Improving lives for generations

Annual Report 2018

TATE & LYLE

Group statutory results

Sales¹ (£m)

Profit before tax¹ (£m)

£2710m £286m







Diluted earnings Net debt (£m) per share¹ (pence)

£392m



Alternative performance measures

Return on capital employed² (%)

16.2%

Adjusted profit before tax^{1,2} (£m)



Adjusted diluted earnings per share^{1,2} (pence)

Adjusted free cash flow² (£m)





14.3 11.3 17 18 16



17

16

18

47.1

17

18

34.5

16

50.1p

1 Continuing operations only. 2

Adjusted results and a number of other terms and performance measures used in this Annual Report are not directly defined within accounting standards. For clarity, we have provided descriptions of the various metrics and their reconciliations to the most directly comparable measures reported in IFRS, and the calculations, where relevant, of any ratios, in Notes 1 and 4.

Tate & Lyle is a global provider of solutions and ingredients for food, beverage and industrial markets.

Inspired by our purpose of improving lives for generations, we work with our customers to make food and drink healthier and tastier. Through our expertise in key categories, we deliver sweetness, texture and fibre enrichment to products enjoyed by millions of people every day.



This Annual Report is also available on the Company's website, www.tateandlyle.com.

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Trademarks

SPLENDA® and the SPLENDA® logo are trademarks of Heartland Consumer Products LLC.

Definitions/cautionary statement Please see the explanatory notes on page 183. Governance

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Useful Information

Our purpose...

Through our purpose, we believe we can successfully grow our business and have a positive impact on society.

Our purpose is to improve lives for generations. Our purpose inspires us and informs what we do. It motivates us and makes us strive to do our best. Our purpose is our passion – it's in our DNA.

Reducing calorie intake -

SPLENDA[®] Sucralose has removed more than

85 trillion calories

from people's diets globally over the last 26 years. That is the equivalent of over 21 million tonnes of sugar.

Enhancing taste

From soft drinks and smoothies to biscuits and bars, from soups and sauces to gravies and seasonings, our solutions are used to enhance the taste, texture and flavour of food and drink enjoyed by people all over the world.



Stabilising food

Our stabiliser business has been helping to improve food for over a century. Founded in Germany in the 19th century, it started its business by sterilising food at high temperatures so it could be canned or bottled to make it safer for long sea voyages.



Education on nutrition

Our child health improvement programme in three schools in Shanghai, China, is helping children, parents and teachers learn about the importance of diet, nutrition, and maintaining an active lifestyle.



See more on page 50

For a changing world...

Strategic Report

Modern life is changing the way we work, eat and play. Our purpose drives us to find innovative solutions to meet changing consumer demands.

The rise of technology, together with changes in diets and lifestyles, has caused many people to lead a more sedentary, less active way of life. People are generally eating too much and moving too little, and progressively unbalanced lifestyles are affecting their health. The incidence of diseases like obesity and diabetes, and digestive health concerns, are increasing rapidly.

However, while over two billion people are either overweight or obese, one in nine people in the world do not have enough food to eat. No matter where you look, societies are facing significant food and health-related challenges.

By delivering our purpose, we believe Tate & Lyle can help make a difference.





To improve lives for generations

Working in partnership with our customers and other stakeholders, we bring our purpose to life every day.

Our purpose is to improve lives for generations by helping people make healthier and tastier choices when they eat and drink, and lead a more balanced lifestyle. By doing this, we believe we can deliver meaningful benefits for consumers, our customers, employees and the communities we live in. Through our ingredients, people and expertise, we are passionate about making a positive difference to people's lives. By delivering nutrition while maintaining great taste to products consumed by millions of people every day, we don't just feed people, we feed them well.



At a glance



Our business

We employ more than 4,100 people across the world and our ingredients and solutions are sold or distributed in over 120 countries.



Supported by two global teams



Global Operations

Manages the safe, efficient and cost-effective operation of our manufacturing assets, and ensures our ingredients reach customers on time and to the right specification.



1 Our two business divisions have been renamed and reportable segments have been amended. Read more on page 12.

Year of strong delivery

Results

I am pleased to report that Tate & Lyle delivered a strong performance in the year ended 31 March 2018 with profits and earnings per share both well ahead of the prior year. Cash generation remained strong and the balance sheet is robust, providing flexibility to support future growth.

Progressive dividend

The Board is recommending a final dividend of 20.3p per share bringing the total dividend for the year ending 31 March 2018 to 28.7p per share, an increase of 2.5%. This reflects the Board's confidence in the business, while at the same time continuing to rebuild dividend sustainability. Looking ahead, the Board remains committed to a progressive policy of growing our dividend over time, taking into account the earnings prospects and investment needs of the business.

A bright future

I am delighted that, on 1 April 2018, Nick Hampton became our new Chief Executive. Nick succeeded Javed Ahmed who, after eight years of outstanding service, decided to step down from this role and retire from the Company. Javed retires with the Board's deep gratitude and very best wishes for the future.

Nick had previously been our Chief Financial Officer for three years, during which time he demonstrated a strong track record of delivering results, inspiring colleagues and preparing the business for the exciting mission which he articulates in the following pages. The Board is very confident that Nick has the experience, energy and vision to lead Tate & Lyle through the next phase of its growth and development as a world-class technologybased and service-driven ingredients business.

As you will read in his report, Nick has already made a strong start in his new role, with programmes already underway to sharpen focus on our customers, accelerate our portfolio's development, and simplify and drive productivity. At the same time, Nick and his management team are injecting new clarity of purpose and dynamism into the organisation to align our teams more effectively, increase their agility and improve their execution.

Delivering responsibly

Protecting our people, and the environment, are foundational to our business. At the start of the 2017 calendar year, we undertook an extensive Group-wide review of all our safety processes and procedures, supported by an independent external expert consultancy. The review provided important insights into how we think about and manage safety, and how we can improve our safety culture. The outcome is our comprehensive new Group-wide 'Journey to Environmental, Health and Safety (EHS) Excellence', launched in January 2018, more details of which can be found on pages 46 and 47. Our ultimate goal is to have no accidents and no injuries, and the Board remains focused on creating a safer Tate & Lyle for all our employees, contractors and visitors.

Our environmental performance showed a pleasing improvement in the 2017 calendar year, with positive progress in our primary carbon footprint, waste sent to landfill and water usage. Our energy use remained largely unchanged.

Board changes

There were a number of changes to the Board during the year. As presaged in last year's Annual Report, Liz Airey retired from the Board at the 2017 Annual General Meeting. Then, on 31 October 2017, having served on the Board for a year, Jeanne Johns stepped down as a non-executive director and chairman of the Corporate Responsibility Committee due to new commitments. On behalf of the Board, I would like to thank Liz and Jeanne for their contributions to Tate & Lyle.

As mentioned earlier, Javed Ahmed retired as Chief Executive and from the Board on 1 April 2018, succeeded by Nick Hampton. In April, we announced that Imran Nawaz will be joining the Company, and the Board, on 1 August 2018, as our new Chief Financial Officer.

Governance

To give the Board greater and more direct oversight of certain critical areas of corporate responsibility, in particular safety, the Board has decided to dissolve the Corporate Responsibility Committee and allocate its duties between the main Board and the Audit Committee. Further details of this change can be found in my Corporate Governance report on page 56.

People

The strong financial performance of the Company in the year ended 31 March 2018 is a reflection of the hard work and skill of all our colleagues at Tate & Lyle. On behalf of the Board, I would like to thank our management team and all our employees for their contribution in delivering another successful year. Since joining the Board over a year ago, I have visited many of the Group's facilities across the world and I am always impressed and energised by the passion, commitment and enthusiasm of our teams wherever I go. "Since joining the Board over a year ago, I have visited many of the Group's facilities across the world and I am always impressed and energised by the passion, commitment and enthusiasm of our teams wherever I go."

Summary

Tate & Lyle is a strong company in a good financial position. While we continue to face an evolving and sometimes challenging geopolitical landscape, we do so with confidence given the solid foundations upon which the Company has been built. Under Nick's leadership, I am excited about the future of Tate & Lyle, and our ability to unlock the growth potential of the business. I look forward to working with him to realise that potential, and drive growth and value for our shareholders in the years ahead.

Gerry Murphy

Chairman

23 May 2018

Accelerating business performance

I am delighted and honoured to be appointed as Tate & Lyle's Chief Executive. Tate & Lyle has both a proud and long heritage, and an exciting future. As global demand for healthier, tastier food with a better nutritional balance continues to grow, we have the potential and opportunity to deliver benefits not only for our shareholders but also for society at large, including our customers, consumers, the communities in which we operate, and our employees. I look forward to working with Gerry, the Board, the management team, and all our employees to drive Tate & Lyle's business forward in the years ahead.

Overview of Group performance

Tate & Lyle delivered a year of strong profit and cash performance. At the same time, we made good progress strengthening the commercial business, improving operational disciplines, and investing for future growth.

Adjusted profit before tax increased by 11% (13% in constant currency) to £301 million with adjusted operating profit growth in all businesses.

We have decided to rename our business divisions and change how we report. The Group will continue to operate in two divisions, Food & Beverage Solutions (which includes Sucralose and was previously named Speciality Food Ingredients) and Primary Products (previously named Bulk Ingredients). The Food & Beverage Solutions division will be reported across two reportable segments (Food & Beverage Solutions and Sucralose) reflecting their different economic characteristics and how we manage them.

Key highlights

- Group delivers strong financial results
- Food & Beverage Solutions performs well with good volume momentum. Sucralose also performed well
- Another year of excellent performance in Primary Products
- Strong balance sheet with cash generation supporting progressive dividend
- Programmes underway to sharpen customer focus, accelerate portfolio development and simplify and drive productivity
- New leadership team in place.



Our business

Our two divisions have been renamed and reporting amended.

Two business divisions



Food & Beverage Solutions (including Sucralose) previously Speciality Food Ingredients



Primary Products previously Bulk Ingredients

Three reportable segments

Food & Beverage Solutions

Sucralose

Primary Products

The Food & Beverage Solutions segment had an encouraging year, with volume 3% higher. It was especially pleasing to see a return to volume growth in the important North American market, where we saw success from our focus on higher growth sub-segments and key categories. In the other regions of the world, volume growth continued to be good. Adjusted operating profit increased by 5% (8% in constant currency) to £137 million reflecting both higher volume and the recovery of our stabiliser business (previously named Food Systems). Investments in the longer-term development of the business in the first half moderated profit growth.

Sales of New Products, which represent products in the first seven years after launch, grew by 15% to US\$121 million. Our innovation capability is well established with each of our sweeteners, texturants and health and wellness platforms contributing to growth.

Sucralose adjusted operating profit increased by 6% (5% in constant currency) to £55 million, with lower operating costs driving higher margins.

Primary Products delivered particularly good results. Adjusted operating profit increased by 28% (30% in constant currency) to £166 million. The performance in the core business was driven by a combination of strong commercial and operational execution, and firm margins. Profits from Commodities increased by £24 million to £32 million mainly reflecting market opportunities across co-products and gains from corn sourcing.

Profits from our joint venture businesses were 14% lower at £28 million.

Adjusted diluted earnings per share from continuing operations increased by 6% (7% in constant currency) to 50.1p.

Cash generation continued to be excellent. Adjusted free cash flow increased by £22 million to £196 million reflecting stronger operating results and lower capital expenditure. Net debt at £392 million, was £60 million lower. Return on capital employed increased by 190 bps to 16.2%.

Our balance sheet remains robust and the Group is well positioned for the future.

Progress in the year

During the year, we continued to invest to underpin future growth in Food & Beverage Solutions and to support cash delivery from Primary Products.

Our business and presence in the emerging markets continues to grow. The challenges of both over- and under-nutrition in these regions means that our customers are increasingly seeking solutions which reduce sugar, calories and fat, and enrich products with fibre. While demand for more natural and healthier food is increasing, consumers will not compromise on taste. Making healthy food tastier, and tasty food healthier in categories like dairy and beverages is a challenge that our food scientists are especially well equipped to meet. During the year we expanded our food application laboratories in Shanghai, Singapore and Mexico City. At each site, we added new customerfacing facilities as well as pilot scale equipment to enable customers to work with us to design, trial and benchmark different recipe formulations. These new laboratories are already making a material difference to the way we serve our customers in these regions.

We continue to bring new products to market both through our in-house innovation capabilities and by establishing strategic partnerships. For example, in April 2017, we entered into an exclusive partnership with Sweet Green Fields, one of the largest fully integrated global stevia players, to bring their leading stevia-based sweetening solutions to our customers worldwide.

