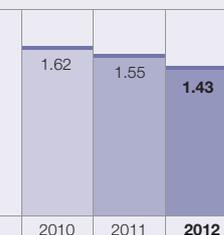
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Contractors

Number of incidents

30



US industry sector averages 2011¹ and Tate & Lyle overall 2012

6.90	Beverage and tobacco
5.60	Food manufacturing
3.90	Construction
3.50	Private industry
2.40	Chemical manufacturing
2.00	Energy industry
0.85	Tate & Lyle

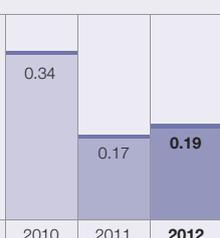
Lost-work case rate

Number of injuries that resulted in lost-work days per 200,000 hours

Employees

Number of cases

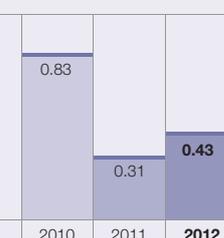
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Contractors

Number of cases

9



US industry sector averages 2011¹ and Tate & Lyle overall 2012

1.50	Food manufacturing
1.50	Construction
1.10	Private industry
0.70	Chemical manufacturing
0.50	Energy industry
0.26	Tate & Lyle

¹ Source: US Department of Labor, October 2012.

External benchmarking

To put our safety performance in perspective and because many of our employees are located in the US we monitor US industry averages. In 2012 our safety performance was better than the average achieved by companies across our own and other industry sectors, as shown in the graphs on page 30.

Safety projects and activities

During the year we made progress with a number of safety initiatives, these included:

- **Contractor safety programme:** we have worked hard in the past year to improve contractors' safety practices, including: reviewing their safety programmes; setting up a contractor safety improvement task force; asking contractors to share best practices; revising our global contractor safety expectations document; and addressing specific issues by meeting the executive managers of the relevant companies to discuss performance and their safety improvement plans.
- **Safety management systems:** we implemented new procedures for hazardous activities; we developed a Code of Safety Leadership to ensure colleagues are clear on what their safety leadership responsibilities are; and renewed Road Safety Guidelines to promote safe driving and travel. We also further improved machine guarding at our facilities and enhanced training for employees working at height, for example on ladders or elevated platforms.
- **Safety awareness:** we held our first global office and laboratory safety conference, as well as our annual Global Safety Week with many employees and their families taking part across the Group.

Occupational health and well-being

We contract with occupational health professionals to monitor and safeguard the health of employees at work, and to provide information, advice and support to them on health matters.

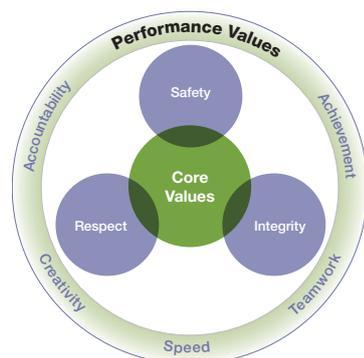
Looking ahead

Having seen employee hand and arm safety incidents increase in 2012, we have made this area a priority for 2013, along with our ongoing work on contractor safety.

Relationship with employees

Our values define what we stand for and how we behave with our customers, suppliers, investors, the communities we operate in and with each other. We believe in equal opportunities for all, regardless of gender, sexual orientation, age, marital status, disability, race, religion or other beliefs and ethnic or national origin.

Our Values



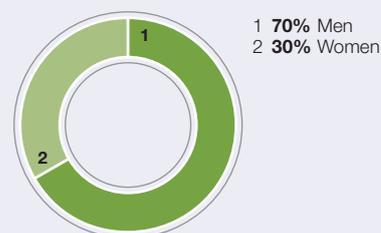
Our policies, practices and procedures for recruitment, training and career development promote equality of opportunity. An employee who becomes disabled would, where appropriate, be offered retraining for a more suitable role. We are committed to treating people with disabilities fairly in all respects, including regarding applications, training, promotion and career development.

Diversity and inclusion

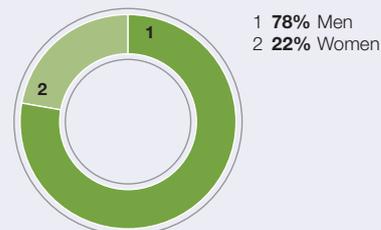
We believe in a culture where all employees contribute to the performance of the Company and have the opportunity to develop fully according to their individual abilities. As part of that, we aim to attract a diverse workforce that reflects the communities in which we operate. In 2011 we established a Diversity and Inclusion Council. The Council works on creating awareness of diversity and inclusion issues, establishing and tracking inclusion metrics, and championing our diversity and inclusion programme across the Company.

Gender diversity as at 31 March 2013

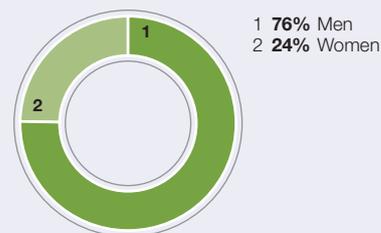
Board of Directors



Managers



All employees



Progress during the financial year included:

- continued increase in awareness among senior managers of diversity and inclusion issues, having included consideration of these issues in their annual performance objectives
- taking the opportunity provided by our new global Commercial and Food Innovation Centre in Chicago and at our new global Shared Service Centre in Poland to recruit diverse workforces at those two locations
- piloting of a diversity and inclusion coaching programme for key staff.

Corporate Responsibility continued

Employee engagement

We believe that employees who are engaged in the business, by which we mean committed to the Group, its goals, values and strategy, and to each other, are happier and ultimately deliver better results. Good internal communication is essential to this. We communicate with our employees in a number of ways, from Company-wide media including our intranet and our quarterly employee magazine which is published in eleven languages, to face-to-face dialogue such as site-wide meetings, functional meetings and small group or team meetings.

In 2012, we conducted our first global employee survey which was designed to enable employees to give candid opinions about Tate & Lyle and to facilitate conversations about how we can make the Company a better place to work. Participation in the survey was encouraging at 81%, and the overall survey score was just above 3.5 on a scale of 1 to 5 (where 5 is the best score). The results highlighted clear strengths as well as areas where we can do better, and have been translated into action plans for individual teams as well as the Company as a whole.

Looking ahead

We are working to continue raising awareness of diversity and inclusion; provide more support to our leaders across the Company to help them engage with their teams; to implement a new set of global training courses for middle and senior managers; and to strengthen further our recruitment and induction processes.

Environment

We seek to operate our business in a way that is as environmentally sustainable as practical. By using resources such as energy and water more efficiently, and reducing waste, we aim to improve our environmental sustainability further while controlling operating costs.

Our approach

Tate & Lyle's environmental policy and standards apply to all our activities globally, and we aim to integrate environmental considerations into all major decisions.

Our facilities operate under local environmental authorisations and permits and we require strict compliance with these at all times. If a site inadvertently breaches an operating limit we seek to take steps immediately to resolve the issue and prevent reoccurrence.

We have procedures and programmes in place to manage and minimise the environmental impact of our operations, our packaging and our supply chain.

We have internal and external auditing processes. Our annual internal global compliance audit programme confirms compliance with our environmental and food safety, quality and health and safety management standards. Additionally, our rolling programme of external, independent environmental compliance audits assures compliance with regulatory requirements.

We include annual environmental sustainability targets in the performance objectives of employees from Executive Committee to plant level. These include energy use, water use and waste reduction, amongst others.

Overall, we are working to address environmental considerations across the life cycle of our products, from our agricultural supply chain to how our products are packaged and transported.

Within our own operations and joint ventures we focus on those aspects of our activities that have the greatest potential impact on the environment, namely our use of energy (and consequent air emissions and carbon footprint), our water use, and waste management.

Beyond our own operations we focus our attention on our agricultural raw material and ingredient supply chain, the transportation of our products to our customers, and our products' packaging.

Operational performance

In calendar year 2012, compared with 2011:

- **Energy use** per tonne of production increased by 1.6% due to changes in our production mix – with the manufacture of more speciality products, and site-specific factors such as the installation of new air emissions control equipment.

Since 2008 we have reduced energy use per tonne of production by 10%. Energy efficiency projects implemented this year included optimisation of the steam system at our joint-venture plant in Boleraz, Slovakia; and the installation of energy efficient lighting at Sycamore, Illinois.

- **Carbon footprint** from energy use decreased by 1.1% per tonne of production due to changes in our fuel mix, alongside energy efficiency projects at many locations.

Since 2008 we have reduced CO₂ emissions per tonne of production by 11%.

- **Water use** per tonne of production decreased by 2.1% due to various water efficiency projects including: at Dayton, Ohio, where water re-use and recycling implemented in 2012 will save up to 45% of the plant's annual water use; and at Decatur, Illinois, which received General Electric's 'Return on Environment' and 'Proof not Promises' awards for water saving initiatives in 2012.

Since 2008 we have reduced water use per tonne of production by 9%.

- **Waste to landfill** decreased by 11% per tonne of production, due to good progress with waste reduction, re-use and recycling programmes at many facilities. For example, at Lafayette South, Indiana, external waste recovery facilities, which use anaerobic digestion to produce energy from waste, were used to reduce our waste to landfill following on from similar work at our Sagamore plant in Lafayette, Indiana, the previous year.

Since 2008 we have reduced waste to landfill per tonne of production by 26%.

Looking ahead

We aim to improve environmental performance in the coming year by focusing on the following areas:

- capital projects and operational practices to reduce our energy use, CO₂ emissions, water use and waste to landfill per tonne of production
- working with our customers on reducing our combined environmental impact
- working with our suppliers and others to promote sustainable agriculture.

Environmental performance

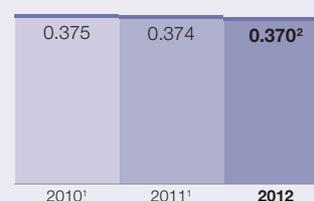
Energy use

GJ per tonne production



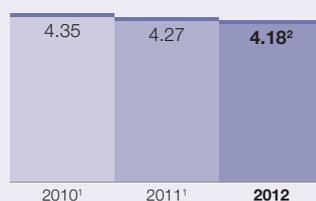
Primary carbon footprint

Tonnes CO₂ per tonne production



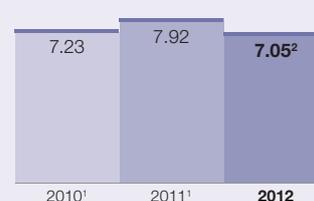
Water use

Cubic meters per tonne production



Waste to landfill

Tonnes per '000 tonnes production



1 Previously reported numbers for 2010 and 2011 have been adjusted to remove the energy use, carbon footprint, water use and waste arising from the Sucromiles joint venture, our share in which was sold during calendar year 2012.

2 Refers to 2012 data that has been assured by PricewaterhouseCoopers LLP (see page 36).

Environmental sustainability targets

We have four medium-term environmental sustainability targets

Target by end of 2016	Calendar year 2012 status	Comment
Reduce CO₂ emissions from energy use by 12.5% per tonne of production (baseline year 2008) ¹	11% reduction in CO ₂ emissions per tonne of production versus 2008	In 2012 our joint-venture facility in Hungary started up a new biomass boiler
Implement packaging reduction programmes with customers representing >50% of sales (£)	Programmes initiated with customers representing >9% of sales (£)	In 2012 we changed from a three-ply to a two-ply paper sack for several products, reducing paper use by approximately 1,500 tonnes per year
Implement transport efficiency programmes with customers representing >50% of sales (£)	Programmes initiated with customers representing >9% of sales (£)	In 2012 we piloted a new liquefied petroleum gas (LPG) truck design with a transport contractor in Europe which can reduce CO ₂ emissions by up to 70% per trip
Implement sustainable agricultural sourcing programmes for our top 20 agricultural raw materials and ingredients by volume	In 2012 we evaluated our principal 25 agricultural raw materials and ingredients and progressed sustainable agriculture initiatives	A number of updated sustainable sourcing criteria and new initiatives are currently in development or implementation

1 We recognise that installing new air emissions control equipment at several locations over the next few years and the manufacture of more speciality products will make it more challenging to reduce our energy use and CO₂ emissions in the medium term.

Corporate Responsibility continued

Marketplace

The food and beverage sector is our most significant market comprising over 70% of Group sales. Other markets we sell into include industrial, animal feed, and pharmaceutical and personal care. Our customers include many of the world's largest food and beverage manufacturers.

Sustainability in the marketplace for us is about: the safety and functionality of our products; the origin of our agricultural raw materials; the conduct of our commercial relationships; and standards within our supply chain.

Product safety and quality

Our products adhere to the highest standards of food safety, quality and traceability. This is particularly relevant when producing ingredients for specialist customers such as baby food manufacturers. All our manufacturing facilities are certified to the Global Food Safety Initiative, and we have well-established processes and procedures across our manufacturing and R&D facilities to ensure we comply with this standard. These include an annual internal global compliance audit programme and annual external, independent food safety audits of every manufacturing site.

Developing sustainable products

We want our products to be sustainable; as well as the fact that our raw materials and ingredients are largely derived from renewable agriculture sources (principally corn), we aim to consider sustainability matters throughout the product lifecycle. To this end, for our innovation pipeline, in 2012 we developed a new sustainability risk assessment and evaluation tool. We use this tool to:

- undertake a sustainability risk assessment at an early stage in the product development process, in order to identify any potential concerns in the supply chain, manufacture or use stages of the product life cycle

- evaluate sustainability issues as we proceed with product development, to avoid or reduce any potential adverse impacts such as the use of energy and non-renewable resources, and to leverage positive impacts such as product health and wellness benefits.

In line with our strategy, we are focusing particularly on growing our Speciality Food Ingredients business unit, and as such the majority of our new product development is in this area. For example, our Health & Wellness platform delivers innovative ingredients with substantiated health benefits to customers worldwide. Additionally, many of our speciality sweeteners and fibres have health and wellness benefits. Our aim is to help our customers provide consumers with healthy, nutritious foods and beverages as part of a normal balanced diet. We aim to ensure that our ingredients, and any claims we make regarding their benefits or efficacy, are supported by clear, demonstrated science.

Our portfolio of speciality food ingredients ranges from low-calorie sweeteners to soluble fibres. For example, SPLENDA® Sucralose is exceptionally stable, so that it helps to extend consumer product shelf life and thereby assists in avoiding food waste, and SODA-LO® Salt Microspheres allow food manufacturers to reduce salt levels by 25-50% in various applications.

Conduct of commercial relationships

We are committed to ensuring a safe, open and responsible culture in all our business dealings wherever we operate, in line with our newly-launched Code of Ethics. The Code of Ethics, to be available in 14 languages, is communicated internally through several means including our intranet, and by local 'Ethics Ambassadors' being appointed across the business. Externally, the Code of Ethics is being integrated into our supplier and business partner relationships, in particular through the terms and conditions of our standard purchase contracts.

We support our employees and business partners in coming forward with any information concerning actual or alleged breaches of the Code of Ethics. We provide access to Safecall, an independent, anonymous third-party reporting service, through free phone numbers in 46 countries and by email. Information on accessing this service is communicated across the Company and externally via our intranet and our corporate website.

Any issues reported through Safecall are investigated by members of our Speak Up Committee, a group of senior Tate & Lyle executives who are responsible for ensuring that any concerns flagged to them through our normal internal reporting processes or via Safecall are investigated and that appropriate action is taken.

Standards in our supply chain

We require our suppliers to uphold international business standards and to be fully compliant with all applicable laws and regulations, including but not limited to: those regarding freedom of association and collective bargaining; non-discrimination; working hours and wages; health and safety; protection of the environment; anti-corruption/anti-bribery; and the prevention of child or forced labour.

This year we reviewed and updated the specific corporate responsibility requirements built into our standard purchase contract terms and conditions.

Looking ahead

We are currently focusing particularly on sustainable agriculture, a growing area of importance for the food and beverage industry and its stakeholders.

Community

We have a strong history of community involvement and during the year we continued to support communities local to our operations. Additionally, we have made good progress in implementing our new community involvement strategy as defined last year, including the establishment of new global programmes and partnerships.

Our approach

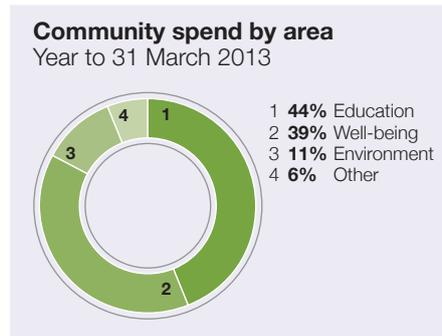
For Tate & Lyle, community involvement is about having a positive and lasting relationship with the community: specifically changing things for the better in the areas of education, well-being and the environment.

- **Education:** to develop young people's knowledge and understanding of science, technology, engineering and mathematics (STEM subjects), and their preparedness for a career in a STEM-based discipline, either academically or vocationally.
- **Well-being:** to provide practical assistance in the area of well-being from health issues including nutrition to general welfare, such as supporting food banks.
- **Environment:** to promote environmental sustainability and good environmental management, addressing issues of climate change, water resources and conservation.

We aim to increase our investment in these three areas each year, in line with the growth of our business.

Overview of the year

In the year ended 31 March 2013, charitable donations were £376,000 (2012: £308,000). We expect to increase contributions further in the year to 31 March 2014.



Local programmes/partnerships

We aim to engage with local communities where our manufacturing, R&D and office facilities are located. Different locations can make their own decisions as to the specific projects they support and the partnerships that they develop, thereby catering to relevant local needs.

We support a wide range of initiatives and organisations in our local communities.

- **Education:** we support local schools, for example by assisting with new equipment or facilities, and provide scholarship funds to assist students to go to colleges and universities.
- **Well-being:** we support a wide variety of local health and well-being initiatives.

This year, our e-Christmas card supported the homeless charity Crisis at Christmas in London, UK and the Northern Illinois Food Bank in Chicago, USA. Both of these organisations provided practical, immediate assistance to those in need over the holiday period.

- **Environment:** we support a number of local environmental initiatives.

Global partnerships

During the year, we also started to develop global partnership programmes in our three community involvement areas. For well-being, we have become a business alliance partner with the Global Alliance for Improved Nutrition (GAIN), and for environment we have become a corporate partner of the environmental research and action charity Earthwatch International. We are working with both charities to set up our own specific programme. For education, we expect to announce educational partnerships during calendar year 2013.

Looking ahead

We recognise that being a responsible corporate citizen includes having a strong and forward-looking community involvement programme.

We plan to develop our community involvement programme by:

- expanding the geographical reach
- further developing our global and local partnership programmes
- making a larger financial commitment.

Corporate Responsibility continued

Corporate responsibility governance

Governance of CR matters is overseen by the Corporate Responsibility Committee (see page 49), the responsibilities of which include monitoring the Group's approach to CR and ensuring that it aligns with Group strategy. The Chief Executive is the director with specific responsibility for CR matters.

CR matters are integrated into the Group's enterprise-wide risk management and reporting process (see page 26).

Corporate responsibility reporting notes

Here we outline the scope and definitions of the CR data presented in this Report.

• Safety and environmental data

- We report safety and environmental performance by calendar year (1 January to 31 December) because we are required to do so for regulatory reporting purposes.
- We report safety data from Tate & Lyle-owned and joint-venture manufacturing facilities, and from our offices and other facilities worldwide, for example, R&D centres.
- We report environmental data from Tate & Lyle-owned and joint-venture manufacturing facilities worldwide.
- For our SPLENDA® Sucralose facility in McIntosh, Alabama where we restarted production in March 2012, we include safety performance data for calendar year 2012 in this Annual Report. We will start reporting environmental performance data once we have two full calendar years of data to better assure reporting accuracy.

• Employee and community involvement data

- We report employee and community involvement performance by financial year (1 April to 31 March) in line with the financial reporting systems providing that data.
- Employee data comprises Tate & Lyle employees and a percentage share of joint-venture employees in line with the percentage of those businesses that we own, except for gender diversity where a full share of all joint-venture employees are included (Note 9).
- Community involvement data comprises Tate & Lyle-owned and joint-venture operations and a percentage share of joint-venture operations in line with the percentage of those businesses that we own.

• Internal assurance

- Our internal audit function carried out a review of the CR information and data presented in this Report and confirmed its accuracy.

Independent assurance

This year we gained external assurance over selected environmental data in this Annual Report from PricewaterhouseCoopers LLP.

Full details of the principles and methodologies we have used in reporting CR performance in this Annual Report can be found in the 'CR Reporting Criteria Annual Report 2013' available on the Company's website, www.tateandlyle.com/CR2013.

The selected environmental data as referenced on page 33 has been subject to independent assurance by PricewaterhouseCoopers LLP. Their assurance report can be found on the Company's website, www.tateandlyle.com/CR2013.

Statement from the Chairman

We are committed to strong governance which we believe is the key to maintaining the trust that our investors and customers place in us



Sir Peter Gershon Chairman

Dear Shareholder

As Chairman, I am responsible for ensuring the Board operates effectively. Throughout the year, we have continued to develop our practices and change our focus, reflecting the evolution of the Group's business transformation.

In my statement last year, I explained that we had undertaken a review of the composition needs of the Board in light of the Group's strategy and the length of tenure of our directors. Dr Ajai Puri joined the Board on 1 April 2012 and during the year, we undertook further refreshment of the Board, a process which culminated with the appointment of two new non-executive directors, Virginia Kamsky and Anne Minto, on 1 December 2012.

I am very pleased that we have been able to attract strong and diverse talent to the Board over the past 14 months.

To maximise the potential of this talent, we put in place tailored induction programmes to help the new non-executive directors contribute effectively as soon as possible after joining the Board. More information on the recruitment process and the induction programmes can be found on pages 48 and 42 respectively.

Having undertaken an externally-facilitated review of Board effectiveness in 2011, I led the review process again this year. As part of the process, we agreed key areas of focus for the Board during the year ending 31 March 2014, being:

- Safety;
- The performance of the Speciality Food Ingredients business unit;
- Strategic initiatives, including acquisition opportunities;
- Customer engagement;

- The Group's innovation pipeline; and
- Talent management and succession planning.

Further information on the Board effectiveness review is on page 43.

In addition, I continued to hold a short discussion with the non-executive directors collectively both immediately before and after each scheduled Board meeting. These sessions help to continue to ensure that the Board operates effectively and to provide timely feedback where appropriate.

Sir Peter Gershon

Chairman
29 May 2013

Board of Directors

Strong governance, effective leadership



More online

Read full biographies of the directors and members of the Group Executive Committee online at www.tateandlyle.com.

1 Sir Peter Gershon CBE Chairman and Chairman of the Nominations Committee

Joined the Board as an independent Non-Executive Director and Chairman Designate in February 2009. Appointed Chairman in July 2009. Aged 66.

Skills and experience

Sir Peter has broad business experience gained in large and complex international organisations and has held various leadership roles in the UK private and public sector. He was formerly Chairman of Premier Farnell plc; Chief Executive of the Office of Government Commerce; Managing Director of Marconi Electronic Systems; and a member of the UK Defence Academy Advisory Board.

Other directorships

- Chairman of National Grid plc
- Member of HM Government Efficiency and Reform Board
- Member of the advisory board of The Sutton Trust

2 Javed Ahmed Chief Executive

Joined the Board as Chief Executive in October 2009. Aged 53.

Skills and experience

Javed has extensive international experience from a wide variety of senior management roles. He started his career with Procter & Gamble and then spent five years with Bain & Co. before joining Benckiser (later Reckitt Benckiser plc) in 1992 where he gained significant experience of international consumer goods markets and held positions including Senior Vice President, Northern Europe; President, North America; Executive Vice President, North America, Australia and New Zealand; and Executive Vice President, Europe.

Other directorships

None



Our governance structure

Certain responsibilities are delegated to four Board Committees, details of which are given on pages 46 to 51.

Audit Committee

Liz Airey, Chairman
Douglas Hurt
Anne Minto

Remuneration Committee

Robert Walker, Chairman
William Camp
Sir Peter Gershon
Anne Minto
Dr Ajai Puri

Nominations Committee

Sir Peter Gershon, Chairman
Javed Ahmed
Liz Airey
William Camp
Douglas Hurt
Virginia Kamsky
Anne Minto
Dr Ajai Puri
Robert Walker

3 Tim Lodge**Chief Financial Officer**

Joined the Board in December 2008 as Group Finance Director. Aged 48.

Skills and experience

Tim joined the Group in 1988 and 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.

Other directorships

None

4 Liz Airey**Non-Executive Director and Chairman of the Audit Committee**

Joined the Board in January 2007. Aged 54.

Skills and experience

Liz was an investment banker and has extensive financial experience in the UK and internationally. She was formerly Finance Director of Monument Oil and Gas plc.

Other directorships

- Chairman of the Unilever UK Pension Fund
- Senior Independent Director of Jupiter Fund Management PLC
- Senior Independent Director of Dunedin Enterprise Investment Trust PLC

5 William Camp**Non-Executive Director and Chairman of the Corporate Responsibility Committee**

Joined the Board in May 2010. Aged 64.

Skills and experience

Bill 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.

Other directorships

- Non-executive director of BioAmber Inc
- Senior Advisor, Naxos Capital

Corporate Responsibility (CR) Committee

William Camp, Chairman
Liz Airey
Sir Peter Gershon
Dr Ajai Puri

Our Group Executive Committee

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

The members of the Committee are listed opposite.

Javed Ahmed
Chief Executive

Tim Lodge
Chief Financial Officer

Robert Gibber
Executive Vice President,
General Counsel

Karl Kramer
President, Innovation and
Commercial Development

6 Douglas Hurt**Non-Executive Director**

Joined the Board in March 2010. Aged 56.

Skills and experience

Douglas is a Chartered Accountant. He held a number of financial and operational roles, including US and European senior management positions, at GlaxoSmithKline before joining IMI plc as Finance Director in 2006.

Other directorships

- Finance Director of IMI plc

7 Virginia Kamsky**Non-Executive Director**

Joined the Board in December 2012. Aged 59.

Skills and experience

Ginny is Chairman and Chief Executive Officer of Kamsky Associates, Inc. She also served as an Executive Vice President of Foamex International, Inc. and held a variety of leadership roles at Chase Manhattan Bank.

Other directorships

- Non-executive director of Dana Holding Corporation
- Member of the US Secretary of the Navy Advisory Panel
- Chairman of the Board of Trustees of the China Institute in America

8 Anne Minto OBE**Non-Executive Director**

Joined the Board in December 2012. Aged 60.

Skills and experience

Anne was Group Director of Human Resources at Centrica plc from 2002 until her retirement in 2011. She previously held senior management roles at Shell UK and Smiths Group plc and was Deputy Director-General of the Engineering Employers' Federation.

Other directorships

- Non-executive director and Chairman of the Remuneration Committee of Shire PLC
- Trustee of the University of Aberdeen Development Trust
- Non-executive director of ExService Holdings, Inc.

9 Dr Ajai Puri**Non-Executive Director**

Joined the Board in April 2012. Chairman of the Research Advisory Group. Aged 59.

Skills and experience

Ajai has a PhD in Food Science from the University of Maryland, USA. He was President – Research, Development and Product Integrity and a member of the Executive Board of Koninklijke Numico N.V. from 2003 to 2007. Prior to this, Ajai held various management positions with The Coca-Cola Company, culminating in Senior Vice President Technical, The Minute Maid Company.