Our purpose

I passionately believe in our purpose of improving lives for generations; that we can successfully grow our business and make a positive impact on society. Part of my role as Chief Executive is to make sure our purpose is central to everything we do, and to give our people the support and opportunity they need to live it. As I travel around the Group, I am deeply aware of the passion and pride our people have to make a difference to the world we live in, both today and for the future – to improve lives for generations.



Chief Executive's Review continued

Reflecting the encouraging progress demonstrated over the first year of this partnership, in May 2018, we extended our relationship by acquiring a 15% shareholding in Sweet Green Fields.

We are also working in partnership with Codexis, a leading protein engineering company and expert in enzymes, to create novel enzymatic routes to new product development from starch and other source materials.

We continued to invest in our manufacturing footprint to drive long-term growth. In October, we announced our intention to more than double capacity of maltodextrin at our facility in Boleraz, Slovakia. This expansion is expected to be completed in 2019, and will enable us to meet growing customer demand for maltodextrins, particularly in the infant food sector in Europe, Middle East and Africa, and Asia Pacific. Then, in December, we completed the expansion of our polydextrose fibre plant in Nantong, China. This expansion, which increases capacity by more than three times from when the facility was acquired by Tate & Lyle in 2014, will help support local and global demand for our fibres. Finally, in March, our joint venture DuPont Tate & Lyle Bio Products announced an expansion to its manufacturing facility in Loudon, Tennessee, to increase annual production of its bio-based 1,3-propanediol by 35 million pounds. This expansion, which is expected to be completed in 2019, will help meet growing customer demand for higher-performing ingredients from a petroleum-free, more sustainable and renewable source.

Executive management team

During the year, we further strengthened the executive management team with the appointment in September of Andrew Taylor as President, Innovation and Commercial Development and Melissa Law as President, Global Operations. Andrew previously worked at The Boston Consulting Group, where he was a Senior Partner and Managing Director, leading the global Innovation Practice. Before joining Tate & Lyle, Melissa worked at Baker Hughes, where she led the Global Specialties Chemicals Division, a major part of its Oilfield Service portfolio. Together with Imran Nawaz, formerly of Mondelēz International, who will join us as Chief Financial Officer in August 2018, the executive team has a good blend of company experience, industry knowledge, and a fresh perspective, and is well set to lead the business into the next phase of its development.

An integrated business with a strong value proposition

Tate & Lyle operates as one integrated business going to market as two trading divisions. Food & Beverage Solutions and Primary Products each has a distinct role to play, and both are important to the Group's future. They share common assets and we manage them together to optimise overall returns for shareholders.

Food & Beverage Solutions, which operates in the large and growing global food ingredients market, combines a deep understanding of sweetness, texture and fibre enrichment with expertise in key categories of beverages, dairy, and soups, sauces, and dressings, to tailor solutions for our customers. These solutions help meet growing global consumer demand for food and drink with less sugar, calories and fat and more fibre. While food is global, taste is local, so our customers also value our ability to deliver solutions in their local markets.

Strategy

Our strategy is to grow our business by:

- Growing Food & Beverage Solutions by building leading positions in three categories globally beverages, dairy, and soups, sauces and dressings and in two or three additional categories in each region where we have local expertise. Managing Sucralose to generate cash
- Driving value from Primary Products by optimising its portfolio to deliver steady earnings and generate cash.

Primary Products is predominantly anchored in the more stable North American market, with strong market positions in high-volume sweeteners and industrial starches, and supported by scale, cost competitive assets.

Underpinning our business is a reputation built over many years as a trusted supplier, with highly skilled people motivated by a strong sense of purpose to improve people's lives by enabling healthier food choices.

Actions to accelerate business performance

Leveraging these strengths and our strong balance sheet, we are implementing three programmes to accelerate business performance:

1. Sharpen focus on customers and key categories

- Focus our growth strategy on three categories globally beverages, dairy, and soups, sauces and dressings – and two or three additional categories in each region where we have local expertise
- Reorganise our commercial teams to reflect how our customers are organised in these categories
- Integrated Food Systems into Food & Beverage Solutions to provide one approach for customers.

2. Accelerate portfolio development

- Accelerate development and commercialisation of new products
- Develop more external partnerships and alliances to catalyse innovation
- Increase emphasis on acquisitions and joint ventures.

3. Simplify and drive productivity

- Target US\$100 million of productivity savings over the next four years
- Simplify the business, reduce costs, and increase efficiencies across the supply chain
- Productivity benefits expected to be paced evenly across the four years, and will be invested to grow the business, improve customer service, and support margin progression.

Investment case					
Our businesses have a clear focus					
Primary Products Manage for stable earnings;	Food & Beverage Solutions Growth driver;	Sucralose Manage for cash;			
cash generation	top and bottom line growth	high return on assets			
to deliver returns					
Earnings per share ¹ – accelerate growth					
Organic return on capital employed ² – improve returns					
Dividend – maintain progressive dividend policy					

Strategic Report

Governance

Investment case

In Food & Beverage Solutions, we expect to accelerate revenue growth and deliver margin accretion, while managing Sucralose for cash; and in Primary Products optimise product mix to underpin stable earnings and cash flow delivery. As the three programmes we are implementing gather momentum, we expect growth in earnings per share in constant currency to accelerate, organic return on capital employed in constant currency to improve, and strong cash generation to support our progressive dividend policy.

Tate & Lyle is in a strong financial position. We generate a good return on our assets and have a strong balance sheet with modest leverage. We believe the appropriate leverage over the longer term for our business lies in the range of 1x to 2x net debt:EBITDA, giving us flexibility to invest and grow the business. To maintain our financial position and investment grade credit rating, we will apply clear capital allocation priorities:

- Invest in sustainable organic growth
- Fund acquisitions, partnerships or joint ventures to accelerate growth
- Maintain our progressive dividend policy
- Return surplus capital to shareholders.

Overall, we are in a strong financial position with clear priorities to accelerate growth.

Environment, health and safety

Following a Group-wide safety review completed during the year, we concluded that our safety and environmental performance are closely linked and should be co-ordinated and managed holistically. As a result of this, during the year a new environmental, health and safety (EHS) strategy was developed to deliver and sustain EHS excellence across all our locations for all our employees and contractors. More information about this programme can be found on pages 46 and 47.

People

Our employees across Tate & Lyle bring a huge amount of energy and passion to work every day, and I would like to thank them for their hard work and dedication. Our strong performance this year is a testament to their talent and commitment and, in my first year as Chief Executive, I look forward to working with them.

Outlook

For the year ending 31 March 2019, we expect growth in earnings per share¹ in constant currency to be in a mid-single digit range, albeit towards the lower end due to energy and transport cost inflation in North America and a strong year of Commodities performance in fiscal 2018.

Summary

Tate & Lyle enters the 2019 financial year in a good position. We have a strong value proposition aligned to growing global trends of sugar, calorie and fat reduction, fibre enrichment and demand for cleaner labels. We have set out three clear priorities for the business – to sharpen our focus on our customers, accelerate portfolio development, and simplify the business and drive productivity – and actions to deliver these priorities are already underway.

With our clear strategy, talented people, and strong sense of purpose, I am confident we have a strong business capable of delivering sustained returns.

Nick Hampton Chief Executive

23 May 2018

1 Adjusted diluted earnings per share from continuing operations in constant currency.

2 In constant currency.

Executive Committee

Our executive team

Responsible for delivering our strategy and achieving business results.



From left to right

Rowan Adams, Rob Luijten, Nick Hampton, Joan Braca, Robert Gibber, Melissa Law, Andrew Taylor and Jim Stutelberg.

Nick Hampton

Chief Executive

Nick became the Chief Executive on 1 April 2018. He joined Tate & Lyle as Chief Financial Officer in September 2014. Prior to joining Tate & Lyle, he held a number of senior roles over a 20-year career at PepsiCo, including as PepsiCo's CFO Europe; President, West Europe Region; and Senior Vice President Commercial, Europe.

Joan Braca

President, Food & Beverage Solutions

Joan joined Tate & Lyle in 2013 as Senior Vice President and General Manager, Asia Pacific. She was then appointed President, Food & Beverage Solutions from November 2014. Prior to joining Tate & Lyle, Joan spent nearly 20 years with Rohm and Haas Company in a variety of operational and general management roles in the US, Europe and Asia Pacific.

Jim Stutelberg

President, Primary Products

Jim joined Tate & Lyle in 2014 from Pennsylvania-based PPG Industries Inc. where he led its Americas Automotive Coatings business. Prior to that, he spent 16 years with Dow Corning Corporation in a variety of senior marketing, sales and general management roles, including five years working in Shanghai, China.

Andrew Taylor

President, Innovation and Commercial Development

Andrew joined Tate & Lyle in September 2017. Prior to joining Tate & Lyle, Andrew worked for the global management consultancy firm The Boston Consulting Group (BCG), where he was a Senior Partner and Managing Director. From 2008, he also led BCG's global Innovation Practice.

Melissa Law

President, Global Operations

Melissa joined Tate & Lyle in September 2017. Prior to joining Tate & Lyle, Melissa worked for Baker Hughes, a GE company, where she led the Global Specialties Chemicals Division, with prior executive roles for the company's Australian and Gulf of Mexico operations. Melissa's 20 years of experience ranges across R&D, operations, marketing, commercial and sales.

Rowan Adams

Executive Vice President, Corporate Affairs

Rowan joined Tate & Lyle in 2001 from National Westminster Bank. During his career at Tate & Lyle he has held a number of senior roles and was appointed Executive Vice President, Corporate Affairs in November 2014 with global responsibility for public affairs, communications and risk.

Robert Gibber

Executive Vice President, General Counsel

Rob joined Tate & Lyle in 1990 as a commercial lawyer having started his career in private practice. He was appointed General Counsel in 1997 and was Company Secretary between 2001 and 2012. Rob has global responsibility for Legal and Quality.

Rob Luijten

Executive Vice President, Human Resources

Rob joined Tate & Lyle as Executive Vice President, Human Resources in 2010. Prior to joining Tate & Lyle, he was Human Resources Director for Africa, Middle East and Asia for BG Group PLC. He also spent ten years with GE Plastics in a number of senior human resources roles in both Europe and Asia.

Imran Nawaz

Chief Financial Officer (from 1 August 2018)

As announced on 17 April 2018, Imran will join Tate & Lyle and become the Chief Financial Officer with effect from 1 August 2018. Imran joins Tate & Lyle from Mondelēz International where he has held the position of Senior Vice President Finance Europe since 2014. Governance

How we create value

Our ingredients and solutions are valuable to our customers because they are highly functional and help meet growing consumer and societal needs. They add taste, texture, nutrition and functionality to products consumed and used by millions of people every day.

The revenue from the sale of our ingredients and solutions generates income which, after meeting our costs, helps fund business investments, and provide returns to shareholders through dividends.

How our business works



local markets.

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raw material sourcing and

production processes.

What drives us

Our purpose is to improve lives for generations. This is what drives us. Inspired by our purpose, we work with our customers to make food and drink healthier and tastier. We do this by delivering sweetness, texture, fibre enrichment and stabilisation to products consumed by millions of people every day. We focus on three categories globally: beverages, dairy, and soups, sauces and dressings; and on a regional basis categories such as bakery and bars and biscuits. Our solutions are valuable to our customers because they help meet growing consumer and societal needs for food which is lower in sugar, calories and fat, and with more fibre, in the face of growing global levels of obesity and diabetes, and digestive health issues. Our industrial products, including our large portfolio of industrial starches, are also valuable to our customers as they enhance product performance across a wide range of markets – from paper production to adhesives, to applications in building supplies, oil drilling and more.

What makes us different

We have key strengths which, in combination, differentiate us in the market.

Leading functional expertise Deep category understanding We have strong technical expertise in the intersection of Through our teams of food scientists, nutritionists and other sweetness, texture, stabilisation and fibre enrichment, through experts, we have an increasingly deep understanding, globally our leading portfolio of sweeteners, highly functional speciality and locally, of the categories we focus on such as beverages, starches, and fibres with specific nutritional and health benefits. dairy, and soups, sauces and dressings. Delivering tailored solutions **Customer focus** The combination of functional expertise and deep category Both divisions look to develop strong customer relationships understanding, together with our strong innovation pipeline, built on a partnership approach. We are a trusted service enables us to deliver tailored solutions for our customers which provider and provide local, regional and global services to fit meet growing consumer demand for healthier and tastier food our customers' needs. and drink. Large scale manufacturing base Talented people Our scale manufacturing base and know-how enable us to Our people are passionate, dedicated and highly skilled. drive operational efficiencies and a high level of product quality. We invest in training and developing our employees and also They also provide a cost effective supply of ingredients and recruit high-calibre talent to ensure we have the right people, solutions for distribution through our global supply chain. teams and skills to grow our business.

What underpins our business

Safety

Protecting our people is foundational to our business. Our ultimate goal is to have no accidents and no injuries, and this year we implemented a new approach to enhance our safety programme.

Read more on pages 46 and 47

Values

Our Values of safety, integrity and respect define what we stand for and how we behave with our customers, suppliers, investors, partners, the communities in which we operate, and each other.

Read more on page 42

Board oversight

The Board of Directors oversees the activities of the Group through regular meetings, its committees, and visits to our operations around the world.

Read more on page 57

Markets in which we operate

Food & Beverage Solutions

Ingredients and solutions which add specific functionality and value to customers' products



The market

Food & Beverage Solutions (which includes Sucralose) provides ingredients and solutions which help customers meet increasing consumer demand for healthier and tastier food and drink. It serves customers globally, with an increasing presence in higher growth markets such as Asia Pacific and Latin America. Size¹ c.US\$55 billion Annual growth² c.4-5%

Where we operate

We focus on four areas of the market:

- Sweeteners Products include high intensity sweeteners (e.g. SPLENDA® Sucralose) and speciality sweeteners (e.g. DOLCIA PRIMA® Allulose)
- Texturants Products include REZISTA® Corn-based Starches and CLARIA® Clean-Label Starches

Key market drivers

Healthier

With obesity and diabetes on the rise worldwide, consumers are looking to reduce sugar, calories and fat in their food and drink while also adding beneficial ingredients such as fibre and protein.

- Health and wellness Products include fibres (e.g. PROMITOR® Soluble Fibre), and oat protein
- Stabilisers Customised ingredient blends providing high functionality such as viscosity and stability (e.g. HAMULSION[®]).

We take these products and, using our technical expertise, we provide solutions for our customers in categories such as beverages, dairy, and soups, sauces and dressings.

Clean label

Consumers want to understand the ingredients on food and drink labels. Increasingly, they are choosing products with labels with ingredients they feel are less processed, or they perceive to be simpler or 'natural'. Free from

Intolerance to certain ingredients is leading to increased demand for allergen-free foods such as dairy-free.

Convenience

Convenience often comes at the cost of nutrition. Consumers want food and drink that offer fast, 'grab-and-go' nutrition, and provide healthier choices.

How we deliver solutions

We work in partnership with our customers to reformulate their existing products, or create new products, to make food and drink healthier and tastier.

Sugar and calorie reduction

Through our portfolio of sweeteners and fibres, we create solutions that help reduce sugar and calories without giving up the sweetness and texture consumers want.

Enrichment

Our diverse portfolio of fibres offers a range of nutritional and functional benefits, while delivering exceptional digestive tolerance.

Texture

Our range of starches provide key functionality for foods such as thickening, shelf-stability and fat reduction, while still providing the texture consumers want.

Stabilisation

Through our in-depth knowledge of ingredients and complex food systems, we create customised stabiliser systems (highly functional ingredient blends) that ensure products maintain stability, and appetising texture, throughout their shelf life.

IHS 2014; Speciality Chemicals update Program: Food Additives; Leatherhead 2014: The Global Food Additives Market; and other sources.
 Leatherhead; LMC International; Company analysis; data as at 2013, five year CAGR 2009-2013.

Primary Products

High volume ingredients which are largely undifferentiated and compete primarily on quality, service and price

The market

Primary Products provides high volume food and industrial products to customers who operate on a large scale. It primarily serves the North American market. Its products, derived mainly from corn, meet customer needs in the

food and beverage, paper and packaging industries. It also sells co-products as animal feed to customers globally. The end-markets it serves are mostly mature and consolidated.

% of Primary Products profit from North America >90%

Where we operate

Sweeteners

Sweeteners provide sweetness and mouthfeel to regular carbonated soft drinks and other foods and drinks.

Industrial starches

Industrial starches strengthen and improve the surface conditions of paper and cardboard, and are also used in adhesives for building products.

Acidulants

Acidulants are used mainly to enhance flavour and preserve foods, beverages and pharmaceuticals.

Commodities

Commodities include co-products such as corn gluten meal and corn gluten feed (sold mainly as animal feed) and corn oil. We also produce some ethanol at our Loudon, Tennessee facility.

Key market drivers

Industry capacity utilisation

Our ingredients are produced mainly at four large corn wet mills in the US and two smaller mills in Europe. Supply/demand balance is a key driver of profitability in the US corn wet milling industry. Supply/demand in the industry was well balanced during the year.

Corn market

The US corn wet milling industry processes around 9% of the US corn crop. Recent harvests have been strong with corn inventory high and prices relatively low and stable. Corn is largely a pass-through cost.

Sweetener demand

Demand in the US for regular carbonated soft drinks, the main end-market for our sweeteners, has declined modestly over the last three years, broadly offset by growth in other markets including exports to Mexico.

How we drive value

As it operates in mature markets. Primary Products aims to create value by focusing on:

- optimising product mix and margins
- maintaining a mix of tolling and non-tolling contracts
- continuously driving productivity and efficiency
- reducing exposure to commodity markets where we can, by dampening volatility by using conservative hedging strategies; actively managing co-product sales; and investing in our corn elevator storage network to secure raw material supply
- maintaining capital expenditure discipline.

We seek to steadily re-deploy primary capacity in our corn wet mills to support growth in Food & Beverage Solutions to maintain good utilisation of our assets.

Measuring progress



1 Adjusted results and a number of other terms and performance measures used in this Annual Report are not defined within accounting standards. For clarity, we have provided descriptions of the various metrics and their reconciliations to the most directly comparable measures reported in IFRS, and the calculations, where relevant, of any ratios, in Notes 1 and 4.

2 Restated to reflect exclusion of operating post-retirement benefit costs.

Maintaining financial flexibility –



Acting safely⁴

Protecting our people is foundational to our business, which is why we have key performance indicators for safety.

Read more on pages 46 and 47



The number of injuries per 200,000 hours that required more than first aid, for employees and contractors.

The number of injuries that resulted in lost-work days per 200,000 hours, for employees and contractors.

Why we measure it

Ensuring safe and healthy conditions at all our locations is essential to our operation as a successful business.

Comments

For employees and contractors, the 2017 calendar year saw an unchanged recordable incident rate for the third year running. However, the number of lost-work cases increased by 50% (or four incidents). Total hours worked decreased by 8% following the closure of the Singapore Sucralose facility and the completion of major capital expenditure projects in 2016. There were no fatalities in 2017. The two fatalities which occurred in calendar year 2016, are recorded separately and are not included in the rates above.

3 Ratios calculated under the Group's bank covenants definitions and reported on a proportionate consolidation basis.

4 Measured on a calendar year basis.

Financial Statements

Food & Beverage Solutions



Commentary for Sucralose is provided separately on page 26.

Food & Beverage Solutions

Volume growth and encouraging performance while we continue to invest for longer-term growth.

Year ended 31 March Continuing operations	2018 Volume change
Volume	
North America	1%
Asia Pacific and Latin America	7%
Europe, Middle East and Africa	6 %
Total	3%

	2018 £m	2017 Ém	Change %	Constant currency change %
Sales				
North America	416	420	(1%)	-%
Asia Pacific and Latin America	184	176	4%	5%
Europe, Middle East and Africa	250	238	5%	1%
Total	850	834	2%	2%
Adjusted operating profit	137	129	5%	8%

The Group has made changes to its reportable segments which are explained on page 12.

Key highlights

Food & Beverage Solutions

- Good performance with profit 8% higher in constant currency
- Volume growth improved to 3%, with volume growth in North America
- Re-focused growth strategy on key categories to align with customer
- New Products progress with sales 15% higher
- Expanded application labs in Asia Pacific and
- Latin America.

Sucralose

• Adjusted operating profit 5% higher in constant currency with margin growth.

"With our clear category focus and strong solutions portfolio, we are well-placed to benefit from growing global demand for healthier food and drink."

Joan Braca President, Food & Beverage Solutions



Improving lives, making food healthier

How do you make a delicious tasting yoghurt with reduced sugar, fat and calories, enriched with fibre, and with the texture consumers love? Our ability to combine our understanding of sweetness, texture and fibre enrichment, with our expertise in the dairy category, makes this possible by tailoring the right solution for our customers in their local markets.



Thickens, stabilises, optimises cost, and provides consistent mouthfeel

Addressing global consumer trends

of US consumers report limiting

the amount of sugar in their diets²

Our solutions help our customers meet growing global consumer trends:

84%

1 in 4 products launched globally

contains a clean-label claim¹

Sources

- 1 Innova Market Insights analysis for Tate & Lyle, May 2016.
- 2 Mintel, 'Insights on Health, Sugar & Sweeteners and Beverages' May 2017.
- 3 Food International Council Foundation 2018 Food and Health Survey.

81% of US consumers say taste is

the primary driver of purchase³

Food & Beverage Solutions continued

Volume grew by 3%, with growth in all regions, including a return to growth in North America. Sales were 2% higher in constant currency at £850 million. Adjusted operating profit was 8% higher in constant currency reflecting both higher volume and the recovery of our stabiliser business (formerly Food Systems) following the successful consolidation of our blending facilities in Europe and the lapping of the £5 million write down of an unrecoverable debt.

During the year, we invested in the expansion of customer-facing applications laboratories in the emerging markets and invested in our offer to customers by selectively balancing competitive price positioning and growing margins. These decisions, together with increasing North American transport costs, moderated profit growth in the second half of the year.

The effect of currency translation was to increase sales by £1 million, but reduce adjusted operating profit by £2 million.

North America

In North America, market conditions continued to be challenging as the overall US food and beverage market remained flat with consumers increasingly seeking alternatives to traditional brands, and many of our largest customers experiencing end market softness. Despite this, volume grew 1% as we: (1) continued to win new business in targeted higher-growth sub-categories across dairy, bakery and health and nutrition, where our technical depth and expertise are providing increasing value to our customers; (2) developed our business in customer channels growing faster than the market, such as food service and own label; and (3) gained share in our larger food and beverage customers.

Sales in constant currency were flat at £416 million, reflecting product mix and pass through of lower corn costs.

Asia Pacific and Latin America

In Asia Pacific and Latin America, volume was 7% higher, with especially strong growth in China and Mexico. Sales increased by 5% in constant currency to £184 million.

In Latin America, Mexico saw double digit volume growth, with particularly strong demand for sweeteners helped by favourable market dynamics. In Brazil, we delivered double digit volume growth, mainly driven by texturant and sweetener sales in the dairy category. Weakness in the Venezuelan market led to double digit decline in volume in the Andean region.

In Asia Pacific, we delivered strong double digit volume growth in China with good growth in dairy and beverages, while in South Eastern Asia volume was lower due to a competitive sweetener market.

During the year, we expanded our customer-facing applications facilities in Shanghai, Singapore and Mexico City, and completed the expansion of manufacturing capacity at our polydextrose fibre facility in Nantong, China.

Europe, Middle East and Africa

In Europe, Middle East and Africa, volume increased by 6% driven by double digit volume growth both in Southern Europe, where sweetener demand in beverages was strong, and in Central Europe, reflecting good demand for our texturant solutions in soups, sauces and dressings. In Russia, stabiliser volume was significantly lower following a customer credit issue in the prior year. Sales at £250 million increased by 1% in constant currency, impacted by lower mix of stabiliser sales. To meet increasing customer demand, during the year we announced an expansion of maltodextrin capacity at our facility in Slovakia, which is expected to come on line in the 2019 calendar year.

New Products

Volume of New Products grew by 24%. Sales increased by 15% to US\$121 million or £91 million (2017 – US\$105 million or £81 million).

Higher sales in texturants were led by growth in clean label starches and in our range of Non-GMO products. Our CLARIA® line of functional clean label starches continues to perform well, with a new line of instant starches released in the year and a promising customer pipeline. We continue to broaden our offering of Non-GMO solutions in line with this growing consumer trend.

The replacement of sugar in beverages led to higher sales of our stevia portfolio of products, with PUREFRUIT[™], our monk fruit extract high intensity sweetener, also performing well. In April 2017, we entered into an exclusive partnership with Sweet Green Fields, one of the largest fully integrated stevia players. Reflecting the encouraging progress demonstrated over the first year of this partnership, in May 2018, we extended our relationship by acquiring a 15% shareholding in Sweet Green Fields.

Sucralose

Value-based strategy delivering returns.