Other directorships

- Member of the supervisory board of Nutreco N.V.
- Non-executive director of Barry Callebaut AG
- Non-executive director of Britannia Industries Limited

10 Robert Walker**Senior Independent Director and Chairman of the Remuneration Committee**

Joined the Board in January 2006. Aged 68.

Skills and experience

Robert 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.

Other directorships

- Chairman of Travis Perkins plc
- Chairman of Enterprise Inns plc
- Chairman of Americana International Holdings Limited

11 Lucie Gilbert**Company Secretary**

Appointed Company Secretary in August 2012. Aged 41.

Skills and experience

Lucie was appointed Deputy Company Secretary in 2008 and previously held senior company secretarial roles in several listed companies, including Experian PLC and Brit Insurance Holdings PLC. Lucie is a Fellow of the Institute of Chartered Secretaries and Administrators and an Associate of the Chartered Insurance Institute.

Other directorships

None

Rob Luijten

Executive Vice President,
Human Resources

Olivier Rigaud
President, Speciality Food
Ingredients

Matt Wineinger
President, Bulk Ingredients

Corporate Governance continued

UK Corporate Governance Code

The UK Corporate Governance Code dated June 2010 (the Code) and issued by the Financial Reporting Council is applicable to companies with a premium listing on the London Stock Exchange. As such, we are required to state how we have applied the principles contained in the Code and to disclose whether we have complied with the provisions of the Code during the year. Throughout the period from 1 April 2012 to 31 March 2013 the Company has been in full compliance with the Code.

This Report, together with the Directors' Remuneration Report and the disclosures contained in the Risks section on pages 26 to 28, provide details of how the Company applies the principles and complies with the provisions of the Code. Further information on the Code can be found on the Financial Reporting Council's website, www.frc.org.uk.

The Board

The role of the Board

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's performance. The Board also sets the Company's values and standards and ensures that its obligations to shareholders and others are met.

There is a schedule of matters reserved to the Board for decision, which include approval of:

- Group strategy
- Annual budget and operating plans
- Major capital expenditure, acquisitions or divestments
- Interim 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

- Systems of internal control and risk management.

Other responsibilities are delegated to Board Committees, details of which can be found on pages 46 to 51.

In addition to the standing Board Committees, the Group established in 2006 the Research Advisory Group (RAG) which is now chaired by Dr Ajai Puri and comprises external subject matter experts and senior Tate & Lyle managers. The focus and composition of the RAG evolved during the year and the RAG's remit now covers reviewing the innovation pipeline and providing insight into how leading-edge science and technology can be applied to enhance the Group's speciality food ingredients portfolio. The RAG meets regularly, principally at the global Commercial and Food Innovation Centre in Chicago, USA and Dr Puri provides regular updates to the Board on the work of the RAG.

The directors' responsibilities for the preparation of financial statements are

explained in the Directors' Statement of Responsibilities on page 65. Their statement on going concern is on page 25.

Operation of the Board

Board meetings

The Board and its Committees meet regularly according to a schedule linked to key events in the Company's corporate calendar. Ad hoc meetings are also arranged to consider matters requiring review and decision outside the scheduled meetings. Six scheduled Board meetings were held during the year ended 31 March 2013, including one Board meeting held at the global Commercial and Food Innovation Centre in Chicago, USA. Three ad hoc Board meetings were also held at short notice to consider proposals relating to the Group's strategy and business transformation programme. The Board also met offsite for one day to focus on strategy and, as agreed as part of the 2012 Board effectiveness review, held a conference call to review operational performance when the period between Board meetings exceeded two months.

Key Board roles and responsibilities

The roles of the Chairman, Chief Executive and Senior Independent Director are separated and their responsibilities are set out in writing and agreed by the Board.

The Chairman

Key responsibilities include:

- The effective operation, leadership and governance of the Board;
- Ensuring the effectiveness of the Board, and each director individually;
- Setting the style and tone of the Board discussions; and
- Ensuring the directors receive accurate, timely and clear information.

The Chief Executive

Key responsibilities include:

- Proposing strategy to the Board and delivering it;
- Running the business;
- Communicating the Board's expectations with regard to culture, values and behaviours; and
- Ensuring the Board is aware of the executive directors' views on business issues.

The Senior Independent Director

Key responsibilities include:

- Acting as a sounding board for the Chairman;
- Conducting an annual review of the Chairman's performance; and
- Being available to shareholders if they have any concerns that they have been unable to resolve through the normal channels.

Directors' attendance at Board meetings

Directors as at 31 March 2013	Number of meetings	Number of meetings attended
Sir Peter Gershon	9	9
Javed Ahmed	9	9
Tim Lodge	9	9
Liz Airey	9	8
William Camp	9	8
Douglas Hurt	9	7
Virginia Kamsky ¹	3	3
Anne Minto ¹	3	3
Dr Ajai Puri	9	9
Robert Walker	9	8
Former directors		
Evert Henkes ²	6	5

1 Joined the Board on 1 December 2012.

2 Ceased to be a director on 30 November 2012.

The rolling programme of items for discussion by the Board is reviewed at each Board meeting and updated to reflect topical matters. All substantive agenda items have comprehensive briefing papers which are distributed via the electronic Board portal, generally five working days before the meeting. In the few instances where a director is unable to attend a meeting, his or her comments on the briefing papers are given in advance to the Chairman.

Meetings are structured to facilitate open discussion, and all directors participate in discussing strategy, trading, safety, financial performance and risk management. Members of executive management attend Board meetings and make presentations regularly.

Summary of the Board's work during the year

During the year, the Board oversaw the ongoing transformation of the Group's culture and business and considered all matters within its remit, focusing in particular on the following:

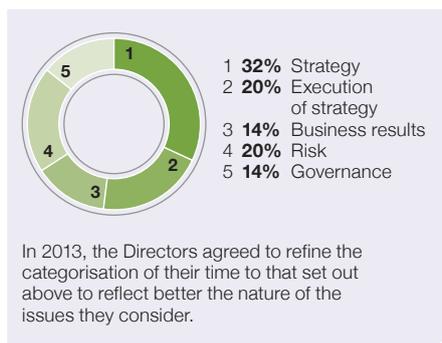
- safety;
- the performance of the Speciality Food Ingredients and Bulk Ingredients business units and the Innovation and Commercial Development group, including the impact of the global Commercial and Food Innovation Centre;

- the ongoing implementation of the project to create one global IS/IT platform; and
- talent management and succession planning activities.

In the 2014 financial year, the Board will focus in particular on the areas listed on page 37.

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 effectiveness

Board diversity

As set out in the Board's statement on diversity, published on the Group's website, the Directors believe Board composition is a key element of Board effectiveness and each member, and potential member, of the Board must be able to demonstrate the skills, experience and knowledge required to contribute to the effectiveness of the Board. Subject to that overriding principle, the Directors believe that the Board's perspective and approach can be greatly enhanced through gender, age and cultural diversity. It is the Board's policy to consider overall Board balance and diversity when appointing new directors.

Board composition

At the date of this document, the Board comprises ten directors with deep knowledge and experience in diverse business sectors within global markets: the Chairman, who has no executive responsibilities; two executive directors; and seven non-executive directors. The names and biographies of the directors are on pages 38 and 39.

Evert Henkes ceased to be a director on 30 November 2012, having completed three terms of three years each. As disclosed in the Annual Report 2012, Dr Ajai Puri joined the Board with effect from 1 April 2012. Virginia Kamsky and Anne Minto were appointed as additional non-executive directors with effect from 1 December 2012. Further information on the selection process is contained within the Nominations Committee Report on page 48 and the tailored induction programme is explained on page 42.

Tenure of non-executive directors



Independence

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 which they have not resolved through the usual channels, 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.

As part of the annual Board effectiveness review, each director goes through a formal performance review process. All directors completed this process and, in line with the Code, Robert Walker and Liz Airey, who have served for over six years, have been subject to a particularly rigorous review.

Corporate Governance continued

Time commitment

All directors have disclosed any significant external commitments to the Board and confirmed they have sufficient time to discharge their duties to Tate & Lyle.

The other significant commitments of the Directors are set out on pages 38 and 39. The time commitment of all non-executive directors and the Chairman is reviewed annually and the Board is comfortable that all continue to devote the necessary time to the Company.

Advice and support

All directors have access to the advice and services of the Company Secretary, Lucie Gilbert, who is 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.

Information 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.

Directors receive ongoing training and updates on relevant issues as appropriate, taking into account their individual qualifications and experience. Bespoke training sessions were held during the year, including a session on speciality food ingredients.

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. During the year, in addition to

the Board's USA visit, as part of their solo site visit programme, the Chairman and the non-executive directors visited nine of the Group's sites in Europe, the USA and Asia Pacific between them. These visits provide directors with the opportunity to interact with local management and gain in-depth knowledge about the challenges being faced by the Group's operations across the world. Over the past three years, directors have visited 22 of the Group's key locations.

Directors' induction programme

Three new non-executive directors joined the Board during the financial year. On appointment to the Board, each of the directors received background reading about the Group and details of Board procedures and other matters related to governance. The Company Secretary then worked with each of the new directors to deliver a tailored induction programme, as shown in the table below.

Director	Aim of induction programme	Details of programme
Dr Ajai Puri Non-executive director and Chairman of the Research Advisory Group	To increase Ajai's knowledge of the Group's processes and its people (in particular the Innovation and Commercial Development group), the operation of the Research Advisory Group and the UK-listed company environment.	Ajai attended a formal education session led by an external expert, Jon Edis-Bates, and the Company Secretary on the role and responsibilities of a UK-listed company director. He also visited the global Commercial and Food Innovation Centre in Chicago, USA, the Innovation Centre in Lille, France and the London head office. During his visits, he met with senior operational and functional management and members of the Research Advisory Group, which has since been restructured under his chairmanship.
Virginia Kamsky Non-executive director	To increase Virginia's knowledge of the Group's business, processes and its people (in particular the Group's operations in China) and the UK-listed company environment.	Virginia attended a formal education session led by an external expert, Jon Edis-Bates, and the Company Secretary on the role and responsibilities of a UK-listed company director. She also visited the global Commercial and Food Innovation Centre in Chicago, USA, the Bulk Ingredients business unit's plant in Decatur, Illinois, the Speciality Food Ingredients business unit's applications laboratory in Shanghai, China and the London head office where she met with senior operational management and key functional heads.
Anne Minto Non-executive director	To increase Anne's knowledge of the Group's business, processes and its people.	Anne visited the global Commercial and Food Innovation Centre in Chicago, the Bulk Ingredients business unit's plant in Decatur, Illinois, the Speciality Food Ingredients business unit's plant in Koog, the Netherlands and the London head office where she met with senior operational management and key functional heads. Anne also held additional meetings with the Executive VP Human Resources and members of his team to gain a detailed understanding of the operation of the Group's HR and remuneration policies and processes.

Performance evaluation

A review of the Board's effectiveness is undertaken each year. The process is led either internally or by an external facilitator. The last external review took place in 2011. In 2012 and again in 2013, the Board decided that the Chairman should facilitate the review.

2012 Board effectiveness review

The progress made since the 2012 evaluation is summarised in the table below:

Recommendations	Update on actions
Strengthen understanding and knowledge of the speciality food ingredients market.	The Directors attended a training session on speciality food ingredients and additional time is now allocated to the consideration of the speciality food ingredients markets in Board meetings.
Nominations Committee to increase its focus on succession planning.	The Nominations Committee undertook a detailed review of succession planning for Executive Committee members.
Identify and implement opportunities for senior line managers' involvement in the Corporate Responsibility Committee.	The Committee met with additional senior managers as it reviewed items such as business continuity management and product safety; opportunities for additional involvement for senior managers will continue to be identified.
Enhance arrangements for updating the Board where there is an interval of more than two months between Board meetings.	There was only one occasion where the Board was not due to meet for over two months; briefing papers from the Chief Executive and Chief Financial Officer were circulated to all directors and a conference call was held to update non-executive directors on operational activities.
Overhaul the rolling Board agenda to reflect better the Group's agreed strategy and focus.	The rolling agenda was overhauled with increased emphasis on strategic issues; it continues to evolve.

2013 Board effectiveness review:

As part of the 2013 Board review, the Chairman held one-to-one meetings with each director, the Executive VP General Counsel and the Company Secretary. The main themes and observations were then summarised in a report that was discussed by the whole Board. It concluded that the Board continued to operate effectively but made a number of recommendations for improvements, as summarised below. The Company Secretary is monitoring progress which will be reported in the Annual Report 2014.

Recommendations	Agreed actions
Increase the amount of time spent on understanding the market and how customer relationships are managed.	The Board will meet regularly with global enterprise account managers.
Enhance knowledge of the innovation pipeline.	Additional time will be allocated to reviewing the development of the innovation pipeline.
Increase the Directors' focus on talent management and succession planning.	Having focused on the Executive Committee in the year ended 31 March 2013, the Nominations Committee will regularly review progress for key roles which are below the Executive Committee.
Identify and implement improvements to Board reporting in respect of the performance of the Speciality Food Ingredients business unit.	Both reporting of performance and time allocated for Board discussions will be enhanced during the year ending 31 March 2014.

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, were well prepared and informed about issues they need to consider, and that their commitment remained strong. The Chairman also provided individual feedback to each director.

The performance of the Chief Executive and Chief Financial Officer was considered by the Nominations Committee, in line with its terms of reference.

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. In addition, the Chairman held a private meeting with the non-executive directors to appraise the Chief Executive's performance. These reviews also concluded that both the Chairman and Chief Executive continued to fulfil their responsibilities effectively.

The Board agreed that the chairmen of the Committees should lead the review of their own committees' effectiveness. The results of the reviews were discussed by the Committees and then by the Board which concluded that each Committee operated effectively throughout the year.

Corporate Governance continued

Re-election

The Board has agreed that all Directors shall seek re-election on an annual basis. Details of the recommendations and actions arising from the Board effectiveness reviews carried out in 2012 and 2013 are on page 43.

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.

Accountability

Internal control

The Board has overall responsibility for the Group's system of internal control and risk management and for reviewing its effectiveness.

The objective of internal control within Tate & Lyle is to support efficient implementation of the Group's strategy and effective operations whilst enabling it to respond appropriately to significant business, operational, financial, compliance and other risks to achieving the Company's objectives. The system of internal controls 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 guidance published by the FRC, 'Internal Control: Revised Guidance for Directors'

(formerly the Turnbull Guidance). The Board recognises that internal control systems are designed to identify and manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or losses and the breach of laws and regulations.

Internal control system

The Board determines the level of risk that it is prepared to accept in the organisation (risk appetite) and oversees the strategies for significant risks that have been identified. Executive management works within the risk appetite and develops the mechanisms and processes to direct the organisation, through setting the tone and expectations from the top, delegating authority and monitoring compliance.

Line management has primary responsibility for compliance with Group policies, principles and compliance requirements. In certain functions, notably safety and product quality, executive management has also established separate assurance teams to oversee the effective execution of controls.

The risk management function works with executive management and the business units to help identify, measure, monitor and report significant risks. The units report regularly on progress with the implementation of the Group's strategy, including the impact on the risk environment, and the key risks are reviewed regularly by the Board. Further information on the Group's risk management process can be found on page 26.

The internal audit function provides independent and objective assessment of the appropriateness and effectiveness of the Group's internal control systems to the Audit and CR Committees, and to the Board. It has the authority to review any relevant aspect of the business and a duty to report on any material weaknesses. The Group has an annual risk-based internal audit plan which is approved by the Audit and CR Committees. It is updated regularly to reflect changes to the control environment.

The findings from audits are discussed with executive management and action plans put in place where appropriate. Progress

against these plans is monitored regularly by the internal audit function. Summaries of both audits and progress on any actions are discussed regularly at meetings of the Audit and CR Committees.

The Board also commissions external specialists as appropriate. Given the significant business transformation activity, in addition to regular reports from the internal audit function, the Board continued to receive reports from external specialists retained to review key elements of the transformation programme.

Key features of the internal control system

The Group's internal control system has a number of key features which ensure that risk is monitored and managed throughout the year, including those listed below.

- The schedule of matters reserved to the Board ensures that the Directors control, among other matters, all significant strategic, financial and organisational issues.
- A clear organisational structure and limits of authority in respect of items such as capital expenditure, pricing and contract authorisation.
- A comprehensive planning and budgeting system for all items of expenditure with an annual budget approved by the Board. Performance is reported monthly against budget and prior year results; significant variances are investigated; and revised forecasts for the current financial year and financial projections for future years are prepared regularly.
- The Group has comprehensive safety, product quality assurance and environmental management systems. Where appropriate, these are independently certified to internationally recognised standards; they are also subject to a regular independent audit process.
- Regular meetings of the Audit and CR Committees to oversee the operation of effective controls. The Committees report regularly to the Board. In the event that any significant losses are incurred during any year as a result of a failure of controls, a detailed analysis would be provided to the Audit Committee, CR Committee (if appropriate), and the Board.

Controls over financial reporting

The financial reporting control system covers the financial reporting process and the Group's process for preparing consolidated accounts and includes policies and procedures which provide for: the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions including the acquisition and disposal of assets; reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards; and reasonable assurance regarding prevention or timely detection of unauthorised use of the Group's assets.

In addition, specific disclosure controls and procedures are in place to support the approval of the Group's financial statements. Twice a year representatives from the business units certify that their reported information provides a true and fair view of the state of the financial affairs of the business unit and its results for the period. The results of this financial disclosure process are reported to the Audit Committee.

During the year, the Group rolled out the new global IS/IT system across the majority of our European business. As part of this process, additional control processes were put in place to mitigate risks arising on implementation of the system.

Joint ventures

All material joint ventures follow either the Group's formal systems of internal control, or their own internal control procedures. These separate procedures are subject to review by the Group's internal audit function and the Group works with its partners to ensure that action plans are in place to address any issues identified during those reviews.

2013 review of the effectiveness of the system of internal control

Each year, the Board, with the assistance of the Audit and CR Committees, conducts a review of the effectiveness of the systems of risk management and internal control. In 2013, this review was facilitated by the internal audit function and covered the period from the start of the financial year

to the date of this Annual Report. In view of the Group's recent evolution, including the embedding of the CR Committee within the governance framework, the activity following the relaunch of core values and the first global employee engagement survey, the annual review was redesigned to provide insight into all these areas. The new process also included a two-stage review to facilitate discussion. The Audit Committee, CR Committee and the Board discussed the results of the two-stage review at their meetings in March and May 2013.

The 2013 review covered financial, operational and compliance controls, values and behaviours and the risk management process and included questionnaires and representation letters completed by management. The internal audit function monitored and selectively checked the results of this review, ensuring that the responses from management were consistent with the results of its work during the year. As part of this process, areas for enhancements to internal controls, and associated action plans to deliver them, were identified and delivery of these is being monitored by the Audit Committee or CR Committee as appropriate. The Board considers that none of the areas identified for enhancement in relation to the review constituted a significant weakness.

Remuneration

The Board has delegated to the Remuneration Committee responsibility for agreeing the remuneration policy for the Chairman, Chief Executive, Chief Financial Officer and senior executives. The Directors' Remuneration Report on pages 50 to 62 sets out the principles for remuneration at Tate & Lyle and includes details of the role and activities of the Remuneration Committee.

Relations with Shareholders Shareholder communications

The Chief Executive, Chief Financial Officer and Group VP Investor & Media Relations maintain a regular programme of visits and presentations to institutional shareholders both in the UK and overseas. During the year, the Chairman undertook separate visits to institutional shareholders and the Senior Independent Director also met with a number of institutional shareholders. Feedback on interaction with institutional shareholders is provided to all directors.

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 receives an annual briefing from the Company's external 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 communications with shareholders. Key announcements, financial reports and other information about the Group can be found on the Company's website, www.tateandlyle.com.

Annual General Meeting (AGM)

The 2013 AGM will be held at The Queen Elizabeth II Conference Centre in London on Wednesday 24 July 2013 at 11.00 am. Full details are set out in the Notice of Meeting.

Shareholders have the opportunity to put questions to the Board at the AGM 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.

Audit Committee Report

Dear Shareholder

During the year, in addition to our usual matters, including the financial results for the full year, half year and the interim management statements, applicable accounting policies and going concern assumptions, we continued with our practice of conducting in-depth reviews of key topics. The key topics we reviewed included risk management, controls in the Speciality Food Ingredients business unit and Group financial control standards.

Our policy on auditor independence states that the lead engagement partner is required to rotate after a term of five years. The current lead engagement partner, Paul Cragg, will reach the end of his five-year term at the forthcoming AGM. In the year, the Committee oversaw a process during which a number of potential successors were considered and then endorsed the appointment of a new lead engagement partner, John Waters. A robust transition programme has been agreed and as part of this, John has attended Committee meetings since autumn 2012.

I also led a review of the Committee's effectiveness which concluded that the Committee was operating effectively and identified some areas for increased focus. As part of this process, we agreed the topics for our programme of detailed reviews including a review of the operation of the global Shared Service Centre in Łódź, Poland and IT security. We also updated the terms of reference to reflect changes in practice at Tate & Lyle and the UK corporate governance landscape.

Liz Airey

Chairman of the Audit Committee

The Audit Committee 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, are available on the Company's website, www.tateandlyle.com.

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 Group's relationship with the external auditors including the level of fees;
- 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 reappointment of the Group's external auditors.

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

Directors as at 31 March 2013	Number of meetings	Number of meetings attended
Liz Airey (Committee Chairman)	5	5
Douglas Hurt	5	5
Anne Minto ¹	2	2
Former directors		
Evert Henkes ²	3	3

1 Joined the Board and the Audit Committee on 1 December 2012.

2 Ceased to be a director and a member of the Audit Committee on 30 November 2012.

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. Two of our members meet this requirement: Liz Airey was an investment banker and former finance director of Monument Oil and Gas plc and Douglas Hurt is Finance Director at IMI plc.

The Chief Financial Officer, VP Group Audit and Assurance, Group VP Finance and Control, Executive VP General Counsel and representatives of the external auditors are normally invited to attend each meeting. The Chairman of the Board and Chief Executive also attend meetings of the Committee by invitation. In addition, the Committee seeks to further enhance its exposure to the business through its programme of key topics for review, which involves operational and other key senior managers presenting to the Committee.

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.

Independence of the external auditors

The Group's external auditors are PricewaterhouseCoopers LLP (PwC) and the Committee operates a policy to safeguard their objectivity and independence. 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 also 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 sets out these arrangements.

The policy on auditor independence was reviewed and updated during the year. The Committee also reviewed and approved a number of proposals falling under the remit of this policy including the engagement of PwC in respect of the review of certain disclosures contained in the statement on Corporate Responsibility on page 33 and the appointment of a former PwC employee.

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. The total amount paid in respect of the Group audit, audit of subsidiaries and the half-year review was £1.9 million and £0.3 million was paid in respect of non-audit-related services.

Work undertaken during the year

In addition to the activities outlined in the statement from the Committee Chairman, during the year and up to the date of this Annual Report, the work undertaken by the Committee fell under four main areas: financial reporting, oversight of the external auditors, oversight of the internal audit function and internal control and risk management. The Committee's work in each of these areas is described below.

Financial reporting

At each of its meetings during the year the Audit Committee reviewed accounting papers prepared by management and determined, with the support of the external auditor, the appropriateness of accounting policies, estimates, and judgements. The main areas of focus are listed below:

- Management's judgement of the level of provisions required in respect of ongoing litigation, in particular claims by American Sugar Holdings (ASR) relating to the sale of the EU Sugars business, and by Whitefox Technologies Limited in respect of the ongoing commercial dispute. In the case of EU Sugars, based on legal counsel's assessment of formal proceedings served by ASR, the Committee was satisfied that management's provision is reasonable

and appropriate at this stage of the process. In the case of Whitefox, the Group has received an offer to settle in its favour and consequently the brought-forward provisions have been released.

- The Committee reviewed the assumptions advised by the Group's external actuary which have driven an increase in the pension and healthcare net liability and accepted these to be reasonable. The Committee also reviewed and agreed management's proposed method of accounting for the November 2012 partial buy-in of the UK Group defined benefit scheme, relying on calculations performed by the external actuary.
- The value of intangible assets, goodwill, and tangible assets were reviewed against management's expectation of future performance of the underlying business units, including discussion of the discount rates used, and forecast assumptions and sensitivities. The Committee was satisfied that no impairment charges, or reversal of impairments, were required.
- The key judgements made in estimating the Group's tax charge including provisions relating to certain territories where the Committee reviewed the status of ongoing discussions with the tax authorities and supported management's position as reasonable.

External audit

PwC (or its predecessor firms) has been the Company's auditors since 1989. Following the conclusion of the audit for the year ended 31 March 2012, the Committee conducted an internal review of the effectiveness of the auditors (the last external review having been undertaken in 2010). As part of the process, the Committee reviewed the auditors' performance against criteria set at the start of the audit, together with feedback from management and the Public Report on the 2011/12 Inspection of PriceWaterhouseCoopers LLP issued by the FRC in June 2012, and concluded that the external audit process was operating effectively and PwC continued to provide a good service to Tate & Lyle; the Committee subsequently agreed that there was no need to undertake a tender at present. Accordingly the Committee has

recommended 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 reappointed will be proposed at the AGM. The Committee has discussed the provisions of the September 2012 iteration of the Code which applies to the Company's next reporting period and includes a provision to tender the external audit at least once every ten years, and intends to comply with this provision. The Committee is mindful of the FRC's commentary regarding the timing of tender processes and has already had initial discussions on the likely timing of the tender.

Internal audit

The Committee reviewed the remit, organisation, annual plan and resources of the internal audit function and undertook a review of its effectiveness. The review concluded that the function continued to strengthen and make a significant contribution to the internal governance of the Group. A number of areas for improvement in processes were identified and following the review, the internal audit charter was revised to reflect the function's responsibilities to the Corporate Responsibility Committee.

Internal control and risk management

The Committee continued to receive and consider regular reports from management and the VP Group Audit and Assurance on the effectiveness of the Group's risk management system. The reports from the latter included the findings from reviews of internal financial controls and actions to address any weaknesses in controls. Throughout the year, the Committee focused in particular on the impact of the implementation of a new IS/IT platform in Europe and associated changes to the control environment together with any potential impact on financial reporting processes. It also reviewed the Group assurance map outlining the key risks and associated assurance processes. The Committee also reviewed the output from the annual review of the effectiveness of internal financial reporting controls and then reported to the Board on this review.

Nominations Committee Report

Dear Shareholder

Along with the usual matters we review, such as diversity and the performance of members of the Executive Committee, we focused on two key areas during the year: Board composition and executive succession planning.

During the year, we recommended the appointment of two new directors. Details of our process are set out below.

We also addressed a key action arising from the 2012 Board effectiveness review, namely executive succession planning and we also enhanced our processes relating to succession planning for key non-executive Board roles, in particular the timelines for agreeing successors for the chairmanship of the Board's Committees.

During the year, I led a review of the effectiveness of the Committee which indicated that the Committee was functioning effectively, and the rolling programme of items for consideration was modified in light of a number of recommendations made during the review process.

Sir Peter Gershon

Chairman of the Nominations Committee

The Nominations Committee comprises the Chairman of the Company, the Chief Executive and all of the non-executive directors. Its terms of reference, which are reviewed annually, 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:

Directors as at 31 March 2013	Number of meetings	Number of meetings attended
Sir Peter Gershon (Committee Chairman)	6	6
Javed Ahmed	6	6
Liz Airey	6	6
William Camp	6	4
Douglas Hurt	6	4
Virginia Kamsky ¹	2	2
Anne Minto ¹	2	2
Dr Ajai Puri	6	6
Robert Walker	6	6
Former directors		
Evert Henkes ²	4	4

¹ Joined the Board on 1 December 2012.

² Ceased to be a director on 30 November 2012.

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 process 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

Following the review of the Board's composition, the Committee drew up and

agreed specifications for two new non-executive directors, one who could strengthen the Board's understanding of the Chinese market and one who would also serve on the Remuneration Committee. The Committee agreed to retain two external search consultants to focus on one role apiece, given the nature of the two specifications. Egon Zehnder and KornFerry Whitehead Mann were subsequently appointed. Both organisations have a good understanding of the Group's business: Egon Zehnder assists in the identification of individuals to fill other senior executive roles and KornFerry Whitehead Mann assists the Group with talent management activities. In line with the Board's stated policy, both are signatories to the Executive Search Firms Voluntary Code of Conduct. Both consultancies then prepared a 'long list' comprising a diverse range of potential candidates meeting the specification.

The search consultants and the Chairman then identified a subset of this long list to meet with the Chairman. Following these initial interviews, the Chairman recommended a short list of candidates to be interviewed by the Chief Executive and two other members of the Committee.

The Committee subsequently discussed the results of these interviews and also reviewed the candidates' anticipated ability to provide the necessary time commitment to Tate & Lyle. The Committee recommended that Virginia Kamsky and Anne Minto be appointed as additional non-executive directors. This recommendation, together with the Committee memberships proposed for both directors, was approved by the Board and Virginia Kamsky and Anne Minto joined the Board on 1 December 2012.

Succession planning

The Committee reviewed succession plans for Executive Committee roles and the progress of action plans to address any gaps. The Committee will continue to review progress regularly.

Performance evaluation

The Committee undertook a performance evaluation of each of the members of the Group Executive Committee and reported its conclusions to the Remuneration Committee.

Corporate Responsibility Committee Report

Dear Shareholder

As explained in the Corporate Responsibility statement on page 30, the Group has no higher priority than safety and we continued to review the Group's safety performance at each meeting. While our recordable incident rate remained the same, we had three more lost-work cases in the year. The oversight of ongoing safety initiatives to address this is a key focus for the Committee this year.

We also undertook a detailed review of the business continuity management controls and processes. Senior managers with specific responsibilities for these processes presented to the Committee as part of this review process, in line with one of the key actions arising from the 2012 Board effectiveness review (see page 43).

The Committee's role within the Group's governance framework continued to evolve during the year and we updated the terms of reference to clarify the Committee's role in the Group's overall system of internal control.

The annual review of Committee effectiveness indicated that the Committee continued to operate effectively, and also identified some process improvements. We subsequently restructured our annual programme of items for review and instigated a revised approach to management presentations at Committee meetings.

William Camp

Chairman of the CR Committee

The Committee comprises three non-executive directors and the Chairman of the Company. Its terms of reference, which are reviewed annually, can be found on the Company's website, www.tateandlyle.com.

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

Directors as at 31 March 2013	Number of meetings	Number of meetings attended
William Camp (Committee Chairman) ¹	4	4
Liz Airey	4	4
Sir Peter Gershon ¹	4	4
Dr Ajai Puri	4	4

¹ William Camp succeeded Sir Peter Gershon as Chairman of the Committee on 1 August 2012.

Main responsibilities of the CR Committee

The main responsibilities of the Committee include:

- Monitoring the Group's approach to corporate responsibility and ensuring it aligns with Group strategy;
- Reviewing the effectiveness of the Group's policies and procedures relating to a safe working environment;
- Approving, or recommending to the Board for approval, CR policies;
- 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 whistleblowing arrangements; 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, in addition to the work outlined in the Committee Chairman's statement, the work undertaken by the CR Committee included the following:

Safety

The Committee reviewed the Group's initiatives to improve workplace safety performance in general and contractor performance in particular.

Product safety continued to be an area of focus and the Global VP Quality and Food Safety provided an update on the operation of the Group's quality assurance processes.

Diversity and inclusion

The Committee received an update on the implementation of diversity and inclusion initiatives and agreed the parameters for external reporting on the Group's gender diversity.

Business practices

The Committee reviewed the implementation of the Group's new Code of Ethics and agreed an ethics and compliance strategy for the Group which will continue to be subject to regular review by the Committee.

In addition, the Committee discussed the increased use of the independent confidential reporting (whistleblowing) line which had been achieved through the implementation of actions in 2012 to improve awareness of that line.

Having approved the scope of a new global Community Involvement Programme in 2012, the Committee received an update on implementation and also approved two new global partnerships, details of which can be found on page 35.

Environment

The Committee remained focused on the impact of the Group's operations on the environment and reviewed the Group's environmental performance and initiatives on a regular basis.

Internal control

The Committee received regular reports from management and the VP Group Audit and Assurance in respect of the policies, systems and controls in place in respect of the risks falling within the Committee's remit. The Committee reviewed the output from the annual review of the effectiveness of controls falling within its terms of reference and then reported to the Board on this review.

Corporate responsibility: pg 29 

Directors' Remuneration Report

Directors' Remuneration Report

Dear Shareholder

As a Committee, we believe that our approach to remuneration provides a relatively simple but effective overall framework that is aligned with long-term success and returns to shareholders, and requires individual executives to invest in material long-term shareholdings.

In that context, we have not made any material changes to the remuneration framework during the year. However, I would like to draw attention to some headlines from the Report, to illustrate the Committee's approach and the principles that govern our decision making.

Our approach to remuneration remains a key part of the Company's business strategy, with the following key themes:

- cultural change – incentive arrangements to keep executives focused on long-term growth to deliver enhanced value for shareholders
- clarity and simplicity are important – our incentive arrangements are clearly linked to balanced financial metrics over both the short and long term
- personal investment is a prominent feature – in comparison with other FTSE 100 companies, the executive shareholding requirements we have established are more demanding and extend to a greater number of senior executives in the organisation.

The Committee's key activities during the year included:

- consultation with shareholders ahead of the renewal of our Performance Share Plan, with the inclusion of claw-back provisions which will apply from 2013; the PSP was approved at the 2012 AGM, with 98% of shareholders who voted in support of the resolution
- reflecting our commitment to good corporate governance, we reviewed the independent advisor to the Committee as part of a planned process.

I led the annual review of the Committee's effectiveness. The 2013 review concluded that the Committee appropriately fulfilled its role and carried out its duties against the responsibilities described in its terms of reference.

Robert Walker

Chairman of the Remuneration Committee

About this 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 UK Corporate Governance Code. PricewaterhouseCoopers LLP has audited such content as required by the Act (the tabular information on pages 60 to 62). A resolution to approve this Report will be proposed at the AGM on 24 July 2013.

Remuneration Committee

The Remuneration Committee comprises independent non-executive directors and the Chairman of the Board. Evert Henkes served as Chairman of the Committee until 30 November 2012, and was succeeded from 1 December 2012 by Robert Walker. The Committee met four times during the year. Membership and attendance during the year were as follows:

Directors as at 31 March 2013:	Number of meetings	Meetings attended
Robert Walker (Committee Chairman) ¹	4	4
Sir Peter Gershon	4	4
William Camp	4	3
Anne Minto ²	2	2
Dr Ajai Puri	4	4
Former directors		
Evert Henkes ³	2	2

1 Robert Walker succeeded Evert Henkes as Chairman of the Committee on 1 December 2012.

2 Joined the Board and the Remuneration Committee on 1 December 2012.

3 Ceased to be a director and Chairman of the Remuneration Committee on 30 November 2012.

The Company Secretary serves as secretary to the Committee. The Chief Executive, the Executive Vice President, Human Resources, the Vice President, Global Compensation and Benefits and the Executive Vice President, General Counsel 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 has appointed independent external advisors, as described below.

The Committee has a formal calendar of items for consideration. The Committee's terms of reference, which are reviewed annually, are available on the Company's website, www.tateandlyle.com.

Main responsibilities of the Remuneration Committee

The main responsibilities of the Committee include:

- Assessing the appropriateness of executive remuneration in the context of the Company's strategy, priorities and competitiveness, taking into account data from independent, external sources;
- Setting the detailed remuneration of the executive directors, designated members of senior management, and the Company Chairman (in consultation with the Chief Executive), including: base salary or fees, annual bonus, long-term incentives, benefits and terms of employment including those relating to the termination of services;
- Setting performance targets for awards made to senior executives under the annual bonus plan and the long-term incentive plan and reviewing performance outcomes; and
- Reviewing the broader operation of the annual bonus and Performance Share Plans, including participation and overall award levels.

Committee activities during the year

As part of the review of the Committee's effectiveness referred to above, the Committee considers the proportion of its time that has been allocated to various matters under its terms of reference. For the calendar year 2012, this is illustrated in the chart below:



Committee advisors

Hewitt New Bridge Street (HNBS) was appointed by the Committee in the role of independent advisor and served in that capacity from 2005 until November 2012. During the year, the Committee conducted a review of its external advisor as part of a planned process, in keeping with Tate & Lyle's commitment to good corporate governance. The review resulted in Deloitte LLP being appointed by the Committee to replace HNBS with effect from November 2012. Both HNBS and Deloitte are signatories to the Remuneration Consultants' Code of Conduct, giving additional confidence to the Committee that their advice is objective and that they are independent of conflicts of interest.

In addition to market remuneration data provided by HNBS and Deloitte, the Committee received total shareholder

return data from Kepler Associates, and Linklaters provided general legal advice on remuneration and share plan matters. During the year ended 31 March 2013, HNBS and Kepler Associates provided no other services to the Group, Deloitte LLP provided advice on internal audit, corporate finance, systems and tax compliance and Linklaters provided legal advice on a range of matters.

Remuneration strategy and policy

The remuneration strategy and policy described here were established in 2010 following a review which included extensive consultation with major shareholders. Both strategy and policy are carefully aligned with the Company's business strategy, by placing a clear emphasis on driving Company performance, through incentives that are aligned with the key performance indicators which in turn link directly to our business strategy. In this way, we maintain a keen focus on delivering long-term growth, thereby enhancing long-term value for shareholders.

Strategy

The Company's remuneration strategy is to provide packages that attract, retain and motivate high-calibre individuals to deliver superior operational performance and outstanding financial results. These outcomes must be achieved in a way that aligns with the Group's core values and Code of Ethics, and that fosters sustainable, profitable growth. To achieve these aims, packages must be:

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

Policy

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

- setting base salaries around the market median
- rewarding genuinely stretching, superior performance with upper quartile levels of remuneration

- providing an appropriate balance between reward in the short and long term, and between reward that is fixed and variable
- providing a competitive, balanced package of benefits.

We intend to retain this policy in the coming year.

Employee and investor perspectives

Broader employment conditions within the Company

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, and ensuring that the same principles apply in setting performance targets for executives' incentives as for other employees of the Group.

Investors' views and corporate governance

As noted above, the remuneration strategy and policy described here were established in 2010 following a review and extensive consultation with major shareholders. The Committee (led by the Committee Chairman) engages with our major institutional shareholders each year specifically on remuneration topics, alongside the Board's wider-ranging shareholder engagement programme. Following consultation, shareholders overwhelmingly approved both our remuneration policy and the continuing use of the Performance Share Plan as our long-term incentive at the AGM in 2012. The Committee also receives regular updates on investors' views and corporate governance matters. These lines of communication ensure that emerging best practice principles are factored into the Committee's decision making during the year.

Directors' Remuneration Report continued

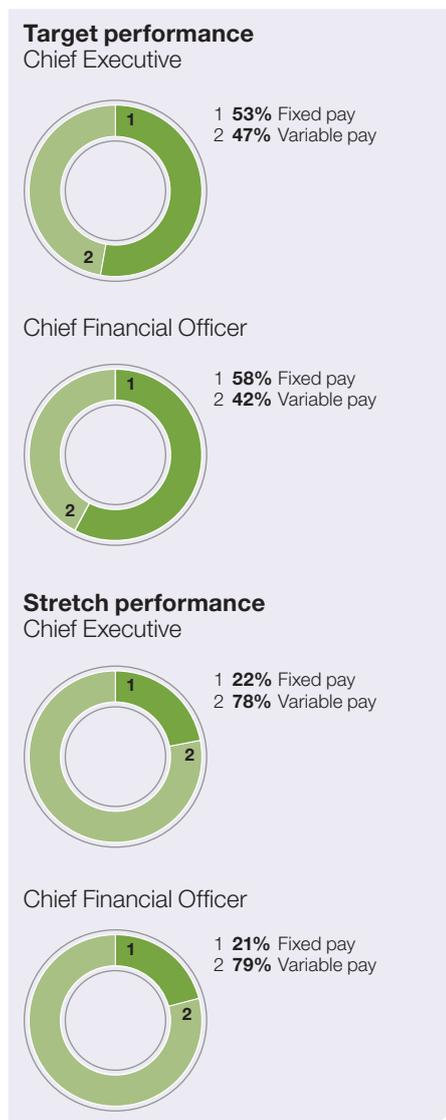
Overview of remuneration arrangements

The current remuneration package for executive directors consists of base salary, annual bonus, long-term incentives, and retirement and other benefits as described in the table below.

Component	Purpose	Time frame	Fixed/variable	Description
Base salary	To provide fixed remuneration that reflects the market value of the individual, their skills and experience and performance	Short term (paid monthly)	Fixed	<ul style="list-style-type: none"> Base salaries are positioned at around the median of the relevant market (the 50th to 130th largest UK-listed companies), and taking account of personal performance Base salary reviews take into account increases awarded to employees below executive level, and the impact on pension and other consequences of increases
Employment and retirement benefits	To provide benefits in line with the market, and, in the case of pensions, with low financial risk to the Company	Short term (paid/accrued monthly)	Fixed	<ul style="list-style-type: none"> Retirement benefits are defined contribution in nature: the Chief Executive has a cash allowance of 35% of base salary; the Chief Financial Officer has a cash allowance of 25% of base salary Other employment benefits include car (or car allowance), health insurance, group income protection and, where appropriate, life cover
Short-term incentive: annual bonus	To support the Company's strategy by rewarding the achievement of the Company's annual performance objectives relating to profit growth, sales growth and cash conversion	Short term (annually)	Performance-related (variable)	<ul style="list-style-type: none"> Three performance metrics apply: profit growth is given the greatest weighting, followed by sales growth and cash conversion 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 A minimum profit hurdle applies before any bonus is payable against any of the metrics; for the maximum bonus to be payable, performance in all three metrics is required to be outstanding The maximum cash bonus is 100% of salary; any annual bonus above 100% of base salary is delivered in Tate & Lyle PLC shares which are deferred for two years; maximum cash and share bonus is 175% of salary 'Claw back' provisions apply, which means cash and share elements may be recouped in specific circumstances
Long-term incentive: Performance Share Plan	To support the Company's strategy by incentivising sustained profit growth and capital efficiency over successive three-year performance periods, and to help retain senior executive talent	Long term (three years)	Performance-related (variable)	<ul style="list-style-type: none"> Performance shares that vest after three years, subject to demanding performance requirements Two performance metrics apply: growth in earnings per share and return on capital employed The Committee has flexibility to make awards of up to 300% of base salary if appropriate to ensure market competitiveness and taking account of the Company's performance Only 15% of the award vests at threshold performance; outstanding performance is required for 100% vesting 'Claw-back' provisions apply to awards made from 2013, which means they may be recouped in specific circumstances
Personal share ownership requirements	To strengthen long-term alignment of interests between senior executives and the Company's shareholders	Long term (minimum holdings retained for the duration of employment)	Variable (directly affected by share price performance)	<ul style="list-style-type: none"> The Chief Executive and the Chief Financial Officer have target share ownership requirements of four and three times base salary respectively Similar share ownership requirements extend to Executive Committee members (at three times salary), and to a broader group of executives in senior leadership roles (at a level equal to their salary)

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 potential value from long-term incentive awards under the Company's Performance Share Plan.



The following sections provide more detail about each component of remuneration.

Base salary

Executive directors' salaries are reviewed annually, with effect from 1 April. At the 2013 review, the Committee agreed that no changes would be made to executive directors' salaries for the year ahead, taking current market positioning into account. The average increase awarded to other UK-based employees was approximately 3%.

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

	As at 1 April	
	2013 £	2012 £
Javed Ahmed	721 000	721 000
Tim Lodge	405 820	405 820

Annual bonus

Three performance factors determine annual bonus awards, as shown in the table below.

Performance metric	Definition	Rationale
PBTEA	Adjusted profit before tax, exceptional items, amortisation and post-retirement benefit interest.	Measures the underlying profit generated by the business and whether management is converting growth into profit effectively
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: by assessing growth after deducting the cost of raw materials, this metric better reflects the value added by the business
Cash conversion cycle	The number of days between disbursement of cash and collection of cash, taking account of inventory, payables and receivables; it is based on the average of the four quarter-end numbers	Measures whether the business is managing its working capital and converting profit into cash effectively

These metrics are measured on the basis of constant exchange rates for the Group's continuing operations. The Committee reviews and approves the performance outcomes, considers the Group's safety performance and then may make adjustments on an exceptional basis to ensure that the results are a true reflection of the actual performance of the Company.

The bonus structure described here applied to the year ended 31 March 2013; we propose to retain this structure for the coming year.

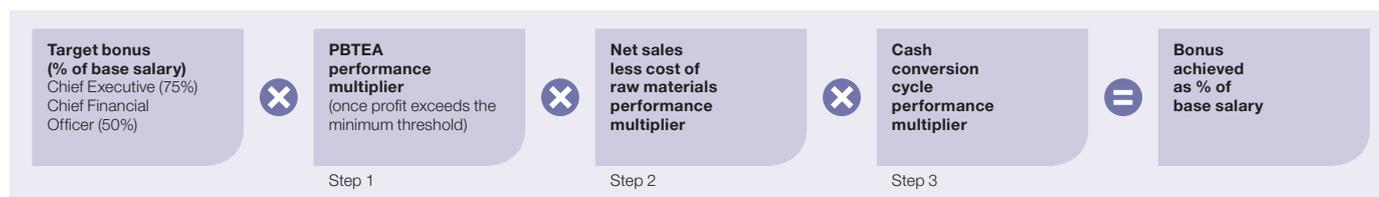
How the bonus is determined

Before any bonus is payable, a minimum level of profit has to be achieved by the Company, regardless of performance against other metrics.

For each performance metric, there is a corresponding multiplier, which varies between threshold, target and stretch levels of performance. Once the minimum profit threshold is achieved, bonuses are calculated by applying the 'multipliers' which have the effect of increasing or decreasing the value of the bonus depending on performance against each metric in turn.

Directors' Remuneration Report continued

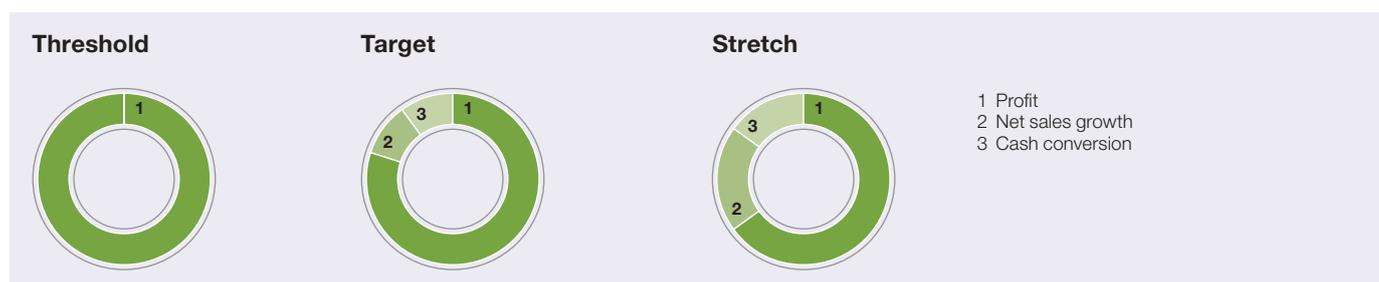
To achieve the maximum payout, performance against all three factors must be at or above the stretch level.



Relative weighting of bonus metrics

PBTEA is the most important of the three metrics, so multipliers for the PBTEA factor are more heavily 'geared' than for the other two metrics; that is, improvements in PBTEA have the greatest impact on bonus payments. All multipliers and their weightings are agreed by the Committee when targets are set at the start of the year, reflecting the importance of each of the metrics in the context of the progress made against the Company's long-term business strategy.

The following charts illustrate the relative weighting associated with each metric at threshold, target and stretch levels of performance.



Bonus outcomes for the year ended 31 March 2013

The table below shows, for each metric, the performance required to achieve maximum bonus and the actual 2013 result relative to the prior year's performance. It also shows the corresponding bonus outcome. All numbers are shown at constant exchange rates.

Performance factor	Performance requirement to achieve maximum bonus	Actual performance	Performance	
PBTEA	+8.3%	3.9%	Between threshold and target	Operating profit growth in Bulk Ingredients of 7% (strong US and EU liquid sweeteners offset by weaker US ethanol and aflatoxin); Speciality Food Ingredients profit in line with the prior year with 8% sales growth offset by step change in fixed costs associated with the restart of our SPLENDA® Sucralose facility in McIntosh, Alabama and business transformation initiatives; net interest broadly in line.
Net sales less cost of raw materials	+7.3%	4.6%	Between threshold and target	Pass through of higher corn costs in most product lines including liquid sweeteners and industrial starches in the US, starch-based speciality ingredients in SFI, offset by challenging market conditions in US ethanol and higher corn prices in the EU during the second half (which we are unable to hedge).
Cash conversion cycle	Improve by 7.6%	'Worsen' 13.5%	Below threshold	This lengthened due to an increase in working capital arising from: higher inventory in the US impacted by higher corn prices and aflatoxin; and higher sucralose inventory following the restart of production at our SPLENDA® Sucralose facility in McIntosh, Alabama.

On the basis of these performance outcomes, an annual bonus was awarded by the Committee of 32% of base salary for the Chief Executive and 22% of base salary for the Chief Financial Officer.

Any bonus amount up to 100% of base salary is paid in cash. Any excess above 100% of base salary is paid in the form of deferred shares. The shares are released after two years subject to the executive remaining in service with the Company, and carry the right to receive a dividend equivalent between award and release.

Claw-back provisions

Both the cash and share elements are subject to 'claw-back' provisions, which means that 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 an act of gross misconduct.

Long-term incentive – Performance Share Plan

The structure of the current Performance Share Plan (PSP) was developed in 2010 to reflect the business strategy following detailed consultation with major shareholders. The PSP closely aligns executive directors' and senior executives' interests with the strategy and the interests of shareholders over the long term, and is therefore an important component of the overall package.

Ahead of the AGM in 2012, we consulted with shareholders representing approximately 45% of our issued share capital on a specific resolution to approve a renewal of the PSP, as shareholder approval for the 2003 PSP would expire at the end of its ten-year life. No changes to key terms of the PSP were proposed as part of this process, including the maximum award levels that had been permitted since 2010 and the choice of performance conditions that apply (as described below). Shareholders voted overwhelmingly to approve the renewal of the PSP at the 2012 AGM, with 98% of shareholder votes cast in support of the resolution.

Maximum award level

Since the 2010 AGM, awards to the executive directors and other senior executives have been granted at the discretion of the Committee, with flexibility for the Committee to make awards of up to 300% of base salary where necessary to ensure market competitiveness, while taking Company performance into account.

Performance conditions

The release of awards depends on the Group's performance during the three-year performance period beginning on 1 April in the year of the award. For awards made since 2010, the performance conditions comprised two elements, explained in the table below, consistent with the principles established following the review and consultation with shareholders at that time.

Performance measure	Weighting	Definition	Rationale
Adjusted diluted earnings per share (EPS)	50%	<ul style="list-style-type: none"> 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 pre-determined targets 	The Committee selected this metric as it is a key determinant of shareholder value creation
Adjusted return on capital employed (ROCE)	50%	<ul style="list-style-type: none"> Performance is measured by the adjusted ROCE on continuing operations achieved at the end of the three-year performance period against the pre-determined targets Importantly the ROCE outcome would be adjusted downward in the event of any asset impairment, by adding this back into capital employed; this is to encourage a prudent investment strategy For this reason, in the event of there being an impairment of assets during the performance period, the ROCE figure for PSP purposes can be significantly lower than the unadjusted ROCE number reported in the Company's accounts 	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

The Committee reviews the appropriateness of targets ahead of the grant of awards in any year to ensure these remain sufficiently stretching. In practice, no changes to the performance targets have been made since they were established in 2010, and accordingly shares awarded under the PSP in 2010, 2011 and 2012 vest in accordance with the schedule set out in the table below.

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%	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

Before any shares are released, the Committee must also be satisfied that the level of vesting determined by performance against these targets is justified by the broader underlying financial performance of the Company.

Directors' Remuneration Report continued

Awards vesting by reference to performance to 31 March 2013: 2010 PSP award

PSP awards made in 2010 were dependent on EPS growth and ROCE targets as described above, with each condition applicable to half of the award. Performance against these conditions and the vesting outcome is indicated in the table below.

Performance condition	Proportion of total award	Performance outcome	Level of vesting for this element of the award	Combined vesting outcome
EPS growth	50%	16.0% growth	100%	Based on the combination of EPS growth over the period and the level of ROCE achieved in the year ended 31 March 2013, 100% of the PSP awards made in 2010 have vested
ROCE	50%	17.0% growth	100%	

The Committee also considered the broader underlying financial performance of Tate & Lyle over the performance period, to ensure that vesting results based on the performance outcomes were consistent with a broader view of the financial health and performance of the business.

Awards granted in the year to 31 March 2013

During the year ended 31 March 2013, the Company made awards under the 2003 PSP, and the Committee approved awards to executive directors of up to 300% of base salary, taking into account competitive need and Company performance to date.

Claw-back provisions

Awards made under the PSP from 1 April 2013 are subject to 'claw-back' provisions for a period following the vesting date and extending to the fifth anniversary following the date of grant. During this period, the Committee may determine that an award will lapse wholly or in part (or may require that a participant shall repay up to 100% of the value of any award that has vested by virtue of performance), in the event of circumstances including the following: material misstatement of financial results; misconduct which justifies, or could justify, summary dismissal of the participant; or if information has emerged which would have affected the value of the original award that was granted to a participant, or the level at which the performance conditions were judged to have been satisfied.

Additional share plan disclosures

Potential impact of mergers and acquisitions or other corporate activity

In the context of a merger or acquisition, or other relevant corporate activity, any potential impact on the schemes would be specifically considered by the Committee. In such circumstances, the Committee retains the authority to vary the performance target or the vesting outcome to ensure that outcomes are equitable for both the participant and shareholders.

Change of control and voting

All of the Company's share plans contain provisions relating to a change of control. Outstanding awards 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.

Sharesave Plan

The Company operates a Sharesave Plan which is open to all employees in the UK, and provides a mechanism for employees to purchase shares at a discounted price through savings that accumulate from monthly deductions in salary. Executive directors are entitled to participate because the plan must be open to all employees in the UK. The value of individual grants is capped (monthly savings/deductions from salary may not exceed £250), and no performance conditions are attached to awards because it is an all-employee scheme.