	2018 £m	2017 £m	Change %	Constant currency change %
Volume			(12%)	
Sales	146	162	(10%)	(9%)
Adjusted operating profit	55	52	6%	5%

The Group has made changes to its reportable segments which are explained on page 12.

As expected, Sucralose volume reduced by 12% reflecting the sale of excess inventory in the first half of the comparative year following the completion of the transition to our facility in McIntosh, Alabama in March 2016. Pricing was firm with sales 9% lower in constant currency at £146 million. While volume was lower, our McIntosh facility continued to operate well and at close to capacity, delivering lower operating costs, and adjusted operating profit was 5% higher in constant currency at £55 million.

While overall market demand for sucralose continues to grow over the longer term, market prices are expected to moderate reflecting increases in industry supply from Chinese manufacturers.

The effect of currency translation was to reduce sales by £1 million, with no impact on adjusted operating profit.



Primary Products

Strong performance, firm margins and consistent execution.

Year ended 31 March Continuing operations	2018 Volume change
Volume	
North American Sweeteners	3%
North American Industrial Starches	0%
Total Primary Products	1%

	2018 £m	2017 £m	Change %	Constant currency change %
Sales				
Total Primary Products	1 714	1 757	(2%)	(1%)
Adjusted operating profit				
Sweeteners and Starches	134	121	10%	11%
Commodities	32	8	311%	333%
Total Primary Products	166	129	28%	30%

The Group has made changes to its reportable segments which are explained on page 12.

Key highlights

- Strong performance with profit 30% higher
- Robust margins in balanced supply/demand industry
- North American Sweeteners volume 3% higher
- £13 million increase in Sweeteners and Industrial Starches profit
- Good mix management and customer service
- Commodities profit £24 million higher in constant currency.

"We remain focused on delivering steady earnings and cash, and optimising our portfolio to deliver incremental value."

Jim Stutelberg President, Primary Products



Improving lives, for everyday needs

From adding great taste to beverages, to making paper smoother, to helping cardboard boxes stay sealed, our sweeteners, starches and acidulants are used to help make the lives of millions of people easier and more enjoyable every day.

Packaging tape

Our range of STA-TAPE[™] starches are used in the manufacture of brown paper tape for sealing cardboard boxes. STA-TAPE[™] starches adhere very well and help to protect package contents during transit. They also provide a 'security seal' for products, as the tape can't be lifted and re-stuck.





Soft drinks

High fructose corn syrup is used as a sweetener in soft drinks and beverages. Citric acid can also be used to improve taste or add a distinct sour flavour impact.

Paper

Our starches, such as ETHYLEX® and STA-LOK®, are used in the production of paper to increase strength and stability, and provide a smoother surface. Our starches help improve everyday items such as magazines, writing paper, cardboard and tissues.



Volume increased by 1% with North American sweetener growth and robust demand.

Adjusted operating profit of £166 million increased by 30% in constant currency. Sweeteners and Starches adjusted operating profit increased by 11% in constant currency, benefiting from strong commercial and supply chain execution, solid demand, and moderate margin gains secured in the 2017 calendar year contracting round. In the second half, increasing energy and transport costs held back profit growth. Commodities contributed profits of £32 million, an increase of £24 million.

The effect of currency translation was to decrease sales by £20 million and adjusted operating profit by £2 million.

The US corn wet milling industry remains relatively well balanced, reflecting firm overall demand with modestly declining US domestic demand for high fructose corn syrup offset by growing sweetener demand in some end-use categories, including the brewing industry, other fermentation uses and sweetener exports to Mexico.

Corn prices

For the fourth consecutive year, the US corn crop was good with strong yields resulting in high closing US inventories. Corn prices varied through the year, trading mostly in the \$3.30 to \$3.90 per bushel range, in advance of the 2017 crop. US corn prices moved modestly higher in the first quarter of the 2018 calendar year reflecting concerns of a smaller crop in Argentina and increased exports by the US.

North American Sweeteners

Volume increased 3%, led by stable demand in the US and growth in export volume to Mexico. Unit margins for contracts renewed for the 2017 calendar year increased, reflecting successful contracting and continued good industry supply demand balance. Unit margins further benefited from product mix management and efficiency initiatives.

The 2018 calendar year contracting round delivered unit margins broadly in line with the previous year.

North American Industrial Starches

North American Industrial Starches volume was flat compared with the prior year. Overall demand for paper remains steady with growing demand for packaging and tissue, offsetting declines in printing and writing paper. Demand for starches in construction materials also remained steady in a relatively stable US housing market.

Commodities

Commodities had a strong year delivering profits of £32 million, £24 million higher than the prior year. The stronger performance mainly reflected gains from the sourcing of corn and stronger co-products profits. Profits from corn gluten feed, a co-product used for animal nutrition, strengthened reflecting improved market conditions and better realised prices during the year. Profits from our network of corn elevators also increased.

US ethanol cash margins remained towards the low-end of the historical range with industry inventories high.

North American Free Trade Agreement (NAFTA)

The United States, Canada, and Mexico commenced discussions in August 2017 to modernise NAFTA. NAFTA is very important to the US food and agriculture sector, and Mexico in particular is a key export market for the corn wet milling industry, notably for high fructose corn syrup. As at the date of this Annual Report, talks between the three parties are ongoing, and we continue to monitor the situation closely.

Prior to the commencement of the talks on NAFTA, in June 2017 the US Department of Commerce and the Mexican Secretariat of Economy agreed revised Sugar Suspension Agreements. These Agreements, originally put in place in 2014, suspend the anti-dumping and countervailing duty investigations on imports of Mexican sugar into the US. They also limit the amount of sugar that Mexican companies can export to the US, and set price floors for that sugar. The revised Agreements maintain a productive US trading relationship with Mexico, and preserve cross-border trade of sweeteners between the two countries.

Using the whole corn kernel

Tate & Lyle uses every part of the corn kernel; nothing is wasted. Corn is broken down into 58% corn starch (used to make food and industrial ingredients); 22% corn gluten feed (made from the hull and fibre and used in cattle feed); 4% corn gluten meal (extracted from the endosperm and used in aquaculture feed and pet food); 3% corn oil (made from the germ and used by the food industry]; and the remaining 13% is water.



Using science to make food better

Innovation and Commercial Development (ICD) is an important part of our growth strategy. ICD brings together scientific and commercial functions into one team to provide an integrated approach to developing and commercialising new products and technologies. The team uses its deep understanding of consumer trends and food and beverage categories, along with leadingedge science, to create solutions for customers which address growing demand for healthier and tastier food and drink.

ICD is based at our global Commercial and Food Innovation Centre in Chicago, USA. At the Centre, we offer our customers a full range of facilities and services including sensory evaluation, culinary development, human nutrition and regulatory expertise, state-ofthe-art research and application laboratories, and a pilot plant. Through the Centre, and our global network of applications and technical services laboratories, we work closely with our customers to develop new products and bring them to market quickly.

ICD supports both business divisions and focuses mostly on four food and beverage platforms where we have strong expertise. Each platform has a clear strategic focus aligned to large market opportunities.

- **Sweeteners:** we promote sugar substitution through a range of low-calorie and no-calorie alternatives to sugar. Reducing calories is an increasingly important priority for both consumers and governments
- **Texturants:** we deliver highly functional and 'clean-label' starches. In the food industry, starches are used to provide texture and shelf stability
- Health and wellness: we offer soluble fibres and a range of oat-based ingredients which support healthy digestion and have other functional benefits such as replacing fat, sugar and calories
- Stabilisation and functional systems: these help food preserve its structure, for example, by preventing oil and water emulsions from separating, ice crystals from forming, and fruit from settling in products such as jams and yoghurts.

ICD consists of five areas working together as one team.

- **Research and development:** we use leading-edge science to deliver innovative new products which target large market opportunities
- Platform management: we use research to develop strategies for our four platforms aligned to large market opportunities
- Strategic marketing: our market research programme keeps us up to date with consumer and category trends. Our own primary research is supplemented by insights from syndicated research services such as Euromonitor
- **Regulatory and nutrition:** we support our business and our customers by undertaking pre-clinical and clinical research to provide key scientific knowledge about our ingredients, and to navigate regulatory processes in markets across the world
- **Open innovation:** we complement our in-house science by developing relationships with universities and research institutions specialising in food science and technologies. We also seek to identify and develop opportunities across our platforms. Tate & Lyle Ventures also invests in early-stage companies in the food ingredient and technology space.

We manage our innovation pipeline through a rigorous, multi-step stage gate process with clear milestones. Through this process, we assess the size and viability of an idea from conception through to final launch into the market.

Protecting our science -

We protect our intellectual property by patenting our innovations and processes. During the year we had 88 new patents granted. In total, at 31 March 2018, we had 384 patents in issue and more than 370 patents pending.

Focus on five scientific competencies Image: Colspan="3">Focus on five scientific competencies Image: Colspan="3">Image: Colspan="3" Image: Colspan="3">Image: Colspan="3" Image: Colspan="3">Image: Colspan="3" Image: Colspan="3">Image: Colspan="3" Image: Colspan="">"Toto Image: Colspan="3" Image: Colspan=""">Toto Image: Colspan="3" <th colspan="3





Our Global Operations team is responsible for the delivery of high-quality products to our customers across the world. It's their job to run our plants safely, efficiently and cost-effectively, making sure that our ingredients reach customers on time, in full, and to the right specification. The team works closely with Food & Beverage Solutions and Primary Products to serve customers through a flexible and efficient supply chain.

Raw material sourcing and procurement

Like all large companies, we have a global procurement team to manage sourcing efficiently. Most of our ingredients and solutions are produced from agricultural crops, principally corn, and so we have a separate sourcing team for raw materials. They work closely with farmers and other commercial partners to ensure we have a reliable and secure supply. In the US, where most of our plants are located, we have a network of storage elevators to manage the cost effectiveness, security and sustainability of our corn supply. At harvest time, due to high volumes, corn is delivered either to our elevators or is delivered direct from farmers. We receive deliveries at our plants by rail car, truck or barge.

Manufacturing

In the US, we have four major corn wet mills, three in the mid-west and one in Tennessee, which serve US domestic customers and those in Latin America and Asia Pacific. In Europe, principally serving European customers, we have a corn wet mill in the Netherlands and one in Slovakia.

All our corn wet mills make ingredients for both business divisions. Other key sites include our Sucralose facility in the US, and our citric acid plants in the US and Brazil. Smaller manufacturing sites include an oat-based fibres facility in Sweden and a polydextrose fibre facility in China.

Logistics

Global Operations manages the storage, transportation and delivery of products from our plants to our customers. We have a global planning process supported by regional planning resources for Food & Beverage Solutions, and a global network of warehouses and transfer stations where we keep products close to our customers. This process means we have the flexibility to respond to our customers' needs.

Customer service

Our customer service teams for Food & Beverage Solutions and Primary Products sit within Global Operations. The teams are regional so that they can offer the best customer experience from order receipt to delivery.

Continuous improvement

A dedicated Continuous Improvement team leads productivity, efficiency and reliability projects across Tate & Lyle. By using innovative approaches and established continuous improvement methodologies, such as Lean and Six Sigma, the team identifies and delivers projects to streamline processes, reduce process waste, and improve product quality.

Environment, health and safety

Protecting our people and the world around us is foundational to our business. Global Operations is responsible for environmental, health and safety (EHS) performance across the Group. In 2017, we developed a new, global approach to EHS for everyone who works at Tate & Lyle. More details can be found on pages 46 to 49 of this Annual Report.

Examples of two achievements during the year

Triple the fibre at Nantong, China

In December 2017, we completed a project to expand capacity and upgrade processes at our STA-LITE® Polydextrose (fibre) facility in Nantong, China. This project has tripled capacity. As part of the expansion, manufacturing and quality processing were significantly enhanced, and an advanced environmental management infrastructure and system was implemented.

US energy efficiency certifications

Our corn wet mills in Lafayette South, Indiana and Loudon, Tennessee were awarded Energy Star Certification by the US Environmental Protection Agency (EPA) for outstanding energy efficiency performance in 2017, with Lafayette South achieving the best performance of all corn wet mills in the US. The award recognises industrial plants that are performing in the top 25% of similar facilities across the US for energy efficiency, and which meet strict energy performance levels set by the EPA.



Governance

Strong financial performance

Group adjusted profit before tax with profit growth in all businesses at constant currency

 $+13^{\%}$



Food & Beverage Solutions profit¹ to £137 million with good volume momentum and New Products progress

+30%

Primary Products profit¹

to £166 million, 11% profit¹ growth in Sweeteners and Starches; Commodities £24 million higher Sucralose profit¹ to £55 million

/0

+15%

Sales from New Products² to US\$121 million

£53m

higher Group reported profit before tax with improved trading and lower exceptional costs

+7%

Earnings per share³ at constant currency £60m

Net debt £60 million lower, with adjusted free cash flow £22 million higher at £196 million

1 Adjusted operating profit, percentage change in constant currency.

- 2 New Products represent products in the first seven years after launch.
- 3 Adjusted diluted earnings per share from continuing operations.

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Year ended 31 March ¹ Continuing operations unless otherwise stated	2018 £m	2017 £m	Change %	Constant currency change %
Sales	2 710	2 753	(2%)	(1%)
Adjusted operating profit				
 Food & Beverage Solutions 	137	129	5%	8%
– Sucralose	55	52	6%	5%
– Primary Products	166	129	28%	30%
- Central	(58)	(46)		
Adjusted operating profit	300	264	14%	15%
Adjusted net finance expense	(27)	(25)		
Share of profit after tax of joint ventures and associates	28	32	(14%)	(14%)
Adjusted profit before tax	301	271	11%	13%
Exceptional gain/(loss)	2	(19)		
Amortisation of acquired intangible assets	(12)	(12)		
Net retirement benefit interest	(5)	(7)		
Profit before tax	286	233		
Income tax (expense)/credit	(23)	22		
Profit for the year – continuing operations	263	255		
Profit for the year – discontinued operations	2	1		
Profit for the year – total operations	265	256		
Earnings per share – continuing operations (pence)				
Basic	57.0p	55.0p	4%	
Diluted	56.1p	54.2p	4%	
Adjusted earnings per share – continuing operations (pence)		I _		
Basic	50.9p	47.8p	6%	8%
Diluted	50.1p	47.1p	6%	7%
Cash flow and net debt		i _		
Adjusted free cash flow	196	174		
Net debt – At 31 March	392	452		

Sales from continuing operations of £2,710 million were 2% lower (1% lower at constant currency) reflecting the impact of lower corn costs.

Adjusted profit before tax

Year ended 31 March 2018

On a statutory basis, profit before tax from continuing operations increased by £53 million to £286 million. Statutory diluted earnings per share from continuing operations increased by 1.9p to 56.1p as improved operating performance was largely offset by the effect of an increased statutory effective tax rate of 8.1% (2017 – 9.6% credit reflecting the recognition of exceptional deferred tax credits). As a result of the increased current year tax charge, profit for the year from total operations increased only modestly to £265 million (2017 – £256 million).

Adjusted profit before tax from continuing operations was 11% higher than last year (13% in constant currency), at £301 million. Adjusted diluted earnings per share from continuing operations increased by 3.0p to 50.1p as increased profits were partially offset by a higher adjusted effective tax rate of 21.9% (2017 – 18.2%).

1 Adjusted results and a number of other terms and performance measures used in this Annual Report are not directly defined within accounting standards. For clarity, we have provided descriptions of the various metrics and their reconciliations to the most directly comparable measures reported in IFRS, and the calculations, where relevant, of any ratios, in Notes 1 and 4.



Group Financial Results continued

Central costs

Central costs, which include head office costs, treasury and reinsurance activities, were £12 million higher at £58 million reflecting higher captive insurance costs, following an increase in self-insured claims from the Group's operations.

Net finance expense

Adjusted net finance expense from continuing operations, which excludes net retirement benefit interest, was £2 million higher at £27 million, mainly driven by lower capitalised interest (principally related to the construction of the Loudon co-generation facility, commissioned in the second half of the 2017 financial year) and the impact of increased US interest rates on floating rate debt.

Share of profit after tax of joint ventures and associates

The Group's share of profit after tax of joint ventures and associates of £28 million was £4 million lower than the prior year reflecting lower profits in the Group's Almex joint venture in Mexico due to the lapping of prior year non-trading gains, principally transactional currency gains.

Exceptional items from continuing operations

Operating exceptional credits from continuing operations of £2 million were recognised in respect of the disposal of an investment held as part of the Group's venture fund portfolio (2017 – total net operating exceptional costs of £19 million).

In the year ended 31 March 2018, the Group recognised exceptional tax gains totalling £38 million, comprising two items: firstly, a credit of £36 million, reflecting mainly the revaluation downwards of net US deferred tax liabilities following the reduction in the US federal tax rate; and secondly, a net credit of £2 million following an increase in UK deferred tax assets resulting from changes in both UK and US tax legislation and anticipated changes to the Group's internal financing arrangements. In the comparative year, the Group recognised exceptional deferred tax credits totalling £65 million.

More details on the tax exceptional items can be found in Notes 7 and 12.

Taxation

The adjusted effective tax rate on earnings for continuing operations for the year ended 31 March 2018 increased to 21.9% (2017 – 18.2%).

Two factors drove the increase in the adjusted effective tax rate in the year: firstly, changes to UK legislation arising from the OECD's Base Erosion and Profit Shifting (BEPS) project and consequent changes to the internal financing arrangements we use to fund our international businesses; and secondly, an increase in profits generated in the US, a jurisdiction with a higher rate of corporation tax during the year to 31 March 2018. The Group adjusted effective tax rate was at the lower end of the 21% to 24% range anticipated coming into the year.

On 22 December 2017, the United States enacted the Tax Cuts and Jobs Act ('US Tax Reforms'). This legislation reduced the

headline rate of federal income tax in the United States to 21% (from 35%) from 1 January 2018, as well as introducing a number of incentives for companies to invest in the US and other changes to broaden the tax base in the US. Due to the efficiency of its internal financing arrangements the Group will generate modest benefit from the US Tax Reforms, with future upward pressure on the adjusted effective tax rate also removed.

The reported effective tax rate on statutory earnings for the year was a charge of 8.1% (2017 – credit of 9.6%). The statutory tax charge was impacted by exceptional tax charges and credits in the year including the write down of deferred tax assets and liabilities related to legislation changes in the UK and US and anticipated changes to the Group's internal financing arrangements. Legislation limiting the utilisation of carry forward losses in the UK was enacted in the year, resulting in a write off of part of a deferred tax asset created in the prior year, with a consequent charge to the statutory tax rate. Overall, exceptional tax gains in the 2018 financial year were £38 million compared to £65 million in the comparative year.

The recognition and measurement of deferred tax assets and liabilities is dependent on a number of key judgements, estimates and assumptions. Judgements relate principally to: the size and duration of future internal financing arrangements; the interest coupon payable on these arrangements; the future level of deductible expenses incurred in the UK; and foreign currency exchange rates. Changes in assumptions, along with future changes in legislation, could have a material impact on the amount of tax recognised in future accounting periods.

We estimate that the adjusted effective tax rate for the 2019 financial year will be in the range of 20% to 22%.

A list of key uncertainties affecting the Group's adjusted and reported effective tax rates, as well as the factors that are expected to influence the sustainability of the Group's effective tax rates in the future, are set out on pages 129 and 130.

Discontinued operations

The Group recognised a gain of £2 million from discontinued operations in respect of its former Moroccan operation (2017 – profit of £1 million).

Earnings per share

Adjusted basic earnings per share from continuing operations increased by 6% (8% in constant currency) to 50.9p and adjusted diluted earnings per share from continuing operations at 50.1p were 6% higher (7% in constant currency).

Dividend

The Board is recommending a 0.5p or 2.5% increase in the final dividend to 20.3p (2017 – 19.8p) per share. This increased final dividend makes a full year dividend of 28.7p (2017 – 28.0p) per share, up 2.5% on the prior year. Subject to shareholder approval, the proposed final dividend will be due and payable on 1 August 2018 to all shareholders on the Register of Members on 22 June 2018. In addition to the cash dividend option, shareholders will continue to be offered a Dividend Reinvestment Plan (DRIP) alternative.
Governance

Assets

Gross assets of £2,571 million at 31 March 2018 were £200 million lower than at 31 March 2017, mainly reflecting the adverse impact of the weakening US dollar.

Net assets increased by £35 million to £1,367 million as the profit for the year was partially offset by net exchange losses of £83 million and the dividend payment of £131 million.

Retirement benefits

The Group maintains pension plans for its employees in a number of countries. Some of these arrangements are defined benefit pension schemes and, although we have closed the main UK scheme and the US salaried and hourly paid schemes to future accrual, certain obligations remain. In the US, we also provide medical benefits as part of retirement packages.

The net surplus on the Group's retirement benefits plans was £18 million, an improvement of £157 million from a net deficit at 31 March 2017 of £139 million. The improvement was led by a reduction in the deficit of the US schemes largely as a result of foreign exchange movements from the weakening of the US dollar and by cash contributions. In addition to total regular cash contributions of £44 million in the year, the Group made an accelerated gross cash contribution to the US schemes of £56 million, in light of an opportunity to fund the schemes while taking advantage of a higher US tax deduction.

Under funding arrangements in connection with the 2016 triennial actuarial valuation, the Group has committed to make core funding contributions for the main UK scheme of £12 million per year and supplementary contributions of £6 million per year until 31 March 2023 into a secured funding account, payable to the Trustee on certain triggering events.

During the year ending 31 March 2019, the Group expects to contribute approximately £30 million to retirement benefit schemes, comprising £26 million to its defined benefit plans and £4 million in relation to retirement medical plans.

Cash flow and net debt

	Year	r ended 31 March ¹
	2018 £m	2017 £m
Adjusted operating profit from continuing operations	300	264
Adjusted for:		
Non-cash items in adjusted operating profit and working capital	121	162
Net retirement benefit obligations	(94)	(36)
Less: accelerated US defined benefit schemes contribution (exceptional cash flows)	56	-
Net retirement benefit obligations: underlying funding	(38)	(36)
Net interest and tax paid	(36)	(63)
Less: cash tax benefit on accelerated contribution (exceptional cash flows)	(20)	-
Net interest and tax paid: underlying	(56)	(63)
Capital expenditure	(131)	(153)
Adjusted free cash flow ¹	196	174

Adjusted free cash flow (representing cash generated from continuing operations after net interest paid, income tax paid, and capital expenditure, and excluding the impact of exceptional items) was £196 million, £22 million higher than the prior year principally reflecting higher earnings and lower capital expenditure.

Capital expenditure of £131 million, which included a £20 million investment in intangible assets, was 0.9 times the depreciation and adjusted amortisation charge of £142 million and reflects continued investment in capacity as well as efficiency and sustaining investments. We expect capital expenditure for the 2019 financial year to be between £130 million and £150 million.

Other significant cash flows in arriving at net debt included: £26 million of dividends received from joint ventures; external dividend payments of £131 million; £27 million payments for the purchase of shares to satisfy share option commitments and a net £36 million accelerated funding payment to the US pension schemes (a gross payment of £56 million, less £20 million tax deduction).

Overall net debt at 31 March 2018 of £392 million was £60 million lower than at 31 March 2017. Net debt decreased by £25 million in the year (2017 – decrease of £39 million) before the favourable impact of exchange rates. Foreign currency translation, mainly from the impact of the weakening US dollar, reduced net debt by £35 million.

Year ended 31 March	2018	2017
Cash dividend cover ²	1.5x	1.3x
Net debt (£m)	392	452
Leverage (net debt:EBITDA) ¹	0.8x	0.9x
Return on capital employed ¹	16.2%	14.3%

1 Adjusted results and a number of other terms and performance measures used in this Annual Report are not directly defined within accounting standards. For clarity, we have provided descriptions of the various metrics and their reconciliations to the most directly comparable measures reported in IFRS, and the calculations, where relevant, of any ratios, in Notes 1 and 4.

2 Cash dividend cover is calculated as adjusted free cash flow from continuing operations divided by cash dividends.

Financial risk factors

Our key financial risk factors are market risks, such as foreign exchange, transaction and translation exposures, and credit and liquidity risks, as explained in Note 29.

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. 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 for property, plant and equipment where the lessee does not assume 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 £274 million (2017 – £318 million) and related primarily to railcar leases in the US and our commitment for a gas pipeline to supply our Loudon facility. Rental charges for the year ended 31 March 2018 in respect of continuing operations were £35 million (2017 – £32 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 debt at the year end was £398 million against a book value of £392 million (2017 – fair value £472 million, book value £452 million). Derivative financial instruments used to manage the interest rate and currency of borrowings had a fair value of £12 million liability (2017 – £21 million liability). The main types of instrument used are interest rate swaps and cross-currency interest rate swaps. The fair value of other derivative financial instruments hedging future currency and commodity transactions was £2 million liability (2017 – £2 million asset). 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 £13 million asset (2017 – £11 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. The fair value of borrowings relating to the US Private Placement Notes is based on broker dealer quotations. The fair value of commodity forward contracts and options, and commodity futures is based on market prices and, where relevant, management's estimate of basis and the price at which co-products will be bought or sold in the future. The values of certain items of merchandisable agricultural commodities that are included in inventories are based on market prices.