Dilution

Shareholder approvals to operate our share incentive plans carry limits on the number of new shares that may be issued to satisfy awards over time. These restrictions are referred to as limits on shareholder 'dilution', and the remaining capacity to use newly issued shares within the limits approved by shareholders is referred to as 'headroom'. In the ten-year period to 31 March 2013, awards made under the executive schemes represented 1.73% of the Company's issued ordinary share capital, leaving available dilution headroom of 3.27%. Awards made under all share schemes represented 1.96% of the Company's issued ordinary share capital leaving available dilution headroom of 8.04%. The Company will use shares that have been purchased by the Employee Benefit Trust to satisfy awards made to the Chief Executive prior to 2012 and deferred share awards made under the Annual Bonus Plan (as described on page 54).

Personal share ownership requirements (policy on executive share ownership)

The Committee and executive management believe that personal investment in Company shares is an important part of our overall remuneration framework. Material personal investment in Company shares serves to strengthen the long-term alignment of interests between senior executives and the Company's shareholders.

Compared with similar companies in the FTSE 100, our executive shareholding requirements are more demanding and extend to a greater number of senior executives in the organisation.

The Chief Executive has a target share ownership requirement of four times base salary, and his shareholding currently exceeds this target. The Chief Financial Officer has a target shareholding of three times base salary, which has been met.

Other Executive Committee members are subject to the share ownership policy, with target holdings at three times salary. From 2011, this policy was extended to a broader group of executives who have senior leadership roles within the Company. The shareholding target for this group is equal to their base salary.

The Committee monitors progress against the share ownership requirements annually.

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 notice periods or termination payments are not excessive. The following table summarises the key provisions of the executive directors' service contracts.

Provision	Chief Executive – Javed Ahmed	Chief Financial Officer – Tim Lodge
Notice period		
• By the director	• 6 months	• 6 months
• By the Company	• 12 months	• 12 months
Termination payment	• The Company has the option 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 option 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
Holiday	• 30 days	• 30 days
Restrictive covenants (non-compete/non-solicitation)	• 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 can benefit from executive directors holding external non-executive directorships. 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 currently holds an external non-executive directorship.

Chairman and non-executive director arrangements

Terms of appointment

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. The non-executive directors do not participate in the Group's incentive or pension schemes, do not receive other benefits, and have no right to compensation on the early termination of their appointment.

Directors' Remuneration Report continued

Chairman's fees

The Committee (excluding the Chairman) reviews the Chairman's fees each year, taking into account the current market position, the individual's experience and contribution to the Group.

Following the most recent review of fees, the Committee approved an increase in the Chairman's fees of 3% to £315,950 effective from 1 April 2013, in line with the rate of increase applicable to the UK employee population.

Non-executive directors' fees

Non-executive directors' fees, reviewed annually by the Chairman and executive directors of 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, Corporate Responsibility and Remuneration Committees to reflect the extra responsibilities required by these positions. A supplement is also paid to the Chairman of the Research Advisory Group.

Taking into account the competitiveness of current fees against the comparable market position, and the time commitment required of the non-executive directors, the executive directors and the Chairman agreed that an adjustment to increase non-executive directors' fees by 3% would be made with effect from 1 April 2013, in line with the UK employee population. The fees are shown in the following table.

	Basic fees (per annum)	
	At 1 April 2013 £	At 1 April 2012 £
Non-executive director	61 550	59 750
Senior Independent Director	68 600	66 600

	Supplemental fees (per annum)	
	At 1 April 2013 £	At 1 April 2012 £
Chairman of Audit Committee	16 300	15 850
Chairman of Remuneration Committee	10 850	10 550
Chairman of the Corporate Responsibility Committee	10 850	10 550
Chairman of Research Advisory Group	22 800	22 150

Executive directors' total remuneration for the year ended 31 March 2013

The following tables show the remuneration packages of the executive directors for the year ended 31 March 2013, and illustrate the potential value in different performance scenarios.

Actual remuneration for the year (shown in the right-hand column) includes the value of incentive awards vesting by reference to performance in the year ended 31 March 2013. Given the Group's EPS and ROCE performance in the period to 31 March 2013, awards will vest at maximum. The value of share awards vested in the year as shown in the right-hand column of the table ('actual earned/vested') also reflects approximately 84% share price appreciation over the performance period.

Chief Executive (Javed Ahmed)

Element/value (£000s)	Projections: remuneration in the year to 31 March 2013 at different performance scenarios				Actual earned/ vested ¹
	Below threshold	At threshold	At target	At stretch	
Base salary	721	721	721	721	721
Annual bonus (cash and deferred shares) ²	0	0 (0% of base salary)	541 (75% of base salary)	1 262 (175% of base salary)	233
LTI – face value of 2012 PSP grant (vesting based on performance to March 2015)	0	324 (15% vesting)	1 244 (57.5% vesting)	2 163 (100% vesting)	–
LTI vesting for performance to 31 March 2013 (Long-term incentive award B)	–	–	–	–	4 021
Pension allowance	252	252	252	252	252
Other benefits	20	20	20	20	20
Total value	993	1 317	2 778	4 418	5 247

Chief Financial Officer (Tim Lodge)

Element/value (£000s)	Projections: remuneration in the year to 31 March 2013 at different performance scenarios				Actual earned/ vested ¹
	Below threshold	At threshold	At target	At stretch	
Base salary	406	406	406	406	406
Annual bonus (cash and deferred shares) ²	0	0 (0% of base salary)	203 (50% of base salary)	710 (175% of base salary)	87
LTI – face value of 2012 PSP grant (vesting based on performance to March 2015)	0	183 (15% vesting)	700 (57.5% vesting)	1 217 (100% vesting)	–
LTI vesting for performance to 31 March 2013 (2010 PSP grant)	–	–	–	–	1,899
Pension allowance	101	101	101	101	101
Other benefits	14	14	14	14	14
Total value	521	704	1 424	2 448	2 507

1 Actual earned/vested includes annual bonus earned in respect of 2013 financial year (as described on page 60) and LTI/share awards which vest subject to performance up to and including the financial year ended 31 March 2013, which are valued using the closing share price of 850.00p on the last working day of the year. For Javed Ahmed: the LTI award that vests based on performance to 31 March 2013 relates to a long-term incentive award of shares ('long-term incentive award B'), in accordance with the incentive arrangements agreed at the time of his appointment (as described in the Annual Report 2009) with a face value of £2,082,000 at the time of award (referenced to three times salary at the time the 2010 PSP awards were made), and subject to the same performance conditions as applicable to those awards.

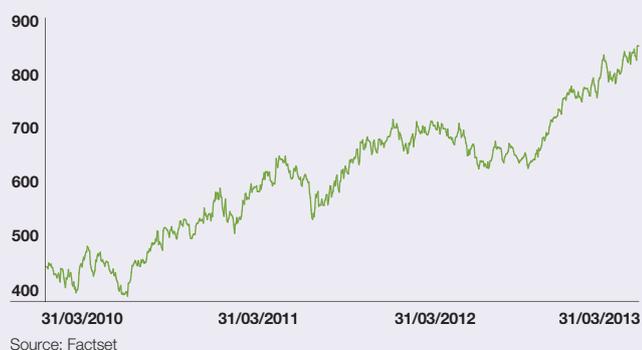
For Tim Lodge: the LTI award shown here is the 2010 PSP grant, which was made over shares with a face value of £983,000 at the date of grant.

These LTI awards are subject to the same performance conditions and will vest at maximum, based on the EPS and ROCE performance recorded in the period to 31 March 2013 (as discussed on page 55). The value of these awards at 31 March 2013 as shown in the table reflects significant share price appreciation over the performance period.

2 Any portion of the annual bonus that exceeds 100% of base salary is deferred into Tate & Lyle PLC shares for two years.

Tate & Lyle share price (pence)

The value attributed to share awards shown as actual earned/vested during the year to executive directors in the table on page 61 reflects considerable share price growth to 31 March 2013. Over the three-year performance measurement period which applies to 2010 PSP grants, Tate & Lyle's share price increased by 84%, generating £1.8bn in value for shareholders.



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 since it is a broad equity market index with constituents comparable in size to Tate & Lyle. The graph shows the value of £100 invested in the FTSE 100 Index and Tate & Lyle in the five years from 31 March 2008.



Directors' Remuneration Report continued

Information subject to audit

Directors' emoluments (audited)

The following table shows the directors' emoluments for the year ended 31 March 2013.

	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 2013 £000	Total year to 31 March 2012 £000
Chairman							
Sir Peter Gershon	307	–	–	–	–	307	298
Executive directors							
Javed Ahmed	721	373	5	233	–	1 332	1 780
Tim Lodge	406	114	1	87	–	608	909
Non-executive directors							
Liz Airey	76	–	–	–	–	76	73
William Camp	67	–	–	–	–	67	58
Douglas Hurt	60	–	–	–	–	60	58
Virginia Kamsky ⁴	20	–	–	–	–	20	–
Anne Minto ⁴	20	–	–	–	–	20	–
Dr Ajai Puri ⁵	82	–	–	–	–	82	–
Robert Walker	70	–	–	–	–	70	65
Former directors							
Evert Henkes ⁶	47	–	–	–	–	47	68
Total	1 876	487	6	320	–	2 689	3 309

1 Other allowances include car allowance which in the case of Javed Ahmed is £15,000, with a further £105,690 representing payments in lieu of dividends on an award of shares as disclosed in the share awards table on page 61.

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 Joined the Board on 1 December 2012.

5 Joined the Board on 1 April 2012.

6 Ceased to be a director on 30 November 2012.

Directors' pension provision (audited)

As a deferred member of the Group Scheme, Tim Lodge's total accrued pension from the Group Scheme at the end of the year amounted to £188,000 per annum (£181,000 – 31 March 2012). The Scheme was closed to future accrual from April 2011; the year-on-year change relates only to the inflation-linked contractual uplift in deferred pension values that applies under the Scheme rules. The transfer value of the accrued pension at the end the year amounted to £3,265,000 compared to £3,345,000 at the start of the year, representing a decrease of £80,000. All amounts are calculated in accordance with actuarial assumptions applicable at each reporting date.

Share awards (audited)

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

	As at 1 April 2012 (number)	Awards granted during year ¹ (number)	Awards vested during year ² (number)	Awards lapsed during year ³ (number)	Awards exercised during the year (number)	As at 31 March 2013 (number)	Market price on date awards granted (pence)	Market price on date awards vested (pence)	Vesting date
Javed Ahmed									
Share-incentive arrangements on recruitment:									
Compensatory Award A ⁴	419 403	–	–	–	–	419 403	444.90	632.50	01/10/11
Compensatory Award C ^{5, 6, 7}	359 488	–	357 870	1 618	100 000	257 870	444.90	676.50	29/05/12
Long-term incentive Award A ^{5, 6}	659 609	–	656 640	2 969	–	656 640	444.90	676.50	29/05/12
Long-term incentive Award B ^{6, 8}	473 042	–	–	–	–	473 042	440.20	–	After 31/03/13
Long-term incentive Award C ^{6, 9}	378 337	–	–	–	–	378 337	590.50	–	After 31/03/14
Performance Share Plan⁶:									
2012 ¹	–	310 567	–	–	–	310 567	671.00	–	After 31/03/15
Deferred shares from annual bonus¹⁰:									
2011 bonus year	–	2 010	–	–	–	2 010	676.50	–	29/05/14
Tim Lodge									
Performance Share Plan⁶:									
2008	26 088	–	–	–	–	26 088	394.25	611.00	24/05/11
2009	152 687	–	151 999	688	–	151 999	294.25	676.50	29/05/12
2010	223 381	–	–	–	–	223 381	440.20	–	After 31/03/13
2011 ¹	212 950	–	–	–	–	212 950	590.50	–	After 31/03/14
2012 ¹	–	174 805	–	–	–	174 805	671.00	–	After 31/03/15
Deferred shares from annual bonus¹⁰:									
2010 bonus year	51 683	–	–	–	–	51 683	611.00	–	24/05/13
2011 bonus year	–	–	–	–	–	1 131	676.50	–	29/05/14

1 The performance conditions for PSP awards made in 2011 and 2012 are adjusted diluted EPS, against which 50% of the award will be measured, and adjusted ROCE, for the remaining 50% of the award.

2 The vesting of 2009 PSP awards was based on a combination of relative TSR performance against a specific comparator group and EPS growth over the period 1 April 2009 to 31 March 2012, as described in the Annual Report 2012.

3 On 29 May 2012, a proportion of the awards lapsed because the performance conditions applicable to PSP awards made in 2009 were not met in full².

4 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 were available to exercise from 1 October 2011, being the second anniversary of Javed Ahmed joining the Company and will remain exercisable until 30 September 2017. Pending delivery, he receives a payment in lieu of dividend on these shares which is subject to the deduction of tax. In the event of a change in control, the shares will be delivered immediately.

5 This award was subject to the same performance conditions as those which applied to awards made under the PSP in 2009.

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

7 The share price at the date these shares were exercised was 641.00p (21 June 2012).

8 This award is subject to the same performance conditions as those which apply to awards made under the PSP in 2010.

9 This award is subject to the same performance conditions as those which apply to awards made under the PSP in 2011.

10 Deferred shares granted under the annual bonus scheme (as described on page 54). The full value of these awards have been disclosed previously in the emoluments table(s) in the relevant bonus year(s). (For example, the values of deferred shares relating to performance in the year ended 31 March 2012 are included in the emoluments table for the year ended 31 March 2012 (contained within the Annual Report 2012)).

Directors' Remuneration Report continued

All-employee schemes (audited)

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

Savings-related share options are options granted under the HMRC-approved Sharesave Plan. 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 2012 (number)	Options granted during year (number)	Options exercised during year (number)	Options lapsed during year (number)	As at 31 March 2013 (number)	Exercise price (pence)	Exercise period
Chief Executive (Javed Ahmed)							
Savings-related options 2009	3 720	–	–	–	3 720	418.00	01/03/15 to 31/08/15
Chief Financial Officer (Tim Lodge)							
Savings-related options 2007 ¹	4 253	–	4 253	–	–	395.00	01/03/13 to 31/08/13
Savings-related options 2012	–	2 471	–	–	–	607.00	01/03/18 to 31/08/18

¹ This award was exercised during the year (on 1 March 2013), when the market share price was 825.00p.

The market price of the Company's ordinary shares at the close of business on the last day of the financial year was 850.00p, and the range during the year to 31 March 2013 was 633.50p to 850.00p.

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 25p 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		LT ¹		Options ^{2,3}	
	1 April 2012	31 March 2013	1 April 2012	31 March 2013	1 April 2012 ¹	31 March 2013
Number of ordinary shares of 25p each						
Chairman						
Sir Peter Gershon	67 736	70 138	–	–	–	–
Executive directors						
Javed Ahmed	914 860	1 050 915	2 289 879 ³	2 497 869 ³	3 720	3 720
Tim Lodge	51 723	57 814	666 789	842 037	4 253	2 471
Non-executive directors						
Liz Airey	16 000	16 000	–	–	–	–
William Camp	800	1 600	–	–	–	–
Douglas Hurt	10 000	10 000	–	–	–	–
Virginia Kamsky	–	5 000	–	–	–	–
Anne Minto	–	5 000	–	–	–	–
Dr Ajai Puri	–	2 018	–	–	–	–
Robert Walker	11 382	11 786	–	–	–	–

¹ Includes shares awarded under the Annual Bonus Plan, PSP and the special arrangements that were put in place to facilitate Javed Ahmed's recruitment which are subject to performance conditions.

² Granted under the Sharesave Plan.

³ Includes shares which are not subject to performance conditions (see page 54 for details).

There were no changes in directors' interests in the period from 1 April 2012 to 29 May 2013.

On behalf of the Board

Robert Walker

Chairman of the Remuneration Committee
29 May 2013

Other Statutory and Governance Information

Principal activities of the Group

The principal activity of Tate & Lyle PLC and its subsidiary and associated undertakings together with its joint ventures is the global provision of ingredients and solutions to the food, beverage and other industries.

Results and dividend

A review of the results can be found from the inside front cover through to page 36. An interim dividend of 7.4p per ordinary share was paid on 4 January 2013.

The Directors recommend a final dividend of 18.8p per ordinary share to be paid on 2 August 2013 to shareholders on the register on 28 June 2013, subject to approval at the 2013 Annual General Meeting (AGM). The total dividend for the year is 26.2p per ordinary share (2012 – 24.9p).

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, 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 46 to 51.

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 which are available on the Company's website, 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.

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 62.

Directors' indemnities and insurance cover

As at the date of this Annual 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 UK public holidays. Equivalent indemnities remain in force for Evert Henkes, who ceased to be a director on 30 November 2012.

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

Share capital

As at 31 March 2013, the Company had nominal issued ordinary and preference share capital of £119 million comprising £117 million in ordinary shares, including £0.5 million in treasury shares and £2 million in preference shares.

To satisfy obligations under employee share plans, the Company issued 32,381 ordinary shares during the year and reissued 2,703,843 ordinary shares from treasury. The Company issued 520 shares during the period from 1 April 2013 to 29 May 2013. 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 2012 AGM to make market purchases of up to 46,592,720 of its own ordinary shares. The Company purchased 2,000,000 of its own ordinary shares during the year ended 31 March 2013. This authority will expire at the 2013 AGM and approval will be sought from shareholders for a similar authority to be given for a further year.

Other Statutory and Governance Information continued

Substantial shareholdings

As at 29 May 2013, the Company had been notified under Rule 5 of the Disclosure and Transparency Rules of the following holdings of voting rights in its shares:

	Number of shares ¹	% held ¹
Black Rock, Inc	51 202 984	10.98
Schroders plc	23 284 299	4.99
AXA S.A.	22 890 148	4.98
Artemis	23 207 193	4.97
INVESCO Limited	23 111 061	4.95
Lloyds Banking Group plc	22 854 608	4.89
TIAA-CREF Investment Management, LLC and Teachers Advisors, INC.	19 070 922	4.09
Barclays Global Investors	17 568 133	3.59
Legal & General Group Plc	14 120 697	3.02

¹ As at the date in the notification to the Company.

Change of control

The Company has a committed bank facility of US\$800 million, which matures in 2016. 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 56.

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 £32 million (2012 – £29 million) on research and development during the year.

Donations

Worldwide charitable donations during the year totalled £376,000 (2012 – £308,000), of which £55,000 (2012 – £6,000) was donated in the UK. More details of the Group's community involvement can be found on page 35.

Again this year, in line with the Group's policy, no political donations were made in the European Union (EU). In 2013, the Group's US business made contributions of US\$19,000; £12,000 (2012 – US\$8,300; £5,000) to political organisations in the US.

In accordance with the Federal Election Campaign Act in the USA, Tate & Lyle continues to support an employee-operated Political Action Committee (PAC) funded entirely by US employees. The PAC is not controlled by Tate & Lyle; employee contributions are entirely voluntary and no pressure is placed on 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. This year, a total of US\$8,000; £5,000 (2012 – US\$11,000; £7,000) was donated to political organisations by the Tate & Lyle PAC.

Payment to suppliers

Tate & Lyle PLC is a holding company and had no amounts owing to trade creditors at 31 March 2013. The Group's creditor days outstanding at 31 March 2013 were 48 days (2012 – 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.

Post balance sheet event

On 17 May 2013, the Company acquired Biovelop, a Swedish manufacturer of oat beta glucan.

Business Review

The Companies Act 2006 requires the Directors' Report to include a Business Review which must contain a fair review of the Company's business during the financial year ended 31 March 2013, including an analysis of the position of the Group at the end of the financial year, and a description of the principal risks and uncertainties facing the Company.

The information that fulfils the Business Review requirements can be found in the following sections:

- Our Business Model on pages 4 to 5
- Our Strategy on pages 6 to 7
- Key Performance Indicators on pages 8 to 9
- Chief Executive's Review on pages 12 to 14
- Speciality Food Ingredients on pages 15 to 17
- Bulk Ingredients on pages 18 to 19
- Innovation and Commercial Development on page 20
- Group Financial Results on page 21
- Additional Financial Information on pages 22 to 25
- Risks on pages 26 to 28
- Corporate Responsibility on pages 29 to 36

Directors' Statement of Responsibilities

The directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the Parent Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 European Union and with regard to the Parent company financial statements and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and Parent company financial statements respectively; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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. Legislation in the UK 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 38 to 39, 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, and the Parent Company Financial Statements in accordance with UK Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Parent Company; and
- the overview and operational review sections contained in the Directors' Report include 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 from the inside front cover to page 65 of this Annual Report was approved by the Directors on 29 May 2013.

On behalf of the Board

Lucie Gilbert
Company Secretary
29 May 2013

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 2013 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the 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 set out on page 65, 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 2013 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatement 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 2013 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report 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 UK Corporate Governance 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 page 119 on the Parent company financial statements of Tate & Lyle PLC for the year ended 31 March 2013 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

29 May 2013

Notes:

- (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	Year to 31 March	
		2013 £m	2012 £m
Continuing operations			
Sales	4, 5	3 256	3 088
Operating profit	4, 6	336	404
Finance income	10	3	8
Finance expense	10	(30)	(33)
Profit before tax		309	379
Income tax expense	11	(49)	(72)
Profit for the year from continuing operations		260	307
Profit for the year from discontinued operations	12	18	2
Profit for the year		278	309
Profit for the year attributable to:			
– owners of the Company		277	305
– non-controlling interests	12	1	4
Profit for the year		278	309

		pence	pence
Earnings per share attributable to the owners of the Company from continuing and discontinued operations:			
– basic	13	59.7	65.5
– diluted		58.5	64.3
Earnings per share attributable to the owners of the Company from continuing operations:			
– basic	13	56.0	65.9
– diluted		54.9	64.6

Analysis of adjusted profit before tax from continuing operations		£m	£m
Profit before tax		309	379
Adjust for:			
– exceptional items	7	12	(68)
– amortisation of intangible assets acquired through business combinations	15	10	12
– post-retirement benefit interest	10	(2)	(5)
Adjusted profit before tax, exceptional items, amortisation of intangible assets acquired through business combinations and post-retirement benefit interest		329	318

The notes on pages 72 to 118 form part of these Group financial statements.

Consolidated Statement of Comprehensive Income

	Notes	Year to 31 March	
		2013 £m	2012 £m
Profit for the year		278	309
Actuarial losses in post-employment benefit plans	30	(153)	(87)
Deferred tax relating to actuarial losses in post-employment benefit plans	11	(3)	33
Net fair value losses on cash flow hedges	25	(3)	(2)
Cash flow hedges reclassified and reported in the income statement during the year	25	4	(3)
Valuation losses on available-for-sale financial assets	18	(1)	(1)
Net exchange differences		27	(30)
Items recycled to the income statement on disposal	37	(14)	(11)
Deferred tax relating to the other above components	11	(6)	(6)
Other comprehensive expense for the year, net of tax		(149)	(107)
Total comprehensive income for the year		129	202
Total continuing operations		117	211
Total discontinued operations		12	(9)
		129	202
Attributable to:			
– owners of the Company		127	198
– non-controlling interests		2	4
		129	202
		pence	pence
Dividends per share:	14		
– interim paid		7.4	7.1
– final proposed		18.8	17.8
		26.2	24.9

The notes on pages 72 to 118 form part of these Group financial statements.

Consolidated Statement of Financial Position

		Year to 31 March	
	Notes	2013 £m	2012 £m
ASSETS			
Non-current assets			
Goodwill and other intangible assets	15	356	325
Property, plant and equipment	16	958	922
Investments in associates	17	6	5
Available-for-sale financial assets	18	27	23
Derivative financial instruments	20	54	57
Deferred tax assets	29	8	37
Trade and other receivables	23	3	2
Retirement benefit surplus	30	12	146
		1 424	1 517
Current assets			
Inventories	22	510	450
Trade and other receivables	23	383	332
Current tax assets		4	3
Derivative financial instruments	20	86	80
Cash and cash equivalents	33	379	424
		1 362	1 289
Assets held for sale	18, 38	1	100
		1 363	1 389
TOTAL ASSETS		2 787	2 906
SHAREHOLDERS' EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	24	117	117
Share premium	24	406	406
Capital redemption reserve		8	8
Other reserves	25	139	128
Retained earnings		366	374
Total shareholders' funds		1 036	1 033
Non-controlling interests		-	25
TOTAL EQUITY		1 036	1 058
LIABILITIES			
Non-current liabilities			
Trade and other payables	27	3	4
Borrowings	28	821	805
Derivative financial instruments	20	21	19
Deferred tax liabilities	29	24	25
Retirement benefit deficit	30	277	286
Provisions for other liabilities and charges	31	15	18
		1 161	1 157
Current liabilities			
Trade and other payables	27	382	382
Current tax liabilities		53	49
Borrowings and bank overdrafts	28	75	141
Derivative financial instruments	20	60	94
Provisions for other liabilities and charges	31	20	10
		590	676
Liabilities held for sale	38	-	15
		590	691
TOTAL LIABILITIES		1 751	1 848
TOTAL EQUITY AND LIABILITIES		2 787	2 906

The Group financial statements on pages 67 to 118 were approved by the Board of Directors on 29 May 2013 and signed on its behalf by:

Javed Ahmed, Tim Lodge Directors

The notes on pages 72 to 118 form part of these Group financial statements.

Consolidated Statement of Cash Flows

		Year to 31 March	
	Notes	2013 £m	2012 £m
Cash flows from operating activities			
Profit before tax from continuing operations		309	379
Adjustments for:			
– depreciation of property, plant and equipment	6, 16	91	85
– exceptional items, net of cash flow impact		(9)	(84)
– amortisation of intangible assets	6, 15	17	18
– share-based payments charge	9, 26	13	11
– finance income	10	(3)	(8)
– finance expense	10	30	33
Change in working capital	32	(107)	(121)
Change in net retirement benefit obligations		(44)	(80)
Cash generated from continuing operations		297	233
Interest paid		(36)	(43)
Income tax (paid)/received		(18)	16
Cash generated from discontinued operations	12	8	25
Net cash generated from operating activities		251	231
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment		3	2
Interest received		1	3
Purchase of available-for-sale financial assets	18	(4)	(6)
Disposal of available-for-sale financial assets	18	–	18
Acquisitions of businesses, net of cash acquired	37	–	(7)
Disposal of joint ventures, net of cash disposed	37	15	–
Disposal of businesses, net of cash disposed	37	36	1
Purchase of property, plant and equipment		(92)	(102)
Purchase of intangible assets and other non-current assets		(42)	(28)
Net cash generated from investing activities in discontinued operations	12	–	2
Net cash used in investing activities		(83)	(117)
Cash flows from financing activities			
Proceeds from issuance of ordinary and treasury shares		1	3
Repurchase of ordinary shares	24	(23)	(19)
Cash outflow from repayment of borrowings		(117)	(188)
Cash inflow from additional borrowings		24	8
Cash outflow from repayment of capital element of finance leases		(2)	(5)
Dividends paid to the Company's owners	14	(117)	(112)
Dividends paid to non-controlling interests		(2)	–
Net cash used in financing activities in discontinued operations	12	–	(2)
Net cash used in financing activities		(236)	(315)
Net decrease in cash and cash equivalents	34	(68)	(201)
Cash and cash equivalents			
Balance at beginning of year		446	654
Effect of changes in foreign exchange rates		1	(7)
Net decrease in cash and cash equivalents		(68)	(201)
Balance at end of year	33	379	446
As presented in the consolidated statement of financial position			
Cash and cash equivalents		379	424
Assets held for sale	38	–	22
Balance at end of year	33	379	446

The notes on pages 72 to 118 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 owners of the Company £m	Non- controlling interests £m	Total equity £m
Balance at 1 April 2011	523	8	175	244	950	23	973
Other comprehensive expense for the year	–	–	(47)	(60)	(107)	–	(107)
Profit for the year	–	–	–	305	305	4	309
Total comprehensive (expense)/income for the year	–	–	(47)	245	198	4	202
Share-based payments charge, including tax	–	–	–	13	13	–	13
Share repurchase	–	–	–	(19)	(19)	–	(19)
Proceeds from shares issued	–	–	–	3	3	–	3
Dividends paid	–	–	–	(112)	(112)	(2)	(114)
Balance at 31 March 2012	523	8	128	374	1 033	25	1 058
Other comprehensive income/(expense) for the year	–	–	11	(161)	(150)	1	(149)
Profit for the year	–	–	–	277	277	1	278
Total comprehensive income for the year	–	–	11	116	127	2	129
Share-based payments charge, including tax	–	–	–	15	15	–	15
Share repurchase	–	–	–	(23)	(23)	–	(23)
Proceeds from shares issued	–	–	–	1	1	–	1
Non-controlling interests disposed	–	–	–	–	–	(25)	(25)
Dividends paid	–	–	–	(117)	(117)	(2)	(119)
Balance at 31 March 2013	523	8	139	366	1 036	–	1 036

Retained earnings at 31 March 2013 include a deduction for own shares held by the ESOP trust of £15 million (2012 – £5 million).

The notes on pages 72 to 118 form part of these Group financial statements.

Notes to the Consolidated Financial Statements

1 Presentation of financial statements

General information

As set out on page 63, 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 premium 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. The Directors have a reasonable expectation that the Group has adequate resources to continue to operate for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements which has been applied consistently throughout the year.

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 (including derivatives) at fair value through profit and loss.

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

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 Group operates two business units within continuing operations: Speciality Food Ingredients and Bulk Ingredients. These business units meet the definition of an operating segment under IFRS 8. 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 Note 4 to be consistent with internal management reporting.

Discontinued operations include activities relating to businesses that formed part of the former Sugars segment.

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, statutory measurements of profit. The term 'adjusted' refers to the relevant measure being reported, excluding exceptional items, the amortisation of intangible assets acquired through business combinations and post-retirement benefit interest. Exceptional items are explained in Note 7. A reconciliation of statutory to adjusted information is provided in Note 43.

New IFRS standards and interpretations adopted

From 1 April 2012 the Group has adopted the following new and amended IFRSs and IFRIC interpretations:

- Amendment to IFRS 7 Financial instruments: Transfer of financial assets
- Amendment to IFRS 1 First time adoption on hyperinflation and fixed dates
- Amendment to IAS 12 Income taxes on deferred tax.

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:

- Amendments to IAS 1 Presentation of financial statements – other comprehensive income (effective 1 July 2012)
- Amendments to IAS 19 Employee benefits (effective 1 January 2013)
- Amendments to IAS 32 Financial instruments presentation (effective 1 January 2014)
- Amendment to IFRS 7 Financial instruments: Disclosures on offsetting (effective 1 January 2013)
- Annual improvements 2011 (effective 1 January 2013)
- IFRS 9 Financial instruments (effective 1 January 2013)
- IFRS 10 Consolidated financial statements (endorsed 1 January 2014)
- IFRS 11 Joint arrangements (endorsed 1 January 2014)
- IFRS 12 Disclosure of interest in other entities (endorsed 1 January 2014)
- IFRS 13 Fair value measurement (effective 1 January 2013).

The adoption of these standards, amendments and interpretations is not expected to have a material impact on the Group's result for the year or equity other than the amendment to IAS 19 and IFRS 11. The amendment to IAS 19

changes the basis on which the financing charge is calculated by applying the discount rate to the net defined benefit obligation and the presentation of costs within the income statement. For the year ended 31 March 2013, the new requirements would have reduced operating profit by £2 million (2012 – £2 million) and increased net finance costs recognised outside adjusted earnings by £6 million (2012 – £9 million). Under its current accounting policies the Group recognises actuarial gains and losses directly in other comprehensive income, as required by the new standard.

In May 2011, the IASB issued IFRS 11 Joint Arrangements which, is effective for accounting periods beginning on or after 1 January 2014. While the net result and net assets will remain unchanged, the presentation of the Consolidated Income Statement, Consolidated Statement of Financial Position and Consolidated Statement of Cash Flow will change significantly as IFRS 11 prohibits proportionate consolidation of joint ventures which is the Group's current accounting policy, as allowed under IAS 31. Under IFRS 11, joint ventures will be equity accounted. Operating segment results will remain unchanged and continue to proportionately consolidate joint ventures reflecting internal reporting to the Group's Chief Operating Decision Maker with a reconciliation to the IFRS presented figures. The adoptions of the other standards may affect disclosures in the Group's financial statements.

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 120 to 125.

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.

2 Group accounting policies continued

(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. The Group's share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income.

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 functional currency of the Parent and the presentational currency of the Group.

(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 recognised in other comprehensive income (OCI) as qualifying cash flow hedges, qualifying quasi-equity balances or 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 presentation 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 within OCI.

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. Plant and machinery mainly comprise equipment used in the manufacturing and operating process. Assets under the course of construction comprise property, plant and equipment which is in the process of being completed and not ready for use.

Property, plant and equipment is stated at historical cost less accumulated 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 year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost 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.

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

Notes to the Consolidated Financial Statements continued

2 Group accounting policies continued

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 with incentives recognised over the period of the lease at a constant periodic rate.

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 if positive. 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. Goodwill is tested for impairment annually and whenever there is an indication of impairment, and is carried at cost less accumulated impairment losses.

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 three 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. They are measured at historical cost less accumulated amortisation and impairment losses. Amortisation of the assets is recognised on a straight-line basis over the period of their expected benefit which ranges from three to 15 years.

(d) Other intangible assets

Other intangible assets are shown at historical cost less accumulated amortisation and impairment losses. Other intangible assets mainly include certain development expenditure, software costs and assets under construction relating to the common global IS/IT system. Costs incurred on development projects (relating to the development design and testing of new or improved products) are recognised as intangible assets when all 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. Capitalised costs in respect of the common global IS/IT system are amortised once it is deployed into the businesses. Amortisation of the assets is recognised on a straight-line basis over the period of their expected benefit which ranges from three to seven years.

Impairment

Assets that have an indefinite useful life are not subject to amortisation and are tested at least annually for impairment. No intangible assets other than goodwill have an indefinite life. In addition, assets in the course of construction are not depreciated and are subject to annual impairment review where there is an indication of impairment. 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 (cash-generating units). 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 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 statement of financial position date. The dividends on preference shares are recognised in the income statement as interest expense.

(d) Derivatives held for trading

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 offset against the hedged transaction.

2 Group accounting policies continued

(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.

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. Provisions are made for any slow moving, obsolete or defective inventories.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'operating costs'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'operating costs' in the income statement.

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 where the legal right of offset exists.

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 owners 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 owners.

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.

Provisions

Provisions for other 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. The main provisions held by the Group include insurance provisions, restructuring and closure provisions, and other provisions which relate primarily to legal matters and previously disposed businesses.

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 statement of financial position date.

The tax for amounts presented in other comprehensive income or the statement of changes in shareholders' equity are recognised in the respective statement.

Deferred tax is accounted for using the statement of financial position 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.

Notes to the Consolidated Financial Statements continued

2 Group accounting policies continued

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. It comprises the fair value of the consideration received or receivable for the sale of goods and services. 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.

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 once these contributions have been paid.

The amounts recognised in the statement of financial position in respect of defined benefit pension plans are the net deficit or the net surplus being the present value of the defined benefit obligation at the statement of financial position 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 the income statement, 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 are 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 immediately through the consolidated 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 immediately to the consolidated statement of comprehensive income. 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 statement of financial position 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. During the year £2 million of borrowing costs have been capitalised (2012 – £1 million) at a rate of 3.8% (2012 – 3.7%).

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, significant business transformation activities, disposals of operations or significant 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.

Dividend distribution

Final dividend distributions to the Company's owners 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.

2 Group accounting policies continued

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, which is determined to be the Board, receives information on the segmental net working capital in order to assess the performance of the segments.

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 statement of financial position 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 asset impairment being increased or reversed, in part or in full, at a future date. Goodwill impairment is never reversed.

Sensitivities are performed around the discount rate and operating profit growth which are considered the critical assumptions in the review.

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 statement of financial position 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. The annuity purchased for the partial pensioner buy-in is measured in accordance with the defined benefit obligation of the affected pension membership. 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 £70 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 decreased by 1%, the gross plan liabilities would increase by approximately £255 million.

The income statement generally comprises a regular charge to operating profit for open defined benefit plans, which represents the service cost of providing the benefit for the year, and a finance result, 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 1% increase in the assumption of the discount rate would increase the net finance expense by approximately £1.1 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 statement of financial position 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 statement of financial position 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 statement of financial position 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.

Notes to the Consolidated Financial Statements continued

4 Segment information

The Group operates two business units within continuing operations: Speciality Food Ingredients and Bulk Ingredients. These business units meet the definition of operating segment under IFRS 8. 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.

In the current year, there has been a change to internal management reporting which eliminates inter-segment sales.

Discontinued operations comprise businesses that formed part of the former Sugars segment (Note 12).

The segment results for the year to 31 March 2013 are as follows:

Notes	Continuing operations					Discontinued operations (Note 12) £m	Total from continuing and discontinued operations £m
	Speciality Food Ingredients £m	Bulk Ingredients £m	Central costs £m	Total £m			
Sales							
Total sales	947	2 309	-	3 256	10	3 266	
Inter-segment sales	-	-	-	-	-	-	
External sales (Note a)	947	2 309	-	3 256	10	3 266	
Operating profit/(loss)							
Before exceptional items and amortisation of intangible assets acquired through business combinations	213	182	(37)	358	(8)	350	
Exceptional items	7	(3)	8	(17)	26	14	
Amortisation of intangible assets acquired through business combinations	15	(10)	-	(10)	-	(10)	
Operating profit/(loss)	200	190	(54)	336	18	354	
Finance income before post retirement benefit interest	10			1	-	1	
Finance expense	10			(30)	-	(30)	
Post-retirement benefit interest	10			2	-	2	
Profit before tax				309	18	327	
Segment assets (Note b)	304	566	23	893	3	896	
Unallocated assets:							
- non-current assets						1 421	
- current assets						470	
Total assets						2 787	
Segment liabilities (Note b)	(115)	(223)	(46)	(384)	(1)	(385)	
Unallocated liabilities:							
- non-current liabilities						(1 158)	
- current liabilities						(208)	
Total liabilities						(1 751)	
Other segment information							
Net working capital	189	343	(23)	509	2	511	
Capital investments (Note c)	43	66	34	143	-	143	
Depreciation	16	36	52	3	91	91	
Amortisation of intangible assets	15	15	1	1	17	17	
Share-based payments	9, 26	3	3	7	13	13	

- (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 2013.
- (b) Segment assets and liabilities comprise 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 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 2012 are as follows:

	Notes	Continuing operations					Total from continuing and discontinued operations £m
		Speciality Food Ingredients £m	Bulk Ingredients £m	Central costs £m	Total £m	Discontinued operations (Note 12) £m	
Sales							
Total sales		992	2 277	–	3 269	72	3 341
Inter-segment sales		(105)	(76)	–	(181)	–	(181)
External sales (Note a)		887	2 201	–	3 088	72	3 160
Operating profit/(loss)							
Before exceptional items and amortisation of intangible assets acquired through business combinations		214	172	(38)	348	5	353
Exceptional items	7	70	7	(9)	68	11	79
Amortisation of intangible assets acquired through business combinations	15	(12)	–	–	(12)	–	(12)
Operating profit/(loss)		272	179	(47)	404	16	420
Finance income before post-retirement benefit interest	10				3	2	5
Finance expense	10				(33)	(1)	(34)
Post-retirement benefit interest	10				5	–	5
Profit before tax					379	17	396
Segment assets (Note b)		258	513	13	784	40	824
Unallocated assets:							
– non-current assets							1 515
– current assets							567
Total assets							2 906
Segment liabilities (Note b)		(117)	(222)	(47)	(386)	(9)	(395)
Unallocated liabilities:							
– non-current liabilities							(1 153)
– current liabilities							(300)
Total liabilities							(1 848)
Other segment information							
Net working capital		141	291	(34)	398	31	429
Capital investments (Note c)		70	52	30	152	1	153
Depreciation	16	30	53	2	85	2	87
Amortisation of intangible assets	15	18	–	–	18	–	18
Share-based payments	9, 26	3	2	6	11	–	11

- (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 2012. Sales between segments were carried out at arm's length.
- (b) Segment assets and liabilities comprises 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 were reported within segment information as unallocated, as these were not reported to the Chief Operating Decision Maker at 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 Company. 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	
	2013 £m	2012 £m	2013 £m	2012 £m	2013 £m	2012 £m
United Kingdom	63	64	23	18	38	39
United States	1 965	1 849	2 404	2 216	829	767
Other European countries	502	526	528	512	309	302
Rest of world	726	649	301	342	147	146
Total	3 256	3 088	3 256	3 088	1 323	1 254

Notes to the Consolidated Financial Statements continued

5 Sales from continuing operations

Analysis of sales by category:

	Note	Year to 31 March	
		2013 £m	2012 £m
Sales of goods (excluding share of sales of joint ventures)		2 780	2 617
Share of sales of joint ventures	17	476	471
Total		3 256	3 088

6 Operating profit**Continuing operations**

Analysis by nature:

	Notes	2013		2012	
		£m	£m	£m	£m
External sales	5		3 256		3 088
Staff costs	9		256		250
– of which relate to cost of sales		125		121	
Inventories:					
– cost of inventories recognised as an expense (included in cost of sales)			2 066		1 952
Depreciation of property, plant and equipment:					
– owned assets	16		87		84
– of which relate to cost of sales		86		81	
– leased assets (included in cost of sales)	16		4		1
Exceptional items	7		12		(68)
Amortisation of intangible assets:					
– intangible assets arising through business combinations	15		10		12
– other intangible assets	15		7		6
Operating lease rentals:					
– plant and machinery			19		22
Research and development expenditure			32		29
Impairment of trade receivables	23		1		1
Impairment of inventories	22		–		1
(Profit)/loss on disposal of property, plant and equipment			(1)		1
Other operating and selling expenses			427		393
Total			2 920		2 684
Operating profit from continuing operations			336		404

Discontinued operations

Analysis by nature:

	Notes	2013		2012	
		£m	£m	£m	£m
External sales	12		10		72
Staff costs	9		–		2
– of which relate to cost of sales		–		1	
Inventories:					
– cost of inventories recognised as an expense (included in cost of sales)			6		60
Depreciation of property, plant and equipment:					
– owned assets	16		–		2
– of which relate to cost of sales		–		2	
Exceptional items	7		(26)		(11)
Impairment of trade receivables	23		2		–
Profit on disposal of property, plant and equipment			(1)		–
Other operating and selling expenses			11		3
Total			(8)		56
Operating profit from discontinued operations			18		16

7 Exceptional items

Exceptional items are as follows:

	Year to 31 March	
	2013 £m	2012 £m
Continuing operations		
Gain on disposal – Sucromiles (Note a)	8	–
Business transformation costs (Note b)	(20)	(15)
Reversal of fixed asset impairment (Note c)	–	60
Reversal of provision – McIntosh (Note c)	–	23
Total	(12)	68
Discontinued operations		
Gain on disposal – Vietnam (Note d)	21	–
Gain on disposal – Molasses (Note e)	5	–
Gain on disposal of minority holdings – International Sugar Trading (Note f)	–	11
Total	26	11

Continuing operations

- (a) On 1 August 2012, the Group completed the disposal of its share in Sucromiles SA (Sucromiles), its Colombian citric acid joint venture, to its former joint-venture partner, Organizacion Ardila Lulle. After recycling foreign exchange revaluation gains previously held in reserves to the income statement, a gain on disposal of £8 million was recorded and is reported in the Bulk Ingredients segment. Further details are set out in Note 37.
- (b) The Group has recognised an exceptional charge of £20 million (2012 – £15 million) in relation to business transformation costs. The Group incurred £18 million (2012 – £9 million) of costs that did not meet the capitalisation criteria associated with the implementation of a common global IS/IT platform and global Shared Services Centre, and £2 million (2012 – £5 million) in relation to the relocation of employees and restructuring associated with the new Commercial and Food Innovation Centre in Chicago, USA. In the prior year, a further £1 million of closure and other restructuring costs were incurred in relation to the Food Systems business. These costs are reported in the Speciality Food Ingredients segment (£3 million; 2012 – £6 million) and within Central costs (£17 million; 2012 – £9 million).
- (c) In the prior year, the Group took the decision to re-open the mothballed facility in McIntosh, Alabama and restart the production of sucralose, which resulted in the reversal of £53 million of the impairment charge previously recognised against property, plant and equipment. In addition, £23 million of the provision in respect of obligations relating to the mothballed facility was no longer required and was also reversed. These exceptional items were reported within the Speciality Food Ingredients segment.

In addition, in November 2010 the Group signed an agreement with Amyris, Inc. to manufacture trans-beta-farnesene using assets located at the Decatur, Illinois plant that were previously redundant. In the prior year, commercial viability of the new production process was proven resulting in a £7 million reversal of the write down previously recognised against property, plant and equipment. This exceptional item was reported within the Bulk Ingredients segment.

The tax impact on continuing net exceptional items is a £5 million credit (2012 – £31 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 the prior year, the Group recognised an exceptional tax credit of £10 million which represented the recognition of a deferred tax asset in respect of foreign tax credits recognised in association with the disposal of the ethanol facility in Fort Dodge, Iowa.

Discontinued operations

- (d) On 29 June 2012, the Group completed the sale of Vietnam Sugar to TH Milk Food Stock Company. After recycling foreign exchange revaluation gains previously held in reserves to the income statement, a gain on disposal of £21 million was recorded. Further details are set out in Note 37.
- (e) On 20 March 2013, the Group completed the sale of the land and buildings relating to the former Molasses business, resulting in a gain on disposal of £5 million being recognised. Further details are set out in Note 37.
- (f) In the prior year, the Group completed the sale of its minority holdings in the former International Sugar Trading business in Egypt and Saudi Arabia. After recycling revaluation gains previously held in reserves to the income statement, the Group recorded an exceptional gain of £11 million.

The tax impact on discontinued net exceptional items for the period is £nil (2012 – £nil). Tax credits on exceptional costs are only recognised to the extent that losses incurred will result in tax recoverable in the future.

In the prior year, the Group recognised an exceptional tax charge of £15 million in respect of outstanding tax matters associated with the starch facilities that formed part of the former Food & Industrial Ingredients, Europe segment, which are in the process of litigation. These facilities were disposed of by the Group in the year ended 31 March 2008.

Notes to the Consolidated Financial Statements continued

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	
	2013 £m	2012 £m
Fees payable to the Company's auditors and its associates for the audit of the parent company and consolidated financial statements	0.7	0.6
Fees payable to the Company's auditors and its associates for other services:		
– the audit of the Company's subsidiaries	1.2	1.2
– audit-related services	0.3	0.5
– other services	–	0.1
Total audit fees	2.2	2.4
Fees in respect of the audit of the Group pension schemes	0.1	0.1
Total	2.3	2.5

9 Staff costs

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

	Notes	Year to 31 March 2013		Year to 31 March 2012	
		Continuing operations £m	Discontinued operations £m	Continuing operations £m	Discontinued operations £m
Wages and salaries		210	–	204	2
Social security costs		22	–	24	–
Other pension costs:					
– defined benefit schemes	30	4	–	4	–
– defined contribution schemes		4	–	4	–
– retirement healthcare benefits	30	3	–	3	–
Share-based payments	26	13	–	11	–
Total		256	–	250	2

The average monthly 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:

By business segment	Year to 31 March	
	2013	2012
Speciality Food Ingredients	1 731	1 693
Bulk Ingredients	2 187	2 247
Central	404	346
Total	4 322	4 286

In addition, the average number of people employed relating to discontinued operations was 60 (2012 – 276).

The number of people employed by the Group at 31 March 2013 was 4,326 (2012 – 4,636). Included in these numbers are nil (2012 – 253) employees relating to discontinued operations.

Central includes shared service employees who perform activities for the whole Group, including the Speciality Food Ingredients and Bulk Ingredients segments.

Key management compensation

	Year to 31 March	
	2013 £m	2012 £m
Salaries and short-term employee benefits	5	7
Post-employment benefits	1	1
Share-based payments	6	6
Total	12	14

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 50 to 62. Members of the Group Executive Committee are given on page 39.

The aggregate emoluments of directors in respect of qualifying services to the Company were £2 million (2012 – £3 million).

As required by the Companies Act 2006, the aggregate gains made by the directors on the exercise of share options were £1 million (2012 – £1 million).

10 Finance income and finance expense

	Notes	Year to 31 March	
		2013 £m	2012 £m
Continuing operations			
Finance income			
Interest receivable		1	3
Net finance income arising on defined benefit retirement schemes:			
– expected return on plan assets	30	71	78
– interest cost	30	(69)	(73)
Total finance income		3	8
Finance expense			
Interest payable on bank and other borrowings		(28)	(31)
Finance lease charges		(2)	(1)
Fair value gains/(losses) on interest-related derivative financial instruments:			
– interest rate swaps – fair value hedges		–	20
– derivatives not designated as hedges		(1)	(3)
Fair value adjustment of borrowings attributable to interest rate risk		1	(18)
Total finance expense		(30)	(33)
Net finance expense		(27)	(25)

Finance expense is shown net of borrowing costs capitalised within intangible assets (Note 15) of £2 million (2012 – £1 million capitalised within property, plant and equipment) at a capitalisation rate of 3.8% (2012 – 3.7%).

Interest payable on other borrowings includes £0.2 million (2012 – £0.2 million) of dividends in respect of the Group's 6.5% cumulative preference shares.

Discontinued operations

Included within the profit for the year in relation to discontinued operations (Note 12) is net finance income of £nil (2012 – £1 million).

11 Income tax expense

Analysis of charge for the year

	Note	Year to 31 March	
		2013 £m	2012 £m
Continuing operations			
Current tax:			
In respect of the current year			
– UK		–	–
– overseas		23	7
Adjustments in respect of previous years		–	–
		23	7
Deferred tax:	29		
Deferred tax charge		30	73
Adjustments in respect of previous years		(4)	2
Exceptional tax credit		–	(10)
Income tax expense		49	72

The income tax charge relating to continuing operations for the year to 31 March 2013 is £49 million (2012 – £72 million) and includes a credit of £5 million in respect of pre-tax exceptional items (2012 – £31 million charge).

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 15.8% (2012 – 19.0%). This compares with the standard rate of corporation tax in the UK of 24% (2012 – 26%). The effective tax rate relating to continuing operations on profit before exceptional items, amortisation of intangible assets acquired through business combinations, post-retirement benefit interest and exceptional tax items is 17.9% (2012 – 18.2%).

Included within deferred tax is a credit of £4 million (2012 – £2 million charge) principally relating to the settlement of prior year tax obligations in a number of jurisdictions.

In the prior year the exceptional tax credit of £10 million represents the recognition of a deferred tax asset in respect of foreign tax credits recognised in association with the disposal of Fort Dodge, Iowa.

The standard rate of corporation tax in the United Kingdom has reduced from 24% to 23% from 1 April 2013.

Notes to the Consolidated Financial Statements continued

11 Income tax expense continued

The tax on the company's profit before tax differs from the standard rate of corporation tax in the United Kingdom as follows:

	Year to 31 March	
	2013 £m	2012 £m
Profit before tax	309	379
Corporation tax charge thereon at 24% (2012 – 26%)	74	99
Adjusted for the effects of:		
– exceptional tax credit	–	(10)
– items not (taxable)/deductible for tax purposes	(5)	3
– losses not recognised	9	4
– adjustments to tax in respect of previous years	(4)	2
– different tax rates applied on overseas earnings	(25)	(26)
Total	49	72

Discontinued operations

The income tax charge in respect of discontinued operations (Note 12) in the year to 31 March 2013 is £nil (2012 – £15 million charge). The comparative period comprised a £15 million exceptional charge increasing the provisions relating to outstanding tax matters associated with starch facilities that formed part of the former Food & Industrial Ingredients, Europe segment, which are in the process of litigation. These facilities were disposed of by the Group in the year ended 31 March 2008.

Tax charge relating to components of other comprehensive income

	Notes	Year to 31 March	
		2013 £m	2012 £m
Retirement benefit obligations		(3)	33
Cash flow hedges		(1)	–
Tax losses		(5)	(6)
Tax (charge)/credit relating to components of other comprehensive income		(9)	27
Deferred tax	29	(9)	27

Tax on items recognised directly in equity

	Year to 31 March	
	2013 £m	2012 £m
Current tax credit on share-based payments	(3)	–
Deferred tax charge/(credit) on share-based payments	1	(2)
Total	(2)	(2)

12 Discontinued operations

The results of the former Sugars segment are presented as discontinued operations in both the current and comparative year. In the current year, the Group completed the sale of its Vietnam Sugar operations, its remaining Israel Sugar assets and other assets relating to Sugar operations which are discontinued. Further details can be found in Note 37. In the prior year, Other also includes £15 million of income tax expense in respect of outstanding tax matters associated with the starch facilities that formed part of the former Food & Industrial Ingredients, Europe segment, which are in the process of litigation.

	Notes	Year to 31 March 2013		
		Vietnam Sugar £m	Other £m	Total £m
Sales		9	1	10
Operating profit/(loss) before exceptional items		3	(11)	(8)
Exceptional items	7	21	5	26
Operating profit/(loss)		24	(6)	18
Profit/(loss) before tax		24	(6)	18
Income tax expense	11	–	–	–
Profit/(loss) for the year		24	(6)	18
Non-controlling interests		(1)	–	(1)
Profit/(loss) attributable to owners of the Company		23	(6)	17

12 Discontinued operations continued

	Notes	Year to 31 March 2012		
		Vietnam Sugar £m	Other £m	Total £m
Sales		31	41	72
Operating profit/(loss) before exceptional items		7	(2)	5
Exceptional items	7	–	11	11
Operating profit		7	9	16
Finance income	10	2	–	2
Finance expense	10	–	(1)	(1)
Profit before tax		9	8	17
Income tax expense	11	–	(15)	(15)
Profit/(loss) for the year		9	(7)	2
Non-controlling interests		(4)	–	(4)
Profit/(loss) attributable to owners of the Company		5	(7)	(2)

Net cash flows from discontinued operations are as follows:

	Year to 31 March 2013		
	Vietnam Sugar £m	Other £m	Total £m
Net cash generated from operating activities	4	4	8

	Year to 31 March 2012		
	Vietnam Sugar £m	Other £m	Total £m
Net cash generated from operating activities	10	15	25
Net cash generated from investing activities	2	–	2
Net cash used in financing activities	(2)	–	(2)

13 Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to owners 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 2013			Year to 31 March 2012		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Profit/(loss) attributable to owners of the Company (£million)	260	17	277	307	(2)	305
Weighted average number of ordinary shares in issue (millions)	464.2	464.2	464.2	465.7	465.7	465.7
Basic earnings/(loss) per share	56.0p	3.7p	59.7p	65.9p	(0.4)p	65.5p

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 performance conditions at the end of the financial year, and the number of shares which would be issued based on the status at the end of the financial year.