Going concern

The Directors are satisfied that the Group has adequate resources to continue to operate for a period not less than 12 months from the date of approval of the financial statements and that there are no material uncertainties around their assessment. Accordingly, the Directors continue to adopt the going concern basis of accounting.

Basis of preparation

The Group's principal accounting policies are unchanged from the year ended 31 March 2017. A number of minor changes to accounting policies have been adopted during the year, although they have had no material effect on the Group's financial statements.

Details of the basis of preparation, including information in respect of the methodology used to calculate the Group's alternative performance measures, can be found in Notes 1 and 4.

Impact of changes in exchange rates

The Group's reported financial performance at average rates of exchange for the year ended 31 March 2018 was adversely impacted by currency translation compared to the prior year. The average and closing US dollar and euro exchange rates used to translate reported results were as follows:

	A	/erage rates	c	losing rates
Year ended 31 March	2018	2017	2018	2017
US dollar:sterling	1.33	1.30	1.40	1.25
Euro:sterling	1.13	1.19	1.14	1.17

For the year ended 31 March 2018, foreign exchange translation decreased Group adjusted profit before tax by £4 million (Food & Beverage Solutions by £2 million, Primary Products by £2 million with no change in Sucralose).

Changes to reporting segments

The Group will continue to operate in two divisions, Food & Beverage Solutions (which includes Sucralose, and was previously named Speciality Food Ingredients) and Primary Products (previously named Bulk Ingredients). The Food & Beverage Solutions division will be reported across two reportable segments (Food & Beverage Solutions and Sucralose) reflecting their different economic characteristics and how we manage them. The segmental disclosure prepared in this Annual Report reflects this change from two reportable segments to three, and has been further amended to report Food Systems operations (the Group's stabiliser solutions business) within the regional results of Food & Beverage Solutions, mirroring a change to the management of that business.

Disclosure of the performance of the divisions is provided below in the form previously used at the 2017 financial year end for comparability purposes, together with restated comparatives for the six month period to 30 September 2017, which will serve as comparatives for the Group's forthcoming half year results.

Food & Beverage Solutions and Sucralose results for the year ended 31 March 2018 in previous disclosure format

					Sales			Adjusted oper	ating profit
Year ended 31 March Continuing operations	Volume change	2018 £m	2017 £m	Change %	Constant currency change %	2018 £m	2017 £m	Change %	Constant currency change %
North America	1%	355	357	(1%)	1%				
Asia Pacific and Latin America	8%	147	148	0%	1%				
Europe, Middle East and Africa	8%	163	145	13%	9%				
Total: excluding SPLENDA® Sucralose and Food Systems	4%	665	650	2%	2%	118	125	(6%)	(4%)
Food Systems	(5%)	185	184	0%	(1%)	19	4	353%	357%
SPLENDA® Sucralose	(12%)	146	162	(10%)	(9%)	55	52	6%	5%
	3%	996	996	0%	0%	192	181	6%	7%

Food & Beverage Solutions results for the six months to 30 September 2017 on the revised disclosure format

Six months to 30 September Continuing operations	2017 Volume change
Volume	
North America	0%
Asia Pacific and Latin America	6%
Europe, Middle East and Africa	6%
Total	3%
	2017 £m
Sales	
North America	211
Asia Pacific and Latin America	98
Europe, Middle East and Africa	124
Total	433
Adjusted operating profit	75

Managing our risks effectively

ERM Programme

Tate & Lyle's enterprise risk management (ERM) programme facilitates a common, Group-wide approach to the identification, analysis and assessment of risks and the way risks are managed, controlled and monitored.

Three lines of defence

We manage significant risks through three levels of defence.

1. Risk ownership and control

Business and operational management is responsible for identifying risks and maintaining effective controls on a day-to-day basis, and for implementing policies and procedures that are consistent with that objective. Front line controls are updated regularly in response to the Group's changing risk profile.

2. Monitoring and compliance

Group functions support management in monitoring key risk areas, and ensuring the first line of defence is designed and operating as intended. These functions, including risk management, quality, ethics and compliance, and environment, health and safety, also identify current and emerging risks, and monitor the timely remediation of deficiencies.

3. Independent assurance

The Group Audit and Assurance team (internal audit) and external assurance providers give independent assurance over the Group's risk management, control, and governance processes and systems.

Oversight

The Board, Audit Committee and Executive Committee provide oversight and direction in accordance with their respective responsibilities. More information is in the governance section of this Annual Report.



Risk framework

The Board has overall responsibility for the Group's system of risk management and internal control, and for setting the Group's risk appetite. The schedule of matters reserved to the Board ensures that the Board makes a robust assessment of the principal risks facing the Group, and determines the nature and extent of risk it is willing for the Group to take to achieve its strategic objectives.

Approach

Process to identify risks

The Group-wide risk management and reporting process helps to identify, assess, prioritise and mitigate risk. Principal risks are considered over a time period of three years. This annual process is both bottom-up and top-down.

The top-down aspect involves the Board assessing what it believes to be the principal risks facing Tate & Lyle. The bottomup aspect involves a rolling programme of workshops, facilitated by the risk management team, held around the Group. These workshops identify current and potential risks which are then collated and reported through functional and divisional levels to the Executive Committee. Areas and behaviours which could potentially trigger risk combinations are also considered.

Through these processes, we identify the Group's key business, strategic, financial, operational and compliance risks, and then develop action plans and controls to mitigate them as far as possible, to the extent deemed appropriate taking account of the Group's risk appetite. The Board reviews these risks again, as well as emerging and black swan risks.

Risk appetite

As part of the annual risk assessment process, the Board and Executive Committee consider the nature and extent of the Group's risk appetite. The results of this exercise are used as part of strategic planning activities, and in setting ongoing mitigating actions.

Managing risks

Individual executives are assigned responsibility for managing risks and their associated mitigating controls. As part of the process, senior executive management formally confirms once a year that 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, where appropriate, reported to the Board.

The Executive Committee reviews the principal risks regularly and formally at least three times a year, and reports any changes in the level or velocity of the risks, and associated mitigating actions, to the Board. The Board reviews the principal risks at least every six months.

Principal risks

The Board has carefully considered the type and extent of the principal risks to the Group achieving its objectives. While the Group seeks to manage risk carefully, at the same time the Board recognises that some risk needs to be taken for the Group to achieve its strategic goals. Over time, the Group's risk profile evolves and the Board's view of the principal risks is updated accordingly. Following a number of changes to the principal risks over the last few years, the Board decided this year that no changes to the principal risks were required.

The Board confirms that a robust assessment of the principal risks facing the Company, including those that would threaten its business model, performance, solvency and liquidity, has been carried out. The principal risks identified as part of the process undertaken during the year, together with examples of the mitigating actions being taken, are set out on pages 40 and 41. It is not possible to identify or anticipate every risk that may affect the Group.

Viability statement

In accordance with the provisions of the UK Corporate Governance Code, the Directors have assessed the viability of the Group, taking into account our current position and the potential impact of the principal risks we face.

Although the Group's strategic plan, which the Board reviews annually, forecasts beyond three years, the current planning process provides for the preparation of a detailed financial plan over a three-year period, built bottom-up on a divisional basis, including anticipated capital and funding requirements. For this reason, the Directors have determined that a three-year period to 31 March 2021 is an appropriate period over which to assess viability.

To assess viability, we stress-tested the strategic plan under four downside scenarios which would stress the potential viability of the Group if one or more of the principal risks set out in this Annual Report were to occur. The potential impact of these scenarios was assessed individually, and in combinations, on both a gross (before mitigation) and a net (after mitigation) basis. The four downside scenarios modelled were: a major operational failure causing the shutdown of a large manufacturing facility for an extended period of time; a sharp decline in sales in one or more of our major product lines; the loss of one or more of our key global customers; and government actions or policies restricting or preventing our ability to operate in key markets. In each case, we assumed we would still be able to secure financing or re-financing in the capital markets in all plausible market conditions.

We measured the impact of these risks occurring by quantifying their financial impact on the strategic plan, and on the Group's viability when set against measures including liquidity, credit rating and financial covenant requirements. We also considered operational and commercial impacts. The results of this stress testing showed that the Group would, over the three-year period, be able to withstand the impact of the most severe combination of the risks modelled if we made adjustments to our strategic plan and capital allocation priorities, and carried out other available mitigating actions.

Based on this assessment, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 March 2021.

Risks continued

Examples of how we manage the risk

- Health and safety policies and procedures are in place at all facilities with dedicated staff to ensure they are embedded and measured
- Regular review of performance and policies by the Board
- Maintenance of suitable insurance programme
- Programme of global compliance audits
- SafeStart[®] behavioural safety training programme rolled out across plants, offices and labs
- During the year, a comprehensive review of Group-wide safety protocols, procedures and culture was undertaken with the support of an independent external expert consultancy. As a result, a new strategy and approach to safety was implemented called 'Journey to EHS Excellence'
- A new global environment, health and safety (EHS) organisation was put in place to support our Journey to EHS Excellence (see pages 46 and 47 for more information).
- Investments to increase sales and technical resources, and infrastructure, particularly in emerging markets (laboratories expanded in Shanghai, Singapore and Mexico City during the year)
- New staff recruited and existing staff developed to upgrade skillsets in customer-facing areas and innovation
- Global programme to increase customer focus in key areas such as customer account management, planning and execution
- Programme put in place to sharpen focus on our customers
- Commercial organisation re-aligned to focus on key categories.

Innovation

Innovate and commercialise new products

Failure to identify important consumer trends and provide innovative solutions, and the inability to successfully commercialise new products, could impact the delivery of our strategy. This would affect our performance and reputation.

People

Attract, develop, engage and retain key personnel

The performance, knowledge and skills of employees are central to our success. We must attract, integrate, engage and retain the talent we need to deliver our strategy, and have the appropriate processes and culture in place. Being unable to retain key people and adequately plan for succession could have a negative impact on our performance.

Legal and compliance

Comply with legal and regulatory requirements, and our Code of Ethics

We operate in a variety of markets and are therefore 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.

Cyber security

Maintain the security of our information systems and data

A cyber security breach, whether as a result of human error, deliberate action or the failure of technology systems, could result in unauthorised access to or misuse of information systems, technology or data. This could cause harm to our assets, loss of data, business disruption, legal liabilities and damage to our reputation. works closely with customers and other external organisations to identify emerging consumer trendsOpen innovation team actively scouts for breakthrough technologies and

• Innovation and Commercial Development team conducts research and

- opportunities across industries and universitiesStrategic marketing organisation provides support for new product
- launches and consumer and category insightPrioritisation of 'partnership' opportunities with customers to accelerate
- development cycles and bring new ingredients to market more quickly
 Tate & Lyle Ventures invests in early-stage companies in food science and technology by partnering with research institutions, entrepreneurs
- and other venture funds.Remuneration policies designed to attract, retain and reward employees
- with ability and experience to execute Group strategy
- Talent development strategy to provide opportunities for employees, as well as training to close skills gaps
- Single global performance management system and talent planning processes in place
- Focus by the Board on succession planning for business-critical roles
- Measurement of progress against cultural objectives, for example, global employee surveys.
- Regular monitoring and review of changes in law and regulation in areas such as health and safety, environment, quality, food safety, corporate governance and data protection
- Legal teams maintain compliance policies in areas such as anti-trust and anti-corruption law; and provide ongoing training to employees
- Ethics training provided to employees
- Full-time global Head of Ethics and Compliance appointed during the year
- Whistleblowing process in place (Speak Up programme)
- Compliance with the EU General Data Protection Regulation.
- Cyber security enhancement programme in place focused on strengthening people, process and technology defences
- Compulsory cyber security training
- Cyber security breach scenario exercises
- Advanced perimeter defences in place
- Continuous vulnerability detection and defences
- Separation of systems within plant network
- Third-party Security Operations Centre providing 24/7 security monitoring, security event correlation and threat counter-measures.

Strategy Grow in food and beverage solutions

Our ability to deliver our strategy to grow our Food & Beverage Solutions business may be affected by a number of factors such as delivering growth in emerging markets, customers' readiness to adopt new ingredients and incorporate them in new product launches, competitor actions, and growing key product or product families. Furthermore, failure to make acquisitions and create value by integrating them into the Group effectively, may also affect our ability to deliver growth. Failure to deliver our strategy over the longer term would negatively affect our credibility, reputation and profitability.