	Year to 31 March 2013			Year to 31 March 2012		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Profit/(loss) attributable to owners of the Company (£million)	260	17	277	307	(2)	305
Weighted average number of ordinary shares (millions)	473.5	473.5	473.5	474.9	474.9	474.9
Diluted earnings/(loss) per share	54.9p	3.6p	58.5p	64.6p	(0.3)p	64.3p

The adjustment for the dilutive effect of share options at 31 March 2013 was 9.3 million shares (2012 – 9.2 million).

Notes to the Consolidated Financial Statements continued

13 Earnings per share continued**Adjusted earnings per share**

Adjusted earnings per share is stated excluding exceptional items, amortisation of intangible assets acquired through business combinations and post-retirement benefit interest as follows:

	Notes	Year to 31 March	
		2013 £m	2012 £m
Continuing operations			
Profit attributable to owners of the Company		260	307
Adjustments:			
– exceptional items	7	12	(68)
– amortisation of intangible assets acquired through business combinations	15	10	12
– post-retirement benefit interest	10	(2)	(5)
– tax effect of the above adjustments		(10)	24
– exceptional tax credit	11	–	(10)
Adjusted profit		270	260
Adjusted basic earnings per share from continuing operations		58.2p	55.8p
Adjusted diluted earnings per share from continuing operations		57.0p	54.7p

14 Dividends

	Year to 31 March	
	2013 £m	2012 £m
Dividends paid on ordinary equity shares:		
– final paid relating to prior year	83	79
– interim paid relating to current year	34	33
Total dividend paid	117	112
Satisfied by:		
– cash	117	112
Total	117	112
The total ordinary dividend is 26.2p (2012 – 24.9p) made up as follows:		
– interim dividend paid	7.4p	7.1p
– final dividend proposed (Note a)	18.8p	17.8p
Total	26.2p	24.9p

- (a) The final dividend proposed for the year of £87 million (2012 – £83 million), based on the number of shares outstanding as at 31 March 2013 has not been recognised as a liability and will be settled on 2 August 2013, to shareholders who are on the Register of Members on 28 June 2013, subject to approval by shareholders at the Company's Annual General Meeting on 24 July 2013.

15 Goodwill and other intangible assets

	Goodwill £m	Patents and other intellectual property £m	Other acquired intangible assets £m	Total acquired intangibles £m	Other intangible assets £m	Total £m
Cost						
At 1 April 2012	217	33	116	366	70	436
Additions at cost	-	1	-	1	43	44
Exchange	-	-	3	3	3	6
At 31 March 2013	217	34	119	370	116	486
Accumulated amortisation and impairments						
At 1 April 2012	-	27	57	84	27	111
Amortisation charge	-	1	9	10	7	17
Exchange	-	-	2	2	-	2
At 31 March 2013	-	28	68	96	34	130
Net book value at 31 March 2013	217	6	51	274	82	356
Cost						
At 1 April 2011	222	33	121	376	40	416
Additions at cost	-	-	-	-	30	30
Exchange	(5)	-	(5)	(10)	-	(10)
At 31 March 2012	217	33	116	366	70	436
Accumulated amortisation and impairments						
At 1 April 2011	-	25	49	74	22	96
Amortisation charge	-	2	10	12	6	18
Exchange	-	-	(2)	(2)	(1)	(3)
At 31 March 2012	-	27	57	84	27	111
Net book value at 31 March 2012	217	6	59	282	43	325

Goodwill

The carrying amounts of goodwill by segment are as follows:

	Year to 31 March	
	2013 £m	2012 £m
Speciality Food Ingredients (Note a)	71	76
Bulk Ingredients	1	1
Allocated by geography:		
- United States (Note b)	60	57
- Europe (Note c)	85	83
Total	217	217

Goodwill is tested for impairment annually and whenever there is an indication of impairment. The carrying value was compared to the recoverable amount which was determined by value in use. Although cash flows have been identified for certain individual plants for the purposes of assessing the recoverable amounts, the business is principally 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 cash-generating unit (CGU). Unless otherwise stated, impairment reviews are carried out in accordance with the methodology set out in Notes 2 and 3 using cash flows based on the latest Board approved management projections with management determined budgeted gross margin based on past performance and its expectations of market development. The discount rates used are pre-tax and are based on the Group's WACC adjusted to reflect specific risks relating to the relevant operating segments. The weighted average growth rates used are consistent with the forecasts included in industry reports. The terminal value is based on the long-term growth rate for the relevant geographical markets and is approximately 2% or lower per year.

- (a) Goodwill within the Speciality Food Ingredients segment includes amounts relating to the acquisition of G.C. Hahn & Company in June 2007 and the acquisition of the Cesalpinia Foods group in December 2005 which are all within the Food Systems division, which totals £63 million (2012 – £62 million). These businesses have been tested for impairment as one CGU following sufficient integration between the businesses. A pre-tax discount rate of 10.1% (2012 – 10.4%) has been used with cash flow projections based on the five-year business plan. A 2% growth was assumed in perpetuity based on the long-term national average growth rates for the geographic markets in which these businesses operate. 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 10.1% (2012 – 10.4%) and 2% growth assumed in perpetuity based on long-term national average growth rate for these markets. Significant headroom exists and management has concluded that no impairment is required.

Notes to the Consolidated Financial Statements continued

15 Goodwill and other intangible assets continued

- (b) Goodwill relating to the United States includes £60 million (2012 – £57 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 10.1% (2012 – 10.4%). A 2% growth was assumed in perpetuity based on the long-term national average growth rate for this geographic market. Significant headroom exists and management has concluded that no impairment is required.
- (c) Goodwill relating to Europe includes £85 million (2012 – £83 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 goodwill impairment testing purposes. The goodwill in the former Amylum business has been tested for impairment using a pre-tax discount rate of 10.1% (2012 – 10.4%). Cash flow projections for five years were used. A 2% growth was assumed in perpetuity based on the long-term national average growth rates for these markets. Significant headroom exists and 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

Other intangible assets is made up of capitalised development costs and software. Included in capitalised development costs is £47 million (2012 – £18 million) relating to a common global IS/IT platform of which £20 million (2012 – £18 million) is held as assets under construction and will be amortised over a period of seven years once it is deployed into the businesses. Additions to Other intangible assets include capitalised borrowing costs of £2 million (2012 – £nil).

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 2012	444	1 932	82	2 458
Additions at cost	2	7	86	95
Transfers on completion	33	103	(136)	–
Disposals and write-offs	(5)	(19)	–	(24)
Exchange	20	85	–	105
At 31 March 2013	494	2 108	32	2 634
Accumulated depreciation and impairments				
At 1 April 2012	209	1 327	–	1 536
Depreciation charge	11	80	–	91
Disposals and write-offs	(5)	(17)	–	(22)
Exchange	8	63	–	71
At 31 March 2013	223	1 453	–	1 676
Net book value at 31 March 2013	271	655	32	958
Cost				
At 1 April 2011	433	1 893	78	2 404
Additions at cost	2	24	90	116
Transfers on completion	21	64	(85)	–
Transfer to assets held for sale	(2)	(15)	(1)	(18)
Disposals and write-offs	(3)	(10)	–	(13)
Exchange	(7)	(24)	–	(31)
At 31 March 2012	444	1 932	82	2 458
Accumulated depreciation and impairments				
At 1 April 2011	221	1 328	–	1 549
Depreciation charge	10	77	–	87
Transfer to assets held for sale	(1)	(13)	–	(14)
Reversal of impairment losses	(18)	(42)	–	(60)
Disposals and write-offs	(1)	(9)	–	(10)
Exchange	(2)	(14)	–	(16)
At 31 March 2012	209	1 327	–	1 536
Net book value at 31 March 2012	235	605	82	922

Additions to property, plant and equipment includes capitalised borrowing costs of £nil million (2012 – £1 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, or that an impairment loss recognised in a previous period no longer exists or has decreased.

16 Property, plant and equipment continued

Impairment reviews

2013 and 2012

The Group carried out an impairment review at 31 March 2013. 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 between 10.1% and 12.1% (2012 – between 10.4% and 12.4%) and a 2% growth rate assumed in perpetuity, where appropriate. Taking all factors into account management concluded that no impairments were required. During 2012, the Group reversed previously recognised impairments on its sucralose manufacturing facility in McIntosh, Alabama (£53 million) and £7 million relating to the previously redundant plant at its Decatur, Illinois facility. See Note 7 for further details.

In respect of the plant in Dayton, Ohio which had been previously impaired, 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. A pre-tax discount rate of 12.1% was used to take into account the risk associated with the regulatory and competitive environment in which it operates. Taking all factors into account management concluded that no further impairment or reversal of previous impairments was required.

Leased assets

Included in property, plant and equipment is plant and machinery held under finance leases with a net book value of £18 million (2012 – £20 million).

17 Investments in associates and joint ventures

Associates

	£m
At 1 April 2011 and 2012	5
Exchange	1
At 31 March 2013	6

The Group's associates, which are accounted for under the equity method, are listed in Note 42.

The amounts equity accounted in the Group income statement and statement of financial position are summarised below:

	Year to 31 March	
	2013 £m	2012 £m
Income statement		
Sales	4	5
Expenses	(4)	(5)
Profit before and after tax	–	–
	31 March	
	2013 £m	2012 £m
Statement of financial position		
Assets	13	10
Liabilities	(7)	(5)
Net assets	6	5

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:

	Note	Year to 31 March 2013		Year to 31 March 2012	
		Continuing operations £m	Discontinued operations £m	Continuing operations £m	Discontinued operations £m
Sales	5	476	–	471	–
Other expense		(428)	–	(401)	(1)
Profit/(loss) before tax		48	–	70	(1)
Income tax expense		(14)	–	(13)	–
Profit/(loss) for the year		34	–	57	(1)

Notes to the Consolidated Financial Statements continued

17 Investments in associates and joint ventures continued

Statement of financial position	31 March	
	2013 £m	2012 £m
Assets		
Non-current assets	173	170
Cash and cash equivalents	73	102
Other current assets	158	159
	404	431
Liabilities		
Non-current borrowings	7	7
Other non-current liabilities	19	17
Current borrowings	31	7
Other current liabilities	56	74
	113	105
Net assets	291	326

There are guarantees in respect of banking facilities of a joint venture totalling £9 million (2012 – £10 million).

18 Available-for-sale financial assets

	£m
At 1 April 2011	36
Additions	6
Disposal	(18)
Fair value loss	(1)
Exchange	1
At 31 March 2012	24
Additions	4
Fair value loss	(1)
Exchange	1
At 31 March 2013	28

Presented in the statement of financial position as follows:

	Note	31 March	
		2013 £m	2012 £m
Non-current available-for-sale financial assets		27	23
Assets held for sale	38	1	1
Total		28	24

Available-for-sale financial assets primarily comprise £28 million (2012 – £24 million) of unlisted securities. The fair values of non-current available-for-sale financial assets are approximated at cost where fair value cannot 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	
	2013 £m	2012 £m
US dollar (Note a)	18	14
Sterling	8	8
Euro	2	2
Total	28	24

(a) US dollar includes £1 million (2012 – £1 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 2013 and 31 March 2012.

		31 March 2013					
	Notes	Amortised cost £m	Derivatives 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	-	-	-	27	27	27
Trade and other receivables	23	372	-	-	-	372	372
Cash and cash equivalents	33	379	-	-	-	379	379
Derivative financial instruments – assets	20	-	56	84	-	140	140
Borrowings	28	(896)	-	-	-	(896)	(946)
Derivative financial instruments – liabilities	20	-	(17)	(64)	-	(81)	(81)
Trade and other payables	27	(382)	-	-	-	(382)	(382)
Total		(527)	39	20	27	(441)	(491)

		31 March 2012					
	Notes	Amortised cost £m	Derivatives 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	-	-	-	23	23	23
Trade and other receivables	23	323	-	-	-	323	323
Cash and cash equivalents	33	424	-	-	-	424	424
Derivative financial instruments – assets	20	-	60	77	-	137	137
Borrowings	28	(946)	-	-	-	(946)	(988)
Derivative financial instruments – liabilities	20	-	(17)	(96)	-	(113)	(113)
Trade and other payables	27	(378)	-	-	-	(378)	(378)
Total		(577)	43	(19)	23	(530)	(572)

Trade and other receivables presented above excludes £14 million (2012 – £11 million) relating to prepayments.

Trade and other payables presented above excludes £3 million (2012 – £8 million) relating to social security.

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.

Notes to the Consolidated Financial Statements continued

19 Financial instruments by category continued

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 2013 and 31 March 2012:

		31 March 2013			
		Level 1	Level 2	Level 3	Total
Notes		£m	£m	£m	£m
Assets at fair value					
18	Available-for-sale financial assets	–	–	27	27
Derivative financial instruments:					
20	– currency swaps	–	2	–	2
20	– interest rate swaps	–	59	–	59
20	– forward foreign exchange contracts	–	1	–	1
20	– commodity pricing contracts	11	14	53	78
Assets at fair value		11	76	80	167
Liabilities at fair value					
Derivative financial instruments:					
20	– currency swaps	–	(13)	–	(13)
20	– interest rate swaps	–	(10)	–	(10)
20	– forward foreign exchange contracts	–	(2)	–	(2)
20	– commodity pricing contracts	(21)	(14)	(21)	(56)
Liabilities at fair value		(21)	(39)	(21)	(81)

		31 March 2012			
		Level 1	Level 2	Level 3	Total
Notes		£m	£m	£m	£m
Assets at fair value					
18	Available-for-sale financial assets	–	–	23	23
Derivative financial instruments:					
20	– currency swaps	–	16	–	16
20	– interest rate swaps	–	61	–	61
20	– forward foreign exchange contracts	–	2	–	2
20	– commodity pricing contracts	23	13	22	58
Assets at fair value		23	92	45	160
Liabilities at fair value					
Derivative financial instruments:					
20	– currency swaps	–	(40)	–	(40)
20	– interest rate swaps	–	(13)	–	(13)
20	– forward foreign exchange contracts	–	(1)	–	(1)
20	– commodity pricing contracts	(34)	(3)	(22)	(59)
Liabilities at fair value		(34)	(57)	(22)	(113)

19 Financial instruments by category continued

Level 1 financial instruments

The fair value of financial instruments traded in active markets (commodity futures) is based on quoted market prices at the statement of financial position 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.

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 statement of financial position 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 principally approximated at cost. Values are adjusted for permanent impairments and fair value movements as disclosed in Note 18.

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 contract – liabilities £m	Available- for-sale assets £m	Total £m
At 1 April 2011	14	(14)	19	19
Total gains or losses:				
– in operating profit	22	(22)	–	–
– in other comprehensive income	–	–	(1)	(1)
Purchases	–	–	6	6
Settlements	(14)	14	(1)	(1)
At 31 March 2012	22	(22)	23	23
Total gains or losses:				
– in operating profit	53	(21)	–	32
– in other comprehensive income	–	–	(1)	(1)
Purchases	–	–	4	4
Settlements	(22)	22	1	1
At 31 March 2013	53	(21)	27	59

Notes to the Consolidated Financial Statements continued

20 Derivative financial instruments

	31 March 2013		31 March 2012	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Non-current derivative financial instruments used to manage the Group's net debt profile				
Currency swaps:				
– net investment hedges	2	(13)	2	(8)
Interest rate swaps:				
– fair value hedges	45	–	44	–
– held for trading	7	(8)	11	(11)
	54	(21)	57	(19)
Current derivative financial instruments used to manage the Group's net debt profile				
Currency swaps:				
– accrued interest	–	–	4	(2)
– held for trading	–	–	10	(30)
Interest rate swaps				
– accrued interest	7	(2)	6	(2)
	7	(2)	20	(34)
Total derivative financial instruments used to manage the Group's net debt profile	61	(23)	77	(53)
Other current derivative financial instruments				
Forward foreign exchange contracts:				
– cash flow hedges	1	(2)	2	(1)
Commodity pricing contracts:				
– cash flow hedges	1	–	2	(4)
– held for trading	77	(56)	56	(55)
	79	(58)	60	(60)
Total other derivative financial instruments	79	(58)	60	(60)
Total derivative financial instruments	140	(81)	137	(113)
Presented in the statement of financial position as follows:				
Non-current derivative financial instruments	54	(21)	57	(19)
Current derivative financial instruments	86	(60)	80	(94)
	140	(81)	137	(113)

The ineffective portion recognised in operating profit that arises from cash flow hedges amounts to a £1 million gain (2012 – £nil).

The ineffective portion recognised in operating profit that arises from net investment hedges amounts to £nil (2012 – £nil).

The ineffective portion recognised in net finance expense that arises from fair value hedges amounts to a £1 million gain (2012 – £2 million gain).

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	
	2013 £m	2012 £m
Euro	1	5
US dollar	(36)	(36)
Sterling	–	1
Singapore dollar	32	32
Other	2	(2)

Gains and losses recognised in the hedging reserve in equity (Note 25) on forward foreign exchange and commodity pricing contracts as of 31 March 2013 will be released to the income statement at various dates up to 12 months from the statement of financial position date.

20 Derivative financial instruments continued

Fair value hedges

The Group employs interest rate swap contracts to hedge interest rate risks associated with its borrowings. The notional principal amounts of the outstanding interest rate swap contracts applied in fair value hedging relationships as of 31 March 2013 were £364 million (2012 – £353 million).

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 2013 were £158 million (31 March 2012 – £152 million). Within net investment hedging losses, a fair value loss of £5 million (2012 – £4 million gain) on translation of the currency swap contracts to pounds sterling at the statement of financial position date was recognised in the translation reserve in shareholders' equity (Note 25).

In addition, at 31 March 2013, of the Group's borrowings, a total of £495 million (2012 – £369 million) is designated as hedges of the net investments in overseas subsidiaries.

Debt-related derivatives held for trading

The notional amounts of the outstanding currency swap contracts not designated within hedge relationships as at 31 March 2013 were £nil million (2012 – £321 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 2013 were £231 million (2012 – £219 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.

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 of Tate & Lyle PLC regularly reviews these risks and approves written policies covering the use of financial instruments to manage these risks and sets overall risk limits. The derivative financial instruments approved by the Board to manage financial risks include swaps, both interest rate and currency, swaptions, caps, forward rate agreements, foreign exchange and commodity forward contracts and options, and commodity futures.

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. 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. Tate & Lyle International Finance PLC arranges funding and manages interest rate, foreign exchange and bank counterparty risks within limits approved by the Board of Tate & Lyle PLC.

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 corn pricing.

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 recognised 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 £479 million (2012 – £476 million) was held in the following currencies: net borrowings of US dollars 108% (2012 – 113%), euro 3% (2012 – nil%), net deposits of pounds sterling 10% (2012 – 8% and other currencies 1% (2012 – 5%). The Group's interest cost through the income statement is impacted by changes in the relevant exchange rates.

Notes to the Consolidated Financial Statements continued

21 Financial risk factors continued

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 2013		31 March 2012	
	Income statement -/+£m	Equity -/+£m	Income statement -/+£m	Equity -/+£m
Sterling/US dollar 10% change	-	48	1	54
Sterling/euro 10% change	-	6	-	6

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 2013, the longest term of any fixed rate debt held by the Group was until November 2019 (2012 – November 2019). The proportion of net debt at 31 March 2013 (excluding the Group's share of joint-venture net debt) that was fixed or capped for more than one year was 64% (2012 – 56%).

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 2013 assuming that other variables remain unchanged.

As at 31 March 2013 if interest rates increase by 100 basis points, the Group's profit before tax will decrease by £1 million (2012 – no impact). If interest rates decrease by 100 basis points, or less where applicable, Group profit before tax will increase by £1 million (2012 – £1 million increase).

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 at 31 March to the price movement of commodities:

	31 March 2013		31 March 2012	
	Income statement -/+£m	Equity -/+£m	Income statement -/+£m	Equity -/+£m
Corn 50% change	3	-	3	-

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 customers' 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 at the balance sheet date is as follows:

	31 March	
	2013 £m	2012 £m
Cash and cash equivalents	379	424
Trade and other receivables	372	323
Derivative financial instruments – assets	140	137
Available-for-sale financial assets	27	23
Held for sale assets	1	51

21 Financial risk factors continued

The Group's trade receivables are short term in nature and largely comprise amounts receivable from business customers. 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 2013 include 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\$800 million which matures in June 2016. 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 3.5 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.

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 at least 35% has a maturity of more than 2.5 years. At 31 March 2013, after subtracting total undrawn committed facilities, there was no debt maturing within two and a half years (2012 – none). The average maturity of the Group's gross debt was 4.6 years (2012 – 4.9 years). At the year end the Group held cash and cash equivalents of £379 million (2012 – £424 million) and had committed facilities of £527 million (2012 – £500 million) of which £527 million (2012 – £500 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 statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	31 March 2013		
	<1 year £m	1–5 years £m	> 5 years £m
Liquidity analysis			
Borrowings including finance leases	(77)	(518)	(262)
Interest on borrowings	(41)	(99)	(30)
Trade and other payables	(382)	(3)	–
Derivative contracts:			
– receipts	93	271	–
– payments	(80)	(251)	–
Commodity contracts	(44)	(3)	–

	31 March 2012		
	<1 year £m	1–5 years £m	> 5 years £m
Liquidity analysis			
Borrowings including finance leases	(142)	(491)	(273)
Interest on borrowings	(46)	(122)	(44)
Trade and other payables	(382)	(4)	–
Derivative contracts:			
– receipts	693	313	–
– payments	(699)	(282)	–
Commodity contracts	(21)	–	–

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 assets and liabilities denominated in currencies other than pounds sterling are converted to pounds sterling using year end exchange rates.

Notes to the Consolidated Financial Statements continued

21 Financial risk factors continued**Capital risk management**

The Group's primary objectives in managing its capital are to safeguard the business as a going concern; to maintain a progressive dividend policy; 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 2013, the long-term credit rating from Moody's was Baa2 (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:

	Note	31 March	
		2013 £m	2012 £m
Net debt	34	479	476
Total shareholders' equity		1 036	1 058
Total capital		1 515	1 534

The Board 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 two times and interest cover should exceed five 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 2013 and 31 March 2012 are:

	31 March	
	2013 times	2012 times
Net debt/EBITDA	1.0	1.1
Interest cover	11.1	11.1

22 Inventories

	31 March	
	2013 £m	2012 £m
Raw materials and consumables	267	256
Work in progress	21	23
Finished goods	222	171
Total	510	450

Finished goods inventories of £5 million (2012 – £4 million) are carried at realisable value, this being lower than cost. Inventories of £164 million (2012 – £175 million) are carried at market value. During the year ended 31 March 2013, the Group did not recognise a net impairment charge against inventories (2012 – £1 million).

23 Trade and other receivables

	31 March	
	2013 £m	2012 £m
Non-current trade and other receivables		
Other receivables	3	2
Total	3	2

	31 March	
	2013 £m	2012 £m
Current trade and other receivables		
Trade receivables	340	271
Less: provision for impairment of receivables	(10)	(7)
Trade receivables – net	330	264
Prepayments and accrued income	14	11
Margin deposits	18	36
Other receivables	21	21
Total	383	332

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, except prepayments, represents the Group's maximum credit exposure.

The carrying amount of trade and other receivables are denominated in the following currencies:

	31 March	
	2013 £m	2012 £m
US dollar	222	205
Euro	95	77
Sterling	11	13
Other	58	39
Total	386	334

Provision for impairment of receivables

	31 March	
	2013 £m	2012 £m
At 1 April	(7)	(19)
Charge for the year	(3)	(1)
Transfer to held for sale	-	14
Exchange	-	(1)
At 31 March	(10)	(7)

The creation of provisions for impaired receivables has been included in the income statement.

The Group recognised a loss of £3 million (2012 – £1 million) for impairment of its trade receivables during the year. The loss is from both continuing (£1 million, 2012 – £1 million) and discontinued operations (£2 million, 2012 – £nil) and has been included in operating profit in the income statement (Note 6).

As at 31 March 2013, trade receivables of £31 million (2012 – £35 million) were past due but not impaired. The trade receivables not past due nor impaired are considered recoverable and of good credit quality. During the year, £nil (2012 – £14 million) of trade receivables have been reclassified to held for sale (Note 38).

The ageing analysis of these trade receivables is as follows:

	31 March	
	2013 £m	2012 £m
Up to 30 days past due	28	31
1–3 months past due	3	4
Total	31	35

Notes to the Consolidated Financial Statements continued

24 Share capital and share premium

	Ordinary share capital £m	Share premium £m	Total £m
At 31 March 2012 and 31 March 2013	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 2013		Year to 31 March 2012	
	Shares	£m	Shares	£m
At 1 April	468 160 519	117	468 111 340	117
Allotted under share option schemes	32 381	–	49 179	–
At 31 March	468 192 900	117	468 160 519	117

Treasury shares and shares held in ESOP trust

As at 31 March 2013, the Group held 1,841,533 shares (2012 – 2,545,376 shares) in Treasury.

During the year, 2,703,843 shares (2012 – 379,952 shares) were released from Treasury to satisfy share options exercised.

During the year, the Company repurchased 2,000,000 shares (2012 – 2,750,000 shares) to be held in Treasury for £13 million (2012 – £19 million) to satisfy share options granted to employees under the Group's share option schemes. The shares repurchased represent 0.4% of the Company's called up share capital at 31 March 2013 (2012 – 0.6%) and had a nominal value of £0.5 million (2012 – £0.7 million).

The shares held in Treasury at 31 March 2013 represented 0.4% (2012 – 0.5%) of the Company's share capital at the year end, and have a nominal value of less than £0.5 million (2012 – £0.6 million).

As at 31 March 2013, the Group held 2,571,642 shares (2012 – 1,250,182 shares) in an ESOP trust.

During the year, 178,540 shares (2012 – 1,463,512 shares) were released from the ESOP trust to satisfy share options exercised.

During the year, the Company repurchased 1,500,000 shares to be held in the ESOP trust (2012 – nil) for £10 million to satisfy share options granted to employees under the Group's share option schemes. The shares repurchased represent 0.3% of the Company's called up share capital at 31 March 2013 (2012 – nil) and had a nominal value of £0.4 million.

The shares held in the ESOP trust at 31 March 2013 represent 0.5% (2012 – 0.3%) of the Company's share capital at year end, have a nominal value of £0.6m (2012 – £0.3m) and a market value of 850.0p per share (2012 – 705.0p per share).

Analysis of ordinary shareholders

Number of shares of 25p each	31 March 2013			
	Number of holdings	%	Total	%
Up to 500	4 720	30.8	1 243 080	0.3
501 – 1 000	3 847	25.1	3 018 077	0.6
1 001 – 1 500	1 979	12.9	2 468 707	0.5
1 501 – 2 000	1 308	8.5	2 361 474	0.5
2 001 – 5 000	2 070	13.5	6 371 475	1.3
5 001 – 10 000	512	3.3	3 618 675	0.8
10 001 – 200 000	634	4.1	32 163 696	6.9
200 001 – 500 000	121	0.8	39 772 005	8.5
Above 500 000	151	1.0	377 175 711	80.6
Total	15 342	100.0	468 192 900	100.0

25 Other reserves

	Hedging reserve £m	Translation reserve £m	All other reserves (Note a) £m	Total £m
At 1 April 2011	7	58	110	175
Cash flow hedges:				
– fair value losses in the year	(2)	–	–	(2)
– reclassified and reported in the income statement during the year	(3)	–	–	(3)
Loss on revaluation of available-for-sale financial assets	–	–	(1)	(1)
Currency translation differences:				
– net investment hedging gains in the year	–	3	–	3
Net exchange differences on consolidation	–	(33)	–	(33)
Items transferred to the income statement on disposal	–	–	(11)	(11)
At 31 March 2012	2	28	98	128
Cash flow hedges:				
– fair value losses in the year	(3)	–	–	(3)
– reclassified and reported in the income statement during the year	4	–	–	4
– tax effect of the above movements	(1)	–	–	(1)
Loss on revaluation of available-for-sale financial assets	–	–	(1)	(1)
Currency translation differences:				
– net investment hedging losses in the year	–	(30)	–	(30)
Net exchange differences on consolidation	–	56	–	56
Items transferred to the income statement on disposal	–	(14)	–	(14)
At 31 March 2013	2	40	97	139

(a) All other reserves include the merger reserve and the available-for-sale fair value reserve, both of which are non-distributable.

26 Share-based payments

During the year to 31 March 2013, 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	Group bonus plan – deferred benefit award	Sharesave Plan		
					Duration in years	Annually in June	Annually in December
Timing of grant	Bi-annually	(Note a)		Annually as applicable in May		Annually in June	Annually in December
Number of options/shares granted in year to 31 March 2013	2 673 024	–	–	8 368	3 5	–	23 768 13 442
Number of options/shares granted in year to 31 March 2012	2 937 428	–	–	296 710	3 5	–	26 273 7 823
Fair value per share for 2013 grant (pence)	619	–	–	697	3 5	–	198 208
Fair value per share for 2012 grant (pence)	542	–	–	555	3 5	–	126 141
Valuation basis	Monte Carlo	Binomial Lattice	Monte Carlo	Contractual		Black- Scholes	Black- Scholes
Contractual life	10 years	10 years	3 years	2 years		3/5 years	3/5 years
Vesting conditions	(Note b)	(Note c)	(Note d)	(Note f)		(Note e)	(Note e)

(a) The last grant under this scheme was made in June 2004.

(b) For the year ended 31 March 2013, exercise of 2,673,024 shares is dependent 50% on adjusted diluted earnings per share and 50% on return on capital employed.

For the year ended 31 March 2012, exercise of 2,937,428 shares is dependent 50% on adjusted diluted earnings per share and 50% on return on capital employed.

(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.

Notes to the Consolidated Financial Statements continued

26 Share-based payments continued

- (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 2012 and 31 March 2013 were by invitation at a 20% discount to the market price. Options are exercisable at the end of a three-year or five-year savings contract.
- (f) The deferred benefit award will be exercisable at the end of a two-year period dependent on contractual obligations.

The Group recognised total expenses before tax of £13 million (2012 – £11 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 2013		31 March 2012	
	Shares number	Weighted average exercise price pence	Shares number	Weighted average exercise price pence
Outstanding at 1 April	11 270 273	16	11 211 368	32
Granted	2 718 602	8	3 268 234	6
Exercised	(2 914 764)	29	(1 892 643)	99
Lapsed	(235 996)	7	(1 316 686)	13
Outstanding at 31 March	10 838 115	10	11 270 273	16

The weighted average Tate & Lyle PLC share price at the date of exercise for share options exercised during the year was 654p (2012 – 647p).

At 31 March 2013 1,875,237 (2012 – 862,865) of the outstanding options were exercisable at a weighted average exercise price of 29p (2012 – 154p).

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 2013			Year to 31 March 2012		
	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	10 573 265	49.1	–	10 788 721	47.3	–
£0.01 to £1.99	–	–	–	–	–	–
£2.00 to £3.99	167 358	14.6	326	403 619	22.1	333
£4.00 to £7.99	97 492	37.6	547	77 933	37.4	494
Total	10 838 115	48.4	10	11 270 273	46.3	16

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 2013	Performance share plan	Sharesave Plan December
Expected volatility	n/a	35%
Expected life	3 years	3.3/5.3 years
Risk-free rate	–	0.65/1.20%
Expected dividend yield	4.0%	4.0%
Forfeiture rate	0%	10%
Correlation with comparators	n/a	n/a
Volatility of comparators	n/a	n/a
Expectations of meeting performance criteria	80% ¹	n/a
Weighted average market price at date of grant (pence)	679	759

1 Relating to grants made during the year.

26 Share-based payments continued

At 31 March 2012	Performance share plan	Sharesave Plan December
Expected volatility	n/a	35%
Expected life	3 years	3.2/5.2 years
Risk-free rate	–	1.85/2.65%
Expected dividend yield	4.0%	4.3%
Forfeiture rate	0%	10%
Correlation with comparators	n/a	n/a
Volatility of comparators	n/a	n/a
Expectations of meeting performance criteria	80% ¹	n/a
Weighted average market price at date of grant (pence)	593	552

1 Relating to grants made during the year.

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	
	2013 £m	2012 £m
Non-current payables		
Accruals and deferred income	3	4
Total	3	4

	31 March	
	2013 £m	2012 £m
Current payables		
Trade payables	264	256
Social security	3	8
Accruals and deferred income	79	81
Other payables	36	37
Total	382	382

28 Borrowings

Non-current borrowings

	31 March	
	2013 £m	2012 £m
Unsecured borrowings		
2,394,000 6.5% cumulative preference shares of £1 each (Note a)	2	2
Industrial Revenue Bonds 2016–2036 (US\$77,655,000, 2012 – US\$92,000,000)	51	57
5.0% Guaranteed Notes 2014 (US\$500,000,000)	341	329
6.625% Guaranteed Notes 2016 (US\$250,000,000)	177	170
6.75% Guaranteed Notes 2019 (£200,000,000)	224	218
	795	776
Bank loans		
Variable unsecured loans (US\$)	5	7
	5	7
Other borrowings		
Obligations under finance leases	21	22
	21	22
Total non-current borrowings	821	805

- (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.

Included within borrowings are £363 million (2012 – £351 million) of borrowings subject to fair value hedges, of which amortised cost has been increased by £46 million (2012 – £46 million) in the table above.

Notes to the Consolidated Financial Statements continued

28 Borrowings continued**Current borrowings**

	31 March	
	2013 £m	2012 £m
6.5% Guaranteed Notes 2012 (£100,000,000)	–	101
Industrial Revenue Bonds 2013 (US\$14,345,000)	9	–
Unsecured bank overdrafts	8	6
Short-term unsecured loans	56	32
Obligations under finance leases	2	2
Total current borrowings	75	141

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 2013		31 March 2012	
	Book value £m	Fair value £m	Book value £m	Fair value £m
Non-current unsecured borrowings	795	845	776	818
Non-current bank loans	5	5	7	7
Other non-current borrowings	21	21	22	22
Current borrowings	75	75	141	141
Total	896	946	946	988

The fair value of borrowings has been determined using either quoted market prices, broker dealer quotations or discounted cash flow analysis.

Interest rate risks and maturity of borrowings

The maturity profile of the Group's non-current borrowings is as follows:

	31 March	
	2013 £m	2012 £m
One to two years	344	9
Two to five years	191	508
After five years	286	288
Total non-current borrowings	821	805

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 2013 rise by an average of 1% over the year to 31 March 2014, this would decrease Group profit before tax by approximately £1 million (2012 – £nil).

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	
	2013 £m	2012 £m
2,394,000 6.5% cumulative preference shares of £1 each	6.5%	6.5%
Industrial Revenue Bonds 2013–2036 (US\$92,000,000)	0.2%	0.4%
6.5% Guaranteed Notes 2012 (£100,000,000)	–	3.3%
5.0% Guaranteed Notes 2014 (US\$500,000,000)	2.9%	3.0%
6.625% Guaranteed Notes 2016 (US\$250,000,000)	4.2%	4.3%
6.75% Guaranteed Notes 2019 (£200,000,000)	4.8%	4.9%

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

Tate & Lyle International Finance PLC holds a US\$800 million five year committed multi-currency club facility with a core of highly-rated banks that was arranged in July 2011.

As at 31 March 2013, this committed facility remains undrawn. The facility has a value of £527 million (2012 – £500 million) and matures in June 2016. 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.

28 Borrowings continued

Finance lease commitments

Amounts payable under finance lease commitments are as follows:

	31 March 2013		31 March 2012	
	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	4	2	4	2
Between one and five years	14	11	16	12
After five years	13	10	13	10
	31	23	33	24
Less future finance charges	(8)		(9)	
Present value of minimum lease payments	23		24	

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 (assets)/liabilities in the year are as follows:

	£m
Deferred tax	
At 1 April 2011	(44)
Charge to the income statement	65
Credit to the statement of comprehensive income	(27)
Credited directly to equity	(2)
Exchange	(4)
At 31 March 2012	(12)
Charge to the income statement	26
Charge to the statement of comprehensive income	9
Charged directly to equity	1
Exchange	(8)
At 31 March 2013	16

Of the amounts of deferred tax charged to the income statement and other comprehensive income, a charge of £1 million (2012 – £1 million credit) arose 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 £571 million (2012 – £349 million) have not been recognised to the extent that they exceed taxable profits against which these assets may be recovered. The increase in losses is the result of losses no longer being recognised in relation to UK deferred tax pension liabilities that have reversed and the adjustment to submitted tax returns. No unrelieved tax losses expired under current tax legislation in the year ended 31 March 2013.

The total deferred tax on unremitted earnings is £4 million (2012 – £4 million) of which £nil (2012 – £nil) has been recognised. The Group has not recognised the 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 statement of financial position date was approximately £4 million (2012 – £4 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:

	Capital allowances in excess of depreciation £m	Other £m	Total £m
Deferred tax liabilities			
At 1 April 2011	85	29	114
Transfers between categories	–	(3)	(3)
Charged to the income statement	32	8	40
Exchange	(2)	(1)	(3)
At 31 March 2012	115	33	148
Transfers between categories	–	(3)	(3)
Charged to the income statement	12	8	20
Exchange	10	(8)	2
At 31 March 2013	137	30	167

Notes to the Consolidated Financial Statements continued

29 Deferred tax continued

Deferred tax assets	Retirement benefit obligations £m	Share-based payments £m	Tax losses £m	Other £m	Total £m
At 1 April 2011	69	3	64	22	158
Transfers between categories	–	–	–	(3)	(3)
(Charged)/credited to the income statement	(27)	1	20	(19)	(25)
Credited/(charged) to the statement of comprehensive income	33	–	(6)	–	27
Credited to equity	–	2	–	–	2
Exchange	(1)	1	–	1	1
At 31 March 2012	74	7	78	1	160
Transfers between categories	–	–	–	(3)	(3)
Credited/(charged) to the income statement	22	2	(33)	3	(6)
Charged to the statement of comprehensive income	(3)	–	(5)	(1)	(9)
Charged to equity	–	(1)	–	–	(1)
Exchange	7	(1)	2	2	10
At 31 March 2013	100	7	42	2	151

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	
	2013 £m	2012 £m
Deferred tax liabilities	24	25
Deferred tax assets	(8)	(37)
Total	16	(12)

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 Group also maintains defined contribution pension schemes and some fully insured pension schemes.

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. The most recent finalised actuarial valuations of plan assets and the present value of the defined benefit obligations in the main United Kingdom scheme were carried out as at 31 March 2010 by independent actuaries. As required under statutory regulations, a new valuation commenced as at 31 March 2013.

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. From 6 April 2011, the main United Kingdom Pension Scheme closed to future accruals.

During the year, the trustees of the main UK scheme agreed a £347 million partial pensioner buy-in with Legal and General plc.

The Group's subsidiaries in the United States provide unfunded retirement medical and life assurance benefits to their employees.

The Group expects to contribute approximately £36 million to its defined benefit plans in the year to 31 March 2014.

(b) Principal assumptions

The principal assumptions used for the purpose of the actuarial valuations were as follows:

Year to 31 March 2013	Pension benefits			Medical benefits
	UK	US	Other	
Inflation rate	2.5/3.5%	2.5%	2.0%	2.5%
Expected rate of salary increases	n/a	3.5%	2.0%	n/a
Expected rate of pension increases	3.4%	n/a	0.9%	n/a
Discount rate	4.2%	3.9%	3.1%	3.8%
Expected return on plan assets (total)	5.2%	6.2%	4.5%	n/a
Expected equity return on plan assets	7.7%	8.0%	7.1%	n/a

30 Retirement benefit obligations continued

Year to 31 March 2012	Pension benefits			Medical benefits
	UK	US	Other	
Inflation rate	2.3/3.3%	2.5%	2.0%	2.5%
Expected rate of salary increases	n/a	3.5%	2.0%	n/a
Expected rate of pension increases	3.3%	n/a	0.9%	n/a
Discount rate	5.1%	4.4%	3.9%	4.1%
Expected return on plan assets (total)	6.3%	7.1%	5.4%	n/a
Expected equity return on plan assets	8.4%	8.0%	6.5%	n/a

In accordance with the Scheme rules, both the Consumer Price Index (CPI) and Retail Price Index (RPI) inflation measures are used to value the Group's UK retirement benefit obligation.

Mortality assumptions – Year to 31 March 2013	Expected longevity post age 65	
	UK	US
Male aged 65 now	22 years	19 years
Male aged 65 in 20 years' time	25 years	21 years
Female aged 65 now	23 years	21 years
Female aged 65 in 20 years' time	25 years	22 years

Mortality assumptions – Year to 31 March 2012	Expected longevity post age 65	
	UK	US
Male aged 65 now	22 years	19 years
Male aged 65 in 20 years' time	25 years	19 years
Female aged 65 now	23 years	21 years
Female aged 65 in 20 years' time	25 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 3.8% (2012 – 8.9%), and amounted to a gain of £52 million (2012 – £112 million gain).

Medical cost trend rates are estimated at 7.0% per annum (2012 – 9.0%), grading down to 5% by 2017. If medical cost trend rates were to increase or decrease by 1%, the effects are estimated as follows:

	31 March 2013		31 March 2012	
	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	6	(6)	10	(8)

(c) Amounts recognised in the income statement

Year to 31 March 2013	Pension benefits				Medical benefits £m	Total £m
	UK £m	US £m	Other £m	Total £m		
Current service cost charged to operating profit	–	1	3	4	3	7
Interest cost	43	20	2	65	4	69
Expected return on plan assets	(50)	(19)	(2)	(71)	–	(71)
(Credited)/charged to finance expense	(7)	1	–	(6)	4	(2)
Total	(7)	2	3	(2)	7	5

Year to 31 March 2012	Pension benefits				Medical benefits £m	Total £m
	UK £m	US £m	Other £m	Total £m		
Current service cost charged to operating profit	–	1	3	4	3	7
Interest cost	44	21	3	68	5	73
Expected return on plan assets	(55)	(20)	(3)	(78)	–	(78)
(Credited)/charged to finance expense	(11)	1	–	(10)	5	(5)
Total	(11)	2	3	(6)	8	2

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).

Notes to the Consolidated Financial Statements continued

30 Retirement benefit obligations continued

(d) Amounts recognised in the statement of financial position

	Pension benefits									Medical benefits £m	Total
	UK		US		Others		Total				
	% of plan assets	£m	% of plan assets	£m	% of plan assets	£m	% of plan assets	£m			
At 31 March 2013											
Fair value of plan assets:											
– equities	20%	204	42%	144	34%	21	26%	369	–	369	
– bonds	35%	346	48%	169	47%	29	39%	544	–	544	
– property and other	45%	449	10%	33	19%	12	35%	494	–	494	
		999		346		62		1 407	–	1 407	
Present value of funded obligations		(998)		(466)		(75)		(1 539)	–	(1 539)	
Present value of unfunded obligation		–		(53)		–		(53)	(80)	(133)	
Net asset/(liability) recognised in the statement of financial position		1		(173)		(13)		(185)	(80)	(265)	
Disclosed in the statement of financial position as:											
– retirement benefit surplus		12		–		–		12	–	12	
– retirement benefit deficit		(11)		(173)		(13)		(197)	(80)	(277)	

Property and other includes the annuity purchased following the partial pension buy-in which effectively covers the affected pension membership's liabilities in full.

	Pension benefits									Medical benefits £m	Total
	UK		US		Others		Total				
	% of plan assets	£m	% of plan assets	£m	% of plan assets	£m	% of plan assets	£m			
At 31 March 2012											
Fair value of plan assets:											
– equities	36%	359	40%	122	33%	18	37%	499	–	499	
– bonds	48%	488	48%	144	47%	26	48%	658	–	658	
– property and other	16%	158	12%	36	20%	11	15%	205	–	205	
		1 005		302		55		1 362	–	1 362	
Present value of funded obligations		(867)		(422)		(63)		(1 352)	–	(1 352)	
Present value of unfunded obligation		–		(46)		–		(46)	(104)	(150)	
Net asset/(liability) recognised in the statement of financial position		138		(166)		(8)		(36)	(104)	(140)	
Disclosed in the statement of financial position as:											
– retirement benefit surplus		146		–		–		146	–	146	
– retirement benefit deficit		(8)		(166)		(8)		(182)	(104)	(286)	

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				Medical benefits £m	Total £m
	UK £m	US £m	Other £m	Total £m		
At 1 April 2011	823	408	55	1 286	97	1 383
Total service cost	–	1	3	4	3	7
Interest cost	44	21	3	68	5	73
Actuarial loss	50	61	6	117	4	121
Benefits paid	(50)	(23)	(2)	(75)	(5)	(80)
Plan participants' contributions	–	–	1	1	–	1
Exchange	–	–	(3)	(3)	–	(3)
At 31 March 2012	867	468	63	1 398	104	1 502
Total service cost	–	1	3	4	3	7
Interest cost	43	20	2	65	4	69
Actuarial loss/(gain)	134	25	8	167	(33)	134
Benefits paid	(47)	(25)	(2)	(74)	(3)	(77)
Plan participants' contributions	–	–	1	1	–	1
Exchange	1	30	–	31	5	36
At 31 March 2013	998	519	75	1 592	80	1 672

30 Retirement benefit obligations continued

	Pension benefits					Medical benefits £m	Total £m
	UK £m	US £m	Other £m	Total £m			
Assets							
At 1 April 2011	919	274	51	1 244	–	1 244	
Expected return on assets	55	20	3	78	–	78	
Actuarial gain	33	(2)	3	34	–	34	
Contributions paid by employer	48	32	2	82	5	87	
Plan participants' contributions	–	–	1	1	–	1	
Benefits paid	(50)	(23)	(2)	(75)	(5)	(80)	
Exchange	–	1	(3)	(2)	–	(2)	
At 31 March 2012	1 005	302	55	1 362	–	1 362	
Expected return on assets	50	19	2	71	–	71	
Actuarial (loss)/gain	(35)	12	4	(19)	–	(19)	
Contributions paid by employer	26	20	2	48	3	51	
Plan participants' contributions	–	–	1	1	–	1	
Benefits paid	(47)	(25)	(2)	(74)	(3)	(77)	
Exchange	–	18	–	18	–	18	
At 31 March 2013	999	346	62	1 407	–	1 407	

(f) Analysis of actuarial losses recognised in the consolidated statement of comprehensive income

	31 March	
	2013 £m	2012 £m
Difference between the actual return and the expected return on plan assets	19	(34)
Changes in assumptions underlying the present value of scheme liabilities	134	121
Actuarial losses recognised in the consolidated statement of comprehensive income	153	87
Cumulative actuarial loss recognised in the consolidated statement of comprehensive income	341	188

Deferred tax taken directly to equity on retirement benefit obligations was £3 million charge to equity (2012 – £33 million credit to equity).

(g) History of the plans and experience adjustments

	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m
Present value of defined benefit obligation and medical benefits	1 672	1 502	1 383	1 429	1 186
Fair value of plan assets	(1 407)	(1 362)	(1 244)	(1 172)	(975)
Net deficit	265	140	139	257	211
Experience adjustments on plan liabilities – (gain)	–	–	(12)	–	(18)
Experience adjustments on plan assets – loss/(gain)	19	(34)	(37)	(201)	247

All experience adjustments are recognised directly in equity, net of related tax (see the consolidated statement of comprehensive income).

Notes to the Consolidated Financial Statements continued

31 Provisions for other liabilities and charges

	Insurance funds £m	Restructuring and closure provisions £m	Other provisions £m	Total £m
At 1 April 2011	13	35	17	65
Charged to the income statement	2	–	4	6
Credited to the income statement	–	(23)	(4)	(27)
Utilised in the year	(4)	(7)	(4)	(15)
Exchange and other movements	–	(1)	–	(1)
At 31 March 2012	11	4	13	28
Charged to the income statement	3	2	9	14
Credited to the income statement	(2)	–	(5)	(7)
Utilised in the year	(2)	–	(2)	(4)
Exchange and other movements	–	–	4	4
At 31 March 2013	10	6	19	35

	31 March	
	2013 £m	2012 £m
Provisions are expected to be utilised as follows:		
– within one year	20	10
– after more than one year	15	18
Total	35	28

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 credit during the prior year primarily relates to the decision made to re-open the mothballed facility in McIntosh, Alabama and restart the production of sucralose. This resulted in a reversal of £23 million of obligations no longer required and was recorded as an exceptional credit. The remaining provisions relate to other restructuring within the Group and are expected to be utilised within five years.

Other provisions primarily relate to Group legal matters and previously disposed businesses. These provisions are expected to be utilised within five years. The majority of the credit to the provision relates to the litigation with Whitefox Technologies which has been settled.

The charge to the income statement in relation to the unwinding of discounts was £nil (2012 – £nil).

32 Change in working capital

	31 March	
	2013 £m	2012 £m
Increase in inventories	(47)	(49)
Increase in receivables	(38)	(62)
(Decrease)/increase in payables	(20)	18
Increase in derivative financial instruments (excluding debt-related derivatives)	(6)	(16)
Increase/(decrease) in provisions for other liabilities and charges	4	(12)
Increase in working capital (continuing operations)	(107)	(121)

33 Cash and cash equivalents

	31 March	
	2013 £m	2012 £m
Cash at bank and in hand	223	327
Short-term bank deposits	156	119
Total	379	446

Presented in the financial statements as follows:

	31 March	
	2013 £m	2012 £m
Cash and cash equivalents	379	424
Assets held for sale	–	22
Total	379	446

The effective interest rate on short-term deposits was 0.3% (2012 – 1.5%), with an average maturity of two days (2012 – 13 days).

33 Cash and cash equivalents continued

The carrying amount of cash and cash equivalents are denominated in the following currencies:

	31 March	
	2013 £m	2012 £m
Euro	64	215
US dollar	214	127
Sterling	80	63
Other	21	41
Total	379	446

34 Net debt

The components of the Group's net debt are as follows:

		31 March	
	Notes	2013 £m	2012 £m
Non-current borrowings	28	(821)	(805)
Current borrowings and bank overdrafts	28	(75)	(141)
Debt-related derivative instruments	20	38	24
Cash and cash equivalents	33	379	424
Assets held for sale – cash and cash equivalents	38	–	22
Net debt		(479)	(476)

Derivative financial instruments presented within assets and liabilities in the statement of financial position of £59 million (2012 – £24 million) net asset comprise net debt-related instruments of £38 million (2012 – £24 million) asset and net non-debt-related instruments of £21 million (2012 – £nil) asset. In the prior year, additional net non-debt related instruments of £8 million asset were included in assets and liabilities held for sale (Note 38).

Net debt is denominated in the following currencies:

	31 March	
	2013 £m	2012 £m
Euro	(12)	(1)
US dollar	(521)	(535)
Sterling	49	37
Other	5	23
Total	(479)	(476)

Movements in the Group's net debt are as follows:

	31 March	
	2013 £m	2012 £m
At 1 April	(476)	(464)
Decrease in cash and cash equivalents in the year	(68)	(201)
Cash outflow from net decrease in borrowings	95	185
Inception of finance lease	–	(7)
Fair value and other movements	13	7
Exchange	(43)	4
Increase in net debt in the year	(3)	(12)
At 31 March	(479)	(476)

Notes to the Consolidated Financial Statements continued

35 Contingent liabilities

Trade guarantees

	31 March	
	2013 £m	2012 £m
Trade guarantees	2	1

Trade guarantees have been given in the normal course of business by the Group at both 31 March 2013 and 31 March 2012. These 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.

Sale of EU Sugars

As previously announced, American Sugar Holdings (ASR) has raised a number of claims totalling in the region of £40 million that it believes it has under the Share and Business Sale Agreement relating to its acquisition of the Group's EU Sugars business. These claims in large part relate to the turbulence in the supply of raw sugar to the EU during the period prior to closing and the increase in certain rolling re-export commitments of the business. Some, but not all, of these issues were considered in the expert adjudication on the closing accounts in which, as noted in the Annual Report 2012, the expert strongly supported Tate & Lyle's position. ASR (through its subsidiary T&L Sugars Limited) has now commenced formal proceedings in respect of these claims which the Group intends to vigorously defend.

Whitefox Technologies

The commercial dispute with Whitefox Technologies, which was the subject of proceedings in the Supreme Court of the State of New York in June 2012 has been settled, bringing this matter to a conclusion.

Other claims

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 statement of financial position date will have a material adverse effect on the Group's financial position.

36 Commitments

Capital commitments

	31 March	
	2013 £m	2012 £m
Commitments for the acquisition of intangible assets	6	10
Commitments for the acquisition of property, plant and equipment	21	21
Total	27	31

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.

At the statement of financial position date the Group has outstanding commitments under non-cancellable operating leases which fall due as follows:

	31 March	
	2013 £m	2012 £m
Within one year	24	31
Later than one year and no later than five years	77	79
After five years	88	95
Total	189	205

37 Acquisitions and disposals

2013

Continuing operations

Sucromiles

On 1 August 2012, the Group completed the disposal of its share in Sucromiles SA (Sucromiles), its Colombian citric acid joint venture, to its former joint-venture partner, Organizacion Ardila Lulle, for consideration of £20 million. After recycling foreign exchange revaluation gains previously held in reserves to the income statement, an exceptional gain on disposal of £8 million (Note 7) was recorded within continuing operations.

Discontinued operations

Vietnam Sugars

On 29 June 2012, the Group completed the sale of Vietnam Sugar to TH Milk Food Stock Company for consideration of £45 million. After recycling foreign exchange revaluation gains previously held in reserves to the income statement, an exceptional gain on disposal of £21 million was recorded within discontinued operations (Note 7).

Molasses

On 20 March 2013, the Group completed the sale of land and buildings with book value of £2 million relating to the former Molasses business to W&R Barnett Ltd. Cash consideration totalled £7 million resulting in an exceptional gain on disposal of £5 million recorded within discontinued operations (Note 7).

37 Acquisitions and disposals continued

EU Sugars

During the financial year, the Group also received £2 million in respect of a working capital settlement from its disposal of the EU Sugars business to American Sugar Refining in the year ended 31 March 2011. No change to the loss on disposal was recorded.

Other

During the financial year, the Group disposed of the remaining assets in the Israeli Sugar business, resulting in a profit of £2 million. This has been offset by losses from the disposal of other assets within the Group relating to Sugar operations which are discontinued (Note 12).