Safety

Act safely and maintain the safe operation of our facilities

The safety of our employees, contractors, suppliers, and the communities in which we operate is paramount. We must operate within local laws, regulations, rules and ordinances relating to health, safety and the environment, including emissions. Failure to act safety, which could lead to loss of life or serious injury, may give rise to fines or penalties for breach of safety laws, interruptions in operations or loss of our licence to operate, liability payments and costs arising from injuries or damage, and damage to our reputation.

Operations and supply chain

Maintain the continuous operation of our plant network and supply chain, including high standards of customer service

Operating plants involves many risks which could cause temporary or permanent breaks in production. We must have a robust sales and operations planning process to avoid disruption to the supply chain and maintain high standards of customer service. Failure to do any of these things could have a material adverse effect on our performance and reputation.

Raw materials

Fluctuations in prices and availability of raw materials, energy, freight and other operating inputs

Our margins may be affected by fluctuations in crop prices due to factors such as alternative crops, co-product values and the variability of local or regional harvests caused by, for example, weather conditions, crop disease, climate change or crop yields. 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, margins may be affected by customers not taking expected volumes.

Quality

Maintain the quality and safety of our products

The safety of the consumers of our products is critical. Poor quality or sub-standard products could have a negative impact on consumer safety and on our reputation and relationships with customers.

Consumer concerns and food regulation Changes in consumer, customer or government attitudes to our products

Our freedom or ability to operate may be affected by changes in consumer or customer attitudes, food law and regulatory changes, campaigns targeted at specific ingredients or technologies or other factors that may impact the regulatory status or perception of our products or of their functionality, efficacy or use. We must ensure that the science behind our ingredients (for example, health claims, nutritional impact) is supported by credible sources, clearly communicated and understood by relevant regulatory authorities. Failure to do so may restrict the markets for our products.

Government regulations and trade policies Changes in government regulations and/or trade policies

Government actions or policies causing changes in tariffs, customs duties, or imposing import/export limitations, or other barriers, may lead to our business incurring additional costs, or may restrict opportunities for growth or prevent or limit our ability to operate in certain markets.

Financial controls

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 the accuracy and reliability of our records and financial reporting.

Examples of how we manage the risk

- Preventive maintenance programme across the plant network
- Ongoing programme to improve global supply chain processes
- 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
- Dedicated internal resources allocated to key projects in conjunction with business teams to ensure business continuity is not compromised
- Customer service managed by Global Operations as part of integrated end-to-end supply chain process.
- Strategic relationships with suppliers and trading companies including multi-year agreements
- 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 corn elevators to enhance security of supply
- New or back-up supply sources in place in case primary suppliers face localised challenges
- Use of derivatives and forward contracts where practical, to hedge and manage our exposure to raw material and co-product prices.
- Strict quality control and product testing procedures to ensure products are released only with full quality control clearance
- Quality policies, procedures and performance reviewed by the Board
- Hazard Analysis and Critical Control Points plans updated at all plants to be fully compliant with new US Food Safety Modernization Act
- Immediate response Recall Committee meets promptly if a recall event occurs
- Third-party audit programme supplemented by internal global compliance audits
- Regular recall simulation exercises.
- Global regulatory team, supported by external consultants, monitors local regulatory requirements affecting our products
- Global nutrition team initiates and monitors research and publications concerning the use and functionality of our ingredients and maintains global network of health and nutrition clinicians, academics and experts
- Membership of trade organisations provides access to broader sources of information and ensures, where appropriate, a single voice for the industry on regulatory and public interest issues affecting our ingredients
- Maintenance of relations with regulatory authorities
- Provision of clear information on ingredients' provenance and traceability
- Research Advisory Group, chaired by a non-executive director and comprising leading scientific experts, reviews critical aspects of the Group's innovation activities and provides guidance.
- Programme in place to ensure that we actively engage in discussions with political parties, influencers and regulatory authorities in the main countries we operate in
- Active member of relevant industry trade associations
- Model in place enabling production across the plant network to be adapted or optimised in the event of market restrictions in certain countries
- Operation of a global plant network means customers can be served from different countries if products from certain markets are restricted or become economically less attractive
- Continue to invest in resources and infrastructure across different markets and geographies to diversify business mix.
- Financial policies and standards are in place supported by procedures for key financial processes, for example, capital expenditure
- Financial risks are monitored and managed through a number of forums, for example, the regional Control Environment Councils
- Chief Executive and Chief Financial Officer undertake detailed quarterly business and financial reviews
- Minimum control standards are confirmed at the half-year and at the end of the financial year
- Automated controls are built into systems where possible.

Strategic Report

Working the Tate & Lyle way

Every company talks about hiring the right people. For us, that means hiring people who believe in our purpose, who live our Values, and who give of their best to make our business a success. In return, Tate & Lyle constantly invests in our people's skills and expertise through training and development, and by providing a workplace that is inspiring and welcoming to all.

Policies

Our global human resources policies set out our position on topics such as equal opportunities, diversity and inclusion, employee training and reward. We have made these available on the Company's intranet as well as communicating them across the Group.

Our policies covering ethical conduct and human rights include:

- Our Code of Ethics and related internal and external communication and training (see page 45)
- Our 'Speak Up' programme (system that supports whistleblowing) (see page 63)
- Our global human resources policies as described above
- Our standards in the supply chain and our anti-slavery and human trafficking statement (see page 45).

Values

Our Values of safety, integrity and respect are at the heart of how we work. They demonstrate what we stand for and how we behave with our customers, suppliers, investors, the communities we operate in, and with each other. In line with our Values, we believe that everyone should be safe at work and be treated fairly and with respect.

Our team of Values Ambassadors together with our Employee Engagement Champions are responsible for promoting our Values and the right way of doing business to colleagues across the Group.

Leadership behaviours

During the year, we reviewed our performance values and leadership framework in the context of the cultural and leadership behaviours we need to deliver our strategy. We decided to focus and simplify our approach by merging our previous leadership framework and performance values (achievement, accountability, creativity, speed and teamwork) into three leadership behaviours of partnership, agility and execution. We have started a programme to embed these behaviours across the Group and this will be a key priority in the year ahead.

Employee profile (as at 31 March 2018) -

At 31 March 2018, Tate & Lyle employed 4,192 people (2017 – 4,146). During the year, we continued to expand our commercial and technical teams in Asia Pacific and Latin America, and to add staff at our global Shared Service Centre in Poland.



Diversity and inclusion

All employees must feel able to contribute to the Group's performance and have the opportunity to develop their abilities to the fullest. We are committed to creating a culture and workplace that encourages and values diversity and inclusion. Our policy is to employ the best candidates available in every position regardless of gender, sexual orientation, age, marital status, nationality, colour, disability, race, religion or philosophical beliefs, marriage or civil partnership, pregnancy, maternity, gender reassignment or ethnic or national origin.

A diverse workforce helps us reflect our customers and the communities we operate in, enabling us to understand and respond to their changing needs. During 2017, our diversity and inclusion work included:

- Diversity and inclusion awareness training for senior managers - to date, more than 70 have been trained
- Trialling unconscious bias training for hiring managers
- Establishing a Diversity and Inclusion Council in our Global Operations unit to help work towards ensuring our employee mix at plant locations reflects the society and communities we work within
- Continued support for our Women's Network, one of our Employee Resource Groups, which ran career management and mentoring workshops at multiple locations
- Improving female representation in our workforce from 27% to 28%.

UK gender pay gap

UK gender pay reporting legislation requires employers with 250 or more employees in each employing business in the UK to publish calculations every year showing the pay gap between male and female employees. The number of employees we have in each of our two employing businesses in the UK is below the required threshold. Despite this, we have published details of our gender pay on the Company's website, www.tateandlyle.com.

Using the UK Government's methodology, Tate & Lyle has a median gender pay gap of 11% across all UK employees. This is the result of having fewer women in senior roles. Analysis of our employee population up to and including manager level representing three-quarters of our UK employees shows no difference in median pay by gender. Across the Group, while female representation in our senior management population has risen by 47% since 2013, doubling the number of female senior managers, we recognise we have more work to do.

Employee wellbeing

A key part of our purpose is to focus on how we can deliver an improvement in our employees' personal wellbeing. During the year, we launched a taskforce to identify how we can enhance and support the wellbeing of our employees in the areas of physical, emotional and mental health. This builds on various initiatives already in place, including:

- Continuing our participation in the Global Corporate Challenge for the fifth consecutive year – this saw 1,071 employees across the Group take more than one billion steps over 100 days to help improve their fitness and encourage a more balanced lifestyle
- Encouraging US employees to take part in a healthy eating and lifestyle programme called 'Naturally Slim'
- Providing subsidised healthier food options in plant canteens
- Sponsoring team-based sports activities in different locations
- Organising visits from external occupational health professionals at various locations.



Employee engagement

We believe that engaged and motivated employees will be happier and deliver better results for the Group. In 2017, we conducted our fourth global employee survey to learn about our employees' opinions of Tate & Lyle, and to start conversations about how we can improve our workplace and ways of working. 86% of employees took part, with the overall survey score just above 3.7 on a scale of 1 to 5 (where 5 is the best score). This shows a meaningful increase in positive attitudes from the previous survey in 2015, highlighting important progress as well as areas where we can improve. For example, employees told us they wanted more communications at a local team level; as a result we are making sure our management and leadership development programmes actively reinforce how managers and employees communicate through team meetings and face-toface dialogue. We also distributed engagement toolkits to managers and team leaders across the Group to help translate these results into action.

Good internal communications are critical to creating and sustaining employee engagement. We communicate with our employees around the world through a number of channels including email, videos, our intranet, our Yammer internal social network, team meetings, employee town halls, and our global employee magazine. We publish the magazine every four months in English, with summaries in nine other languages.

Employee reward and recognition

Reward and recognition is a central part of our employee engagement strategy. We reward people based on their performance and contribution to our success, and ensure competitive and fair remuneration through regular benchmarking of roles. All arrangements are subject to Group and individual performance measures.

We have a strong focus on non-financial recognition. This takes many forms, from localised recognition moments in team meetings, through to large events.

Employee development

We have a formal annual appraisal process. As part of this, we empower employees to take ownership of their careers with a personal development plan. Nurturing talent and supporting development is an important part of our culture. During 2017, this included:

- Investing in helping our employees and managers improve both their technical skills and their management and leadership capabilities
- Implementing customer-focused development programmes across our frontline sales teams
- Providing a suite of online eLearning courses that enable employees around the world to access training via their smart phones and tablets
- Updating our management development curriculum and launching both our flagship Global Leadership Programme and Future Leaders Pool to further strengthen our leaders.

Priorities for the year ahead

In the year ahead, priorities to continue developing our people include:

- Further embed our new leadership behaviours of partnership, agility and execution
- Increase awareness of diversity and inclusion throughout the Group, including rolling out unconscious bias training
- Roll out a Group-wide employee wellbeing programme
- Introduce a quarterly Pulse Survey to measure employee engagement, alongside our annual employee surveys
- Enhance our internal communications programme to further strengthen the link between our ingredients and our purpose
- Continue to deliver our employee recognition programme.

Extraordinary People Awards 2017

In 2017, we launched our first global Extraordinary People Awards. These awards celebrated individual employees nominated by their peers for their outstanding contribution to Tate & Lyle, our customers, and the communities in which we operate.

The awards ceremony was held in San Francisco, California, in October 2017 and was attended by the nominees, their guests and the senior management team.

Award categories included: Customer First; Safe Keeper; Star Performer; and Unsung Hero. There was also a special Chief Executive's Award which was won by our VP, R&D Texturants for her outstanding work in delivering and promoting our texturant portfolio.



Winners of our Extraordinary People Awards, held in San Francisco, California, in October 2017

Doing business with integrity

At Tate & Lyle we believe in doing what is right, no matter what. Integrity is one of our three Values along with safety and respect, and we expect everyone at Tate & Lyle, and all who work with us, to act in accordance with our Values and live up to our standards. We set out what this means in our Code of Ethics (Code), which is publicised widely throughout the Group. It is supported by detailed policies and procedures. We encourage people to report any breaches through our Speak Up programme, which we publicise widely in our plants and offices, on our intranet and in other internal communications. As we say in the introduction to our Code, compromising our standards is never worth it.

Code of Ethics and conduct of commerical relationships

Our Code, available in 13 languages, defines the standards of behaviour we expect from everyone at Tate & Lyle, and those who work with us such as our business partners and suppliers. During 2017, our newly appointed Head of Ethics and Compliance led a review of the Code. As a result, an updated Code will be published in 2018.