The calculation of the result on disposals in the financial year, split between continuing and discontinued operations, are shown below:

	Continuing operations £m	Discontinued operations £m	Total £m
Goodwill and intangible assets	–	2	2
Property, plant and equipment	3	20	23
Derivative financial instruments – assets	–	4	4
Inventories	9	10	19
Trade and other receivables	9	13	22
Trade and other payables	(6)	(3)	(9)
Derivative financial instruments – liabilities	–	(4)	(4)
Cash and cash equivalents	5	22	27
Taxation	–	(1)	(1)
Total assets disposed	20	63	83
Non-controlling interests disposed	–	(25)	(25)
Net assets disposed	20	38	58
Total consideration	20	61	81
Other items:			
Disposal costs	–	(3)	(3)
Exchange differences transferred from equity	8	6	14
Gain on disposal	8	26	34
Reported as:			
Exceptional gain within continuing operations (Note 7)	8	–	8
Operating loss within discontinued operations	–	(2)	(2)
Exceptional gain within discontinued operations (Note 7)	–	26	26
Operating gain within discontinued operations	–	2	2
	8	26	34
Cash flows:			
Cash consideration	20	58	78
Cash disposed	(5)	(22)	(27)
Cash inflow during the year to 31 March 2013	15	36	51

2012

Continuing operations

G.C. Hahn & Company

During the prior year, following the exercise of a put option by Georg Hahn Familien GmbH, the Group acquired the final 5% of the issued share capital of the business for a total consideration of £7 million. The Group has now acquired 100% of the issued share capital.

Discontinued operations

International Sugar Trading

During the prior year, the Group completed the sale of its minority holdings in the former International Sugar Trading business in Egypt and Saudi Arabia and received £18 million in cash consideration. After recycling revaluation gains previously held in reserves to the income statement, the Group recorded an exceptional gain of £11 million (Note 7).

Notes to the Consolidated Financial Statements continued

38 Assets and liabilities classified as held for sale

Assets held for sale as at 31 March 2013 and 2012 are shown in the table below. The asset held for sale at 31 March 2013 relates to the Group's investment in Mitr Lao Sugar Company.

Assets and liabilities reported as held for sale as at 31 March 2012 comprised of the Group's majority share in Vietnam Sugar, its 50% share in Sucromiles SA (Sucromiles), its Colombian citric acid joint venture, land and buildings relating to the former Molasses business, the investment in Mitr Lao Sugar Company and other assets relating to the Group's former sugar operations. All of these assets and liabilities with the exception of the investment in Mitr Lao Sugar Company were disposed during the year. Further detail relating to these disposals can be found in Note 37.

	31 March	
	2013	2012
	£m	£m
Assets		
Intangible assets	-	2
Property, plant and equipment	-	22
Available-for-sale financial assets	1	1
Inventories	-	25
Trade and other receivables	-	15
Derivative financial instruments	-	13
Cash and cash equivalents	-	22
Total assets held for sale	1	100
Liabilities		
Trade and other payables	-	(9)
Current tax liabilities	-	(1)
Derivative financial instruments	-	(5)
Total liabilities held for sale	-	(15)

39 Post balance sheet events

On 17 May 2013, the Group acquired Biovelop, an early-stage Swedish manufacturer of oat beta glucan.

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. 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. For transactions and balances with joint ventures, there is an element which is not eliminated on consolidation relating to the external joint-venture partner which is required to be disclosed. Transactions and balances with joint ventures are as shown below. There are no such transactions with associates.

	31 March	
	2013	2012
	£m	£m
Continuing operations		
Sales of goods and services		
- to joint ventures	174	164
Purchases of goods and services		
- from joint ventures	279	289
Receivables		
- due from joint ventures	15	23
Payables		
- due to joint ventures	21	21
Financing		
- loans to joint ventures	20	13
- deposits from joint ventures	53	36

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 £9 million (2012 - £10 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	
	2013	2012
Average foreign exchange rates		
£1 = US\$	1.57	1.60
£1 = €	1.24	1.15
	31 March	
	2013	2012
Year end foreign exchange rates		
£1 = US\$	1.52	1.60
£1 = €	1.18	1.20

42 Main subsidiaries and investments

Subsidiaries based in the United Kingdom¹

	Type of business	Percentage of equity attributable to Tate & Lyle PLC
G.C. Hahn and Company 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 Group Services Limited	Holding 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 In the prior year, the Group acquired the final 5% issued share capital of the Hahn business. However, due to the structure of the acquisition agreement, the Group has borne risks and rewards of 100% of the business. Accordingly, a non-controlling interest has never been recognised since the original acquisition in the 2008 financial year.

3 Direct subsidiaries of Tate & Lyle PLC.

Notes to the Consolidated Financial Statements continued

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 and starches, Sucralose distribution	100
Australia	Tate & Lyle ANZ Pty Limited ²	Sucralose distribution and blending	100
Belgium	Tate & Lyle Services (Belgium) N.V.	Holding company	100
Bermuda	Tate & Lyle Management & Finance Limited	Management and finance	100
Brazil	Tate & Lyle Brasil S.A. ¹	Citric acid, Sucralose distribution	100
	G.C. Hahn & Co. do Estabilizantes e Tecnologia para Alimentos Ltda. ²	Blending	100
Chile	Tate & Lyle Chile Commercial Ltda	Cereal sweeteners and starches, Sucralose distribution	100
China	Tate & Lyle Trading (Shanghai) Co. Ltd	Sucralose distribution	100
	G.C. Hahn & Co. Food Stabilizer Business (Shanghai) Ltd. ²	Blending	100
Croatia	G.C. Hahn & Co. d.o.o. Za distribuciju stabilizacionih sistema 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. Cooperationsgesellschaft mbH ²	Holding company	100
Gibraltar	Tate & Lyle Insurance (Gibraltar) Limited	Reinsurance	100
Italy	Tate & Lyle Italia S.P.A.	Blending	100
Lithuania	UAB 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 and starches	100
Netherlands	Nederlandse Glucose Industrie B.V.	Holding company	100
	Tate & Lyle Netherlands B.V.	Cereal sweeteners and starches, Sucralose distribution	100
Poland	G.C. Hahn & Co. Technika stabilizowania Sp.z.o.o. ²	Blending	100
	Tate & Lyle Global Shared Services Sp.z.o.o	Holding company	100
Russia	OOO Hahntech Service. ¹	Blending	100
Singapore	Tate & Lyle Singapore Pte Ltd	High-intensity sweeteners	100
South Africa	Tate & Lyle South Africa Proprietary Limited	Blending	100
Spain	G.C. Hahn Estabilizantes y Tecnologia para Alimentos ²	Blending	100
Ukraine	PII G.C. Hahn & Co. Kiew ^{1,2}	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 and starches	100
	Tate & Lyle Sucralose LLC	High-intensity sweeteners	100
	TLI Holding LLC	In-house banking	100

1 Non-coterminous year-end.

2 In the prior year, the Group acquired the final 5% issued share capital of the Hahn business. However, due to the structure of the acquisition agreement, the Group has borne risks and rewards of 100% of the business. Accordingly, a non-controlling interest has never been recognised since the original acquisition in the 2008 financial year.

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 ³	
Bulgaria	Amylum Bulgaria EAD ^{1,2}	Cereal sweeteners and starches	(100)	50
Hungary	Hungrana Kft ^{1,2}	Cereal sweeteners and starches	(50)	25
Mexico	Almidones Mexicanos SA ²	Cereal sweeteners and starches		50
Netherlands	Eaststarch C.V.	Holding company		50
Romania	Amylum Romania S.R.L. ¹	Cereal sweeteners and starches	(100)	50
Slovakia	Amylum Slovakia spol s.r.o. ¹	Cereal sweeteners and starches	(100)	50
Turkey	Amylum Nisasta Sanayi Ve Ticaret Anonim Sirketi ¹	Cereal sweeteners and starches	(100)	50
USA	DuPont Tate & Lyle Bio Products Company, LLC	Industrial ingredients		50

1 Share capital held by Eaststarch C.V.

2 Non-coterminous year-end.

3 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.

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.

Those entities which have non-coterminous year-ends are consolidated in the Group financial statements using management accounts for the period to 31 March.

A full listing of all the subsidiaries and investments is available from the Company Secretary at 1 Kingsway, London WC2B 6AT.

Notes to the Consolidated Financial Statements continued

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, closure and significant business transformation activities;
- amortisation of intangible assets acquired through business combinations; and
- post-retirement benefit interest.

The following table shows the reconciliation of the statutory information presented in the income statement to the adjusted information:

£m (unless otherwise stated)	Year to 31 March 2013			Year to 31 March 2012		
	Reported	Exceptional/ adjusting items	Adjusted	Reported	Exceptional/ adjusting items	Adjusted
Continuing operations						
Sales	3 256	–	3 256	3 088	–	3 088
Operating profit	336	22	358	404	(56)	348
Net finance expense	(27)	(2)	(29)	(25)	(5)	(30)
Profit before tax	309	20	329	379	(61)	318
Income tax expense	(49)	(10)	(59)	(72)	14	(58)
Profit attributable to owners of the Company	260	10	270	307	(47)	260
Basic earnings per share (pence)	56.0	2.2	58.2	65.9	(10.1)	55.8
Diluted earnings per share (pence)	54.9	2.1	57.0	64.6	(9.9)	54.7
Tax rate	15.8%		17.9%	19.0%		18.2%
Discontinued operations						
Sales	10	–	10	72	–	72
Operating profit/(loss)	18	(26)	(8)	16	(11)	5
Net finance income	–	–	–	1	–	1
Profit/(loss) before tax	18	(26)	(8)	17	(11)	6
Income tax expense	–	–	–	(15)	15	–
Profit/(loss) after tax	18	(26)	(8)	2	4	6
Non-controlling interests	(1)	–	(1)	(4)	–	(4)
Profit/(loss) attributable to owners of the Company	17	(26)	(9)	(2)	4	2
Basic earnings/(loss) per share (pence)	3.7	(5.6)	(1.9)	(0.4)	0.9	0.5
Diluted earnings/(loss) per share (pence)	3.6	(5.5)	(1.9)	(0.3)	0.8	0.5
Total operations						
Sales	3 266	–	3 266	3 160	–	3 160
Operating profit	354	(4)	350	420	(67)	353
Net finance expense	(27)	(2)	(29)	(24)	(5)	(29)
Profit before tax	327	(6)	321	396	(72)	324
Income tax expense	(49)	(10)	(59)	(87)	29	(58)
Profit after tax	278	(16)	262	309	(43)	266
Non-controlling interests	(1)	–	(1)	(4)	–	(4)
Profit attributable to owners of the Company	277	(16)	261	305	(43)	262
Basic earnings per share (pence)	59.7	(3.4)	56.3	65.5	(9.2)	56.3
Diluted earnings per share (pence)	58.5	(3.4)	55.1	64.3	(9.1)	55.2
Tax rate	14.9%		18.3%	21.9%		17.8%

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

We have audited the Parent company financial statements of Tate & Lyle PLC for the year ended 31 March 2013 which comprise the Parent Company Balance Sheet and the related 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 65, 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 2013 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 2013;
- 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 Directors' Report 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 2013.

Paul Cragg (Senior Statutory Auditor) for and on behalf of

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
London

29 May 2013

Notes:

- (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	Year to 31 March	
		2013 £m	2012 £m
Fixed assets			
Tangible assets	2	9	7
Investments in subsidiary undertakings	3	1 006	1 002
Investment in associate	4	1	1
		1 016	1 010
Current assets			
Debtors	5	1 535	1 490
		1 535	1 490
Creditors – amounts falling due within one year	6	(1 407)	(1 441)
Net current assets		128	49
Total assets less current liabilities		1 144	1 059
Creditors – amounts falling due after more than one year	7	(2)	(2)
Provisions for liabilities	9	–	(1)
Net assets		1 142	1 056
Capital and reserves			
Called up share capital	12	117	117
Share premium account	13	406	406
Capital redemption reserve	13	8	8
Profit and loss account	13	611	525
Total shareholders' funds		1 142	1 056

The Parent company financial statements on pages 120 to 125 were approved by the Board of Directors on 29 May 2013 and signed on its behalf by:

Javed Ahmed, Tim Lodge Directors

Registered number 76535

The notes on pages 121 to 125 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 loss for the year before dividends dealt with in the financial statements of the Company amounted to £89 million (2012 – loss of £79 million). This includes audit fees in relation to the audit of the Parent company of £0.1 million (2012 – £0.1 million). Accounting policies have been applied consistently, other than where new policies have been adopted. The financial statements are prepared on a going concern basis as disclosed in the Tate & Lyle PLC consolidated financial statements for the year ended 31 March 2013.

Tangible fixed assets

Tangible fixed assets are stated at historical 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 furniture, fixtures, fittings and computer software which are depreciated over a period of five to ten 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 on a straight-line basis.

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 Company, which is not the principal 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 profit and loss account as they are incurred.

Deferred tax

Deferred tax is recognised on a discounted 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 year (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. The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

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.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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.

Notes to the Parent Company Financial Statements continued

2 Tangible assets

	Total £m
Cost	
At 1 April 2012	9
Additions	3
At 31 March 2013	12
Accumulated depreciation	
At 1 April 2012	2
Charge for the year	1
At 31 March 2013	3
Net book value at 31 March 2012	7
Net book value at 31 March 2013	9

3 Investments in subsidiary undertakings

	Shares in subsidiary undertakings £m
Cost	
At 1 April 2012	1 557
Increase – share based payments	7
Exchange	1
At 31 March 2013	1 565
Impairment	
At 1 April 2012	555
Provision for impairment	3
Exchange	1
At 31 March 2013	559
Net book value at 31 March 2012	1 002
Net book value at 31 March 2013	1 006

A list of the main subsidiaries is disclosed within Note 42 of the Group consolidated financial statements. The provision for impairment reflects an adjustment to the recoverable amount to the Company's investment in Tate & Lyle Ventures Ltd and Tate & Lyle Services Belgium NV upon payment of a dividend to the Company. The directors believe that the carrying value of the investments is supported by the value of their underlying net assets.

4 Investment in associate

The Company holds a 16.6% interest of ordinary shares in Tapioca Development Corporation, a company incorporated in Thailand, for book value of £1 million (2012 – £1 million) and has net assets of £3 million.

5 Debtors

	31 March	
	2013 £m	2012 £m
Due within one year		
Amounts owed by subsidiary undertakings	1 531	1 486
Other debtors	4	4
Total	1 535	1 490

The effective interest rate applicable to amounts owed by subsidiary undertakings at 31 March 2013 is 2.3% (2012 – 2.6%). Amounts owed by subsidiary undertakings are receivable on demand. There is no security for non-trading amounts.

6 Creditors – amounts falling due within one year

	31 March	
	2013 £m	2012 £m
Amounts owed to subsidiary undertakings	1 392	1 426
Other creditors	5	6
Accruals and deferred income	10	9
Total	1 407	1 441

The effective interest rate applicable to amounts owed to subsidiary undertakings at 31 March 2013 is 2.3% (2012 – 2.9%). Amounts owed to subsidiary undertakings are repayable on demand. There is no security for non-trading amounts.

7 Creditors – amounts falling due after more than one year

	31 March	
	2013 £m	2012 £m
Preference shares (Note a)	2	2
Total	2	2

- (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.

8 Deferred tax

Deferred tax charged to profit in the year was £nil (2012 – £nil).

9 Provisions for liabilities

	Restructuring £m
At 1 April 2012	1
Credited to the profit and loss account	(1)
At 31 March 2013	–

10 Contingent liabilities

	31 March	
	2013 £m	2012 £m
Loans and overdrafts of subsidiaries and joint ventures	938	863

Guarantees given in respect of drawn and undrawn loans and overdrafts by Tate & Lyle PLC were £1,645 million at 31 March 2013 (2012 – £2,108 million).

Other trade guarantees have been given in the normal course of business by Tate & Lyle PLC at both 31 March 2013 and 31 March 2012. 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 2013 in respect of operating leases were £1 million (2012 – £4 million).

At the balance sheet date, the Company has outstanding capital commitments of £5 million due within the year. Operating lease commitments for land and buildings fall due as follows:

	31 March	
	2013 £m	2012 £m
Within one year	1	1
Later than one year and no later than five years	6	6
After five years	12	13
Total	19	20

Notes to the Parent Company Financial Statements continued

12 Called up share capital

Allotted, called up and fully paid equity share capital

	31 March 2013		31 March 2012	
	Shares	£m	Shares	£m
At 1 April	468 160 519	117	468 111 340	117
Allotted under share option schemes	32 381	–	49 179	–
At 31 March	468 192 900	117	468 160 519	117

Treasury shares and shares held in ESOP trust

As at 31 March 2013, the Company held 1,841,533 shares (2012 – 2,545,376 shares) in Treasury.

During the year, 2,703,843 shares (2012 – 379,952 shares) were released from Treasury to satisfy share options exercised.

During the year, the Company repurchased 2,000,000 shares (2012 – 2,750,000 shares) to be held in Treasury for £13 million (2012 – £19 million) to satisfy share options granted to employees under the Group's share option schemes. The shares repurchased represent 0.4% of the Company's called up share capital at 31 March 2013 (2012 – 0.6%) and had a nominal value of £0.5 million (2012 – £0.7 million).

The shares held in Treasury at 31 March 2013 represented 0.4% (2012 – 0.5%) of the Company's share capital at the year end, and have a nominal value of less than £0.5 million (2012 – £0.6 million).

As at 31 March 2013, the Company held 2,571,642 shares (2012 – 1,250,182 shares) in an ESOP trust.

During the year, 178,540 shares (2012 – 1,463,512 shares) were released from the ESOP trust to satisfy share options exercised.

During the year, the Company repurchased 1,500,000 shares (2012 – nil) to be held in the ESOP trust for £10 million to satisfy share options granted to employees under the Group's share option schemes. The shares repurchased represent 0.3% of the Company's called up share capital at 31 March 2013 (2012 – nil) and had a nominal value of £0.4 million.

The shares held in the ESOP trust at 31 March 2013 represent 0.5% (2012 – 0.3%) of the Company's share capital at year end, have a nominal value of £0.6m (2012 – £0.3m) and a market value of 850.0p per share (2012 – 705.0p per share).

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 2012	117	406	8	525	1 056
Profit for the financial year	–	–	–	212	212
Proceeds from shares issued	–	–	–	1	1
Share-based payments	–	–	–	13	13
Ordinary dividends paid	–	–	–	(117)	(117)
Share purchase	–	–	–	(23)	(23)
At 31 March 2013	117	406	8	611	1 142

	Ordinary shares £m	Share premium account £m	Capital redemption reserve £m	Profit and loss account £m	Total £m
At 1 April 2011	117	406	8	721	1 252
Loss for the financial year	–	–	–	(79)	(79)
Proceeds from shares issued	–	–	–	3	3
Share-based payments	–	–	–	11	11
Ordinary dividends paid	–	–	–	(112)	(112)
Share purchase	–	–	–	(19)	(19)
At 31 March 2012	117	406	8	525	1 056

Ordinary shares carry the right to participate in dividends and each share entitles the holder to one vote on matters requiring shareholder approval except for ordinary shares held in an ESOP trust or Treasury shares. The amount available for the payment of dividends by the Company at 31 March 2013 was £616 million (2012 – £525 million).

14 Related parties

As permitted by FRS 8 Related Party Disclosures, related party transactions with wholly owned subsidiaries of Tate & Lyle PLC are not disclosed. There were no transactions with other related parties except for the provision of guarantees in respect of banking facilities of a joint venture totalling £9 million (2012 – £10 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 121 staff including directors (2012 – 107) and the total staff costs are shown below:

	31 March	
	2013 £m	2012 £m
Wages and salaries	11	14
Social security	3	4
Retirement benefits	1	1
Share-based payments	6	6
Total	21	25

Directors' emoluments disclosures are provided in the Directors' Remuneration Report on pages 50 to 62 of this Annual Report and in Note 9 of the Group financial statements.

In addition, 6,073,157 (2012 – 5,527,046) outstanding share options attributable to employees and directors of the Company as at 31 March 2013 are shown below:

	Year issued	Number of shares	Subscription prices (pence)	Dates normally exercisable
Sharesave Scheme – 3 year options	2010	13 055	488.00	2014
	2011	17 962	552.00	2015
	2012	17 486	607.00	2016
Sharesave Scheme – 5 year options	2008	3 562	376.00	2014
	2009	4 464	418.00	2015
	2010	4 989	488.00	2016
	2011	7 063	552.00	2017
	2012	10 971	607.00	2018
Performance Share Plan	2008	65 683	–	2011–2018
	2009	291 759	–	2012–2018
	2010	1 037 033	–	2013–2019
	2011	961 478	–	2014–2020
	2012	1 182 758	–	2015–2021
Executive share option scheme	2003	118 011	325.00	2007–2014
Javed Ahmed – compensatory awards	2009	419 403	–	2011–2017
	2009	257 870	–	2012–2018
Javed Ahmed – long-term incentive awards	2009	656 640	–	2012–2018
	2010	473 042	–	2013–2019
	2011	378 337	–	2014–2020
Group Bonus Plan	2011	4 281	–	2013
	2011	142 519	–	2013–2018
	2012	4 791	–	2014–2020

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 (unless otherwise stated)	2009 ¹	2010 ¹	2011 ¹	2012 ¹	2013 ¹
Closing share price at 31 March	260.5	454.2	577.5	705.0	850.0
Earnings per share (pence):					
– basic ²	14.2	3.3	35.3	65.5	59.7
– basic, before amortisation, exceptional items and post-retirement benefit interest ²	39.1	41.1	44.6	56.3	56.3
Earnings per share (pence):					
– diluted ²	14.1	3.3	34.7	64.3	58.5
– diluted, before amortisation, exceptional items and post-retirement benefit interest ²	38.8	40.9	43.9	55.2	55.1
Dividend	22.9	22.9	23.7	24.9	26.2
Closing market capitalisation (£ million)	1 198	2 092	2 665	3 283	3 946
Business ratios					
Interest cover – times	6.1	5.8	6.9	11.1	11.1
Profit before interest, exceptional items and amortisation divided by net finance expense ^{2,3}					
Gearing	122%	95%	48%	45%	46%
Net borrowings as a percentage of total net assets ²					
Net margin	6.8%	8.2%	9.6%	11.2%	10.7%
Profit before interest, exceptional items and amortisation as a percentage of sales ²					
Return on net operating assets	12.7%	14.1%	20.2%	22.9%	21.6%
Profit before interest and exceptional items as a percentage of average net operating assets ²					
Dividend cover (times)					
Basic earnings per share after exceptional items, amortisation and post-retirement benefit interest divided by dividends per share (pence) ²	0.6	0.1	1.5	2.6	2.3
Basic earnings per share before exceptional items, amortisation and post-retirement benefit interest divided by dividends per share (pence) ²	1.7	1.8	1.9	2.3	2.1

1 'Amortisation' relates to the amortisation of intangible assets acquired through business combinations.

2 These metrics 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.

	2009 ¹ £m	2010 ¹ £m	2011 £m	2012 £m	2013 £m
Employment of capital					
Goodwill, intangible assets and property, plant and equipment	1 922	1 548	1 175	1 247	1 314
Other non-current assets	19	21	24	28	33
Working capital	605	302	279	370	497
Pension deficit	(211)	(257)	(139)	(140)	(265)
Net assets held for sale (excluding cash included in net borrowings)	28	18	62	63	1
Net operating assets	2 363	1 632	1 401	1 568	1 580
Net borrowings	(1 231)	(814)	(464)	(476)	(479)
Net (liabilities)/assets for dividends and tax	(119)	36	36	(34)	(65)
Total net assets	1 013	854	973	1 058	1 036
Capital employed					
Called up share capital	115	115	117	117	117
Reserves	872	712	833	916	919
	987	827	950	1 033	1 036
Non-controlling interests	26	27	23	25	-
	1 013	854	973	1 058	1 036
Profit summary¹					
Sales	2 505	2 533	2 720	3 088	3 256
Group operating profit:					
Before exceptional items and amortisation ²	286	268	321	348	358
Amortisation of intangible assets acquired through business combinations	(15)	(14)	(13)	(12)	(10)
Exceptional items	(110)	(298)	(5)	68	(12)
Group operating profit/(loss)	161	(44)	303	404	336
Net finance expense excluding post-retirement benefit interest	(49)	(53)	(54)	(30)	(29)
Post-retirement benefit interest	(4)	(19)	(4)	5	2
Profit/(loss) before tax	108	(116)	245	379	309
Income tax (expense)/credit	(11)	95	(49)	(72)	(49)
Profit/(loss) after tax	97	(21)	196	307	260
Discontinued operations	(31)	40	(29)	2	18
Non-controlling interests	(1)	(4)	(4)	(4)	(1)
Profit for the year attributable to owners of the Company	65	15	163	305	277
Profit before tax, exceptional items, amortisation and post-retirement benefit interest ²	237	215	267	318	329
Earnings/(loss) per share attributable to the owners of the Company from continuing operations:					
- basic	21.0	(4.7)	42.6	65.9	56.0
- diluted	20.9	(4.7)	41.9	64.6	54.9

1 The profit summaries for the years ended 31 March 2009 and 31 March 2010 have been restated to reflect the former Sugars businesses which have been classed as discontinued operations and are excluded from all years presented.

2 'Amortisation' relates to the amortisation of intangible assets acquired through business combinations.

Information for Investors

Dividends on ordinary shares

Two payments were made during the tax year 2012/2013 as follows:

Payment date	Dividend description	Dividend per share
3 Aug 2012	Final 2012	17.8p
4 Jan 2013	Interim 2013	7.4p

Shareholding enquiries

General enquiries

Information on how to manage your shareholdings can be found at <https://help.shareview.co.uk>. The website also provides answers to commonly asked questions regarding shareholder registration and links to downloadable forms, guidance notes and company history fact sheets.

Email enquiries (Equiniti Shareview Enquiry Service)

If your question is not answered by the information provided online you can send your enquiry via secure email from the above website. You will be asked to complete a structured form and to provide your Shareholder Reference, name and address. You will also need to provide your email address if this is how you would like to receive your response.

Telephone enquiries

0871 384 2063 (for UK calls)¹

+44 (0)121 415 0235 (for calls from outside the UK)

¹ Calls to this number are charged at 8p per minute plus network extras. Lines are open from Monday to Friday, 8:30am to 5:30pm UK time (excluding UK public holidays).

Written enquiries

Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA

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 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 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 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

2013 Annual General Meeting	24 July 2013
Announcement of half-year results for six months to 30 September 2013	7 Nov 2013 ¹
Announcement of full-year results for the year ending 31 March 2014	29 May 2014 ¹
2014 Annual General Meeting	24 July 2014 ¹

1 Provisional date.

Dividend on ordinary shares

	2013 final	2014 interim	2014 final
Announced	30 May 2013	7 Nov 2013 ¹	29 May 2014 ¹
Payment date	2 Aug 2013 ²	3 Jan 2014 ¹	1 Aug 2014 ^{1,2}

1 Provisional date.

2 Subject to the approval of shareholders.

Dividends on 6½% cumulative preference shares

Paid each 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.

Non-reliance statement

This Annual Report 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 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 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 Annual Report for the year ended 31 March 2013. More information about Tate & Lyle can be found on the Company's website, www.tateandlyle.com.

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.

Amortisation

Unless stated otherwise, the use of the word 'amortisation' on pages 1 to 65 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 refer to the continuing operations adjusted to exclude exceptional items, amortisation of intangible assets acquired through business combinations and post-retirement benefit interest. A reconciliation of reported and adjusted information is included in Note 43.

Definitions

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

Environmental statement

This report is printed on Heaven 42 and all of the pulp is bleached using an elemental chlorine free process (ECF). Printed in the UK by Pureprint using its alcofree® and pureprint® environmental printing technology, and vegetable inks were used throughout. Pureprint is a CarbonNeutral® company and both the manufacturing mill and Pureprint are registered to the Environmental Management System ISO 14001 and are Forest Stewardship Council® (FSC) chain-of-custody certified.

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Designed and produced by
CONRAN DESIGN GROUP

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