We are subject to anti-corruption and anti-bribery laws in all countries in which we operate, including the UK Bribery Act, which has extraterritorial reach. Our operations in emerging markets bring additional risk of bribery and corruption. Tate & Lyle has a zero-tolerance approach to bribery. Any breach of our Code in this area could result in reputational damage, criminal prosecution, significant fines and loss of future revenue. We also aim to ensure that the business practices of our suppliers, distributors and agents are in line with our ethics.

In order to protect against bribery by both employees and third parties, a number of controls are in place. We support the Code with a set of standards including the Group Competition (Antitrust) Standard, Group Gifts and Hospitality Standard, Anti-Money Laundering and Anti-Corruption/Bribery Standard and Agents and Commissions Standard. In 2017, our legal team provided targeted training on our Code, helping colleagues uphold the Code and our standards.

We conduct due diligence on our agents, and include relevant contractual terms in their agreements with us. Through our internal regional Control Environment Councils, we monitor risks to the business in relation to ethics and compliance and take necessary steps to address any shortcomings.

Standards in our supply chain

Our Code is part of our terms and conditions, contracts and other supplier engagements. We expect suppliers to comply with the standards set out in the Code. Our anti-slavery and human trafficking statement is available on the Company's website, at www.tateandlyle.com/anti-slavery-statement.

Reporting concerns

We encourage our employees and business partners to come forward with any information concerning actual or alleged breaches of our Code. We provide an independent, anonymous third-party reporting service in 47 countries via a free phone number and by email.

We promote our Speak Up programme internally through our employee communications and externally through the Company's website. Members of our Speak Up Committee investigate any issues reported.

Product safety and quality

Our Product Safety and Quality Policy sets out the standards required for our products. We have well-established processes in place to make sure we both comply with applicable laws in the country of production and sale, and satisfy all relevant food safety standards. These processes include in-process and finished product testing; a global compliance audit programme; annual product traceability and recall testing (both globally and locally at each facility); raw material, processing aids, packaging material and supplier risk assessments; environmental pathogen monitoring; robust food safety training and ongoing reviews of global food safety recalls/root causes to pressure test our controls. We use continuous improvement tools such as a first-pass quality and complaint index to improve our quality performance.

Our global compliance audit programme includes local and global traceability and recall exercises, annual quality management site reviews and activities to track compliance with our Product Food Safety and Quality policies. Our aim is to ensure we follow up all results from our audit programme, and share the results across facilities to leverage best practice. We also monitor global regulatory food safety changes to make sure our programmes address emerging issues and reflect changing regulations. Every year our manufacturing facilities are externally certified in line with the Global Food Safety Initiative. We are pleased to report that all sites obtained an A/AA rating or equivalent indicating no major or critical food safety concerns.

Priorities in the year ahead

- Launch our updated Code of Ethics and training programme
- Review and enhance policies and controls to protect against bribery by employees and third parties
- Continue to promote our Speak Up programme, encouraging open and honest communication across Tate & Lyle.

On a journey to excellence

Protecting our people and the world around us is foundational to the way we do business. Our ultimate goal is to provide a safe working environment for everyone and to reduce our impact on the environment to the minimum.

Comprehensive review leads to a new EHS programme

In 2017, we undertook a comprehensive Group-wide safety review. The review was conducted by an independent external expert consultancy experienced in heavy processing industries. Our objective was to assess Tate & Lyle's safety performance in terms of processes, organisation and culture, and to identify any opportunities for improvement. The review also looked at our global safety management systems, and included an all-employee safety culture survey.

The review team reported their findings to the Board and the Executive Committee, highlighting areas where we performed well, such as occupational safety, and areas in need of improvements, such as process safety. A new strategy and approach to safety was developed and agreed with the Board to deliver excellence, over time, at all Tate & Lyle locations.

The review also found that environmental performance is closely linked to safety performance. We therefore decided that our environmental, health and safety (EHS) programme and performance should be coordinated and managed holistically, led by a senior executive responsible for EHS within the Global Operations team.

Journey to EHS Excellence

In January 2018, we launched our 'Journey to EHS Excellence' for everyone working at Tate & Lyle, employees and contractors. This multi-year programme aims to deliver and sustain world-class EHS performance throughout the Group, with a key element being the commitment of and participation by all our Group's leaders.

As part of the launch, we developed a new global EHS management system aligned with the requirements and terminology of international standards for environmental, occupational health and safety, and risk management (ISO 14001 and OHSAS 18001). The system includes a revised global EHS policy (available at www.tateandlyle.com) which include a number of principles designed to keep our people safe. These include areas such as working at height, combustible dust, railcar safety, and hot liquids, chemicals and steam. Each element sets out globally applicable requirements and expected results.

Under the new system, we have also implemented a new 'Stop Work Authority' across the Group. Under this, all employees, contractors, and people who are conducting work or work-related activities under the control of Tate & Lyle, have the authority and responsibility to stop any activity they believe is not being done safely or poses an environmental risk. It does not matter how critical the activity is for our operations, we will always support a decision to stop work that is not being done safely or poses an environmental risk.



'Tiger hunt' team in Kimstad, Sweden, January 2018

Going on a 'tiger hunt'

A key part of our Journey to EHS Excellence is implementing a new hazard management process that helps identify and evaluate high-risk processes. As part of this, we classify all risks as either 'lions' or 'tigers'. Both animals are predators but have very different hunting techniques. Lions hunt together in the open and are relatively easy to spot and avoid (like easy-to-identify occupational safety issues), while tigers are solitary hunters that hide and use surprise to catch their prey (like hard-to-identify process safety issues).

Our review found that we were better at occupational safety than process safety, and so we decided to go 'tiger hunting'. During 2017, we started to hold 'tiger hunts' at all our sites, and will complete this process in 2018. When we find a risk during a 'tiger hunt', we identify the safety barriers currently in place to mitigate it and, using a scenario-based audit, ensure they are working as intended. If not, we change them to make sure they do. The overall aim of the new programme is to strengthen our workplace EHS culture:

- To prevent serious injury and loss of life
- To provide clarity about the behaviour we expect from those who work for us and with us
- To reduce our environmental impact by minimising water consumption, CO₂ generation and waste to landfill, considering the entire life-cycle of our products, from sourcing raw materials to processing, packaging and transport of finished goods.

Tracking the Journey

We will assess the performance of our new EHS management system, including compliance with the revised EHS policy, through periodic compliance audits, performance assessments, key performance indicator monitoring and cultural surveys. We will hold annual management reviews to drive compliance, improve performance and ensure the system continues to meet our global policy requirements. We provide updates on EHS performance and improvement programmes to the Executive Committee every month. In addition, we encourage senior executives to visit sites around the world to meet employees and contractors to discuss safety and identify key issues. The knowledge they gain from the front line is invaluable in helping us review and improve our EHS practices and address specific employee concerns.

Looking ahead to 2018, our priority is to roll out and embed the Journey to EHS Excellence across all Tate & Lyle sites.

Safety performance

The 2017 calendar year saw an 8% reduction in incidents and an unchanged recordable incident rate for the third year running. However, the number of lost-work cases increased by 50% (or four incidents) compared to 2016, driven largely by an increase in ergonomic-related accidents. Total hours worked decreased by 8% following the closure of the Singapore Sucralose facility and the completion of major capital expenditure projects in 2016. Hands and fingers remained the most injured body parts at Tate & Lyle, with bruises, sprains and strains the most common injuries. We suffered no fatalities in 2017.

Safety performance by calendar year

	Recordable incident rate		Lost-work	case rate
	2017	Change versus 2016	2017	Change versus 2016
Employee	0.64	-14%	0.10	-17%
Contractor	1.14	43%	0.44	340%
Combined	0.76	0%	0.19	73%



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Environment, Health and Safety continued

Environmental performance

Our main environmental impacts are energy and carbon, water and waste. We consider our impacts principally within our own operations, but are increasingly focusing on the sustainability of our agricultural supply chain, particularly our principal raw material, corn. Our environmental performance in 2017 showed positive progress in our primary carbon footprint, waste to landfill and water usage. Our energy use remained largely unchanged.



Energy use and carbon emissions

Environmental considerations play a key part in our approach to business, with climate change risks and opportunities automatically considered as part of our strategic decision-making process. This approach has helped us reduce our CO_2e emissions per tonne of production by 22%, and energy use per tonne of product by 5% since 2008. Since 2016, we have reduced our CO_2e emissions by 13%, although our energy use per tonne of production increased by 0.4% during that period. Emissions from electricity, heat, steam and cooling purchased (Scope 2) decreased by 31% mainly as a result of the co-generation project at our Loudon facility, which installed more efficient natural gas powered turbines.

Our Group greenhouse gas emissions for the period 1 January to 31 December 2017 in tonnes of carbon dioxide equivalents (tCO_2e) were:

	2017	2016
From combustion of fuel and operation of facilities (Scope 1)	1,949,248 tCO ₂ e	1,975,058 tCO₂e
From electricity, heat, steam and cooling purchased (Scope 2)	694,926 tC0 ₂ e	1,001,033 tCO ₂ e
In total (Scope 1 and 2)	2,644,174 tCO₂e	2,976,091 tCO ₂ e
Intensity	0.345 tCO ₂ e ² per metric tonne of production	0.395 tCO ₂ e ² per metric tonne of production

Highlights of good practice

- For the third year running, our Lafayette South corn wet mill in Indiana was awarded Energy Star status by the US Environmental Protection Agency (EPA). This award recognises industrial plants that are in the top 25% of similar facilities across the US for energy efficiency, and which meet strict energy performance levels. For the last three years, Lafayette South has achieved a perfect score, and in 2015 and 2016 was the only corn wet mill in the US with Energy Star certification
- Our corn wet mill in Loudon, Tennessee also received its first Energy Star award from the EPA. This award follows the recent completion of a new gas-fired combined heat and power facility at Loudon, helping improve energy and operational efficiency and reduce greenhouse gas emissions.

Waste to landfill

We have reduced the amount of waste we send to landfill by 3% per tonne of production since 2016, and by 17% since 2008.

Water use

We assess water risks through a well-established enterprise-wide process designed to identify, assess, prioritise and mitigate risks associated with water use during manufacturing and throughout our supply chain. This approach has helped us to reduce water use per tonne of production by 4% in 2017, and by 5% since 2008.

Highlights of good practice

- Working with local Maliseet Indians, our plant in Houlton, Maine planted 400 trees to help protect water quality in a shared river
- By making simple improvements to its air compressor cooling system, our plant in Van Buren, Arkansas reduced its water consumption by 25% for each unit of production in 2017.

Managing environmental risk

Through our new EHS system, we have introduced a process to continually measure and evaluate our environmental performance and take corrective actions as necessary. Through this system, we:

- Use effective planning and documented information and action tracking to achieve our short-, medium- and long-term environmental goals
- Employ a systematic approach to risk management that helps us protect the environment
- Invest in improving our workers' environmental knowledge, skills and capabilities throughout their career, helping them deliver environmental excellence
- Comply with all relevant environmental requirements to demonstrate our duty of care to the environment
- Systematically consider environmental impact during projects so we can simultaneously achieve the best possible outcomes and minimise ecological risks.

We are in the process of reviewing the publication by the Task Force on Climate-related Financial Disclosures and will take into consideration its recommendations during the coming year.

Environmental targets

Last year, we set ourselves three medium-term targets with a 2008 baseline to be met by 2020, for CO_2e emissions, waste to landfill and sustainable sourcing. The table below summarises our progress against these targets.

Target by end of 2020	Progress against target	Commentary
Reduce CO ₂ e emissions from energy use by 19% per tonne of production (baseline year 2008)	Achieved 22% reduction in CO ₂ e emissions per tonne of production since 2008.	Annual reduction driven by natural gas-fired co-generation facility commissioned at our Loudon, Tennessee facility at the end of 2016 that replaces two coal-fired boilers.
Reduce waste to landfill by 30% (baseline year 2008)	Achieved 17% reduction in tonnes of waste per 1,000 tonnes of production since 2008.	Action plan in place to procure cost-effective landfill alternatives for major waste streams.
Implement sustainable agricultural sourcing programmes for our top 35 agricultural raw materials and ingredients based on risk and spend (£)	This year, we took the opportunity to review our sustainable sourcing programme. We have built a cross-functional team to add rigour to our risk assessment and ensure programmatic improvements are embedded in our business	As corn is one of our largest raw materials, we strengthened our engagement with the Corn Refiners Associations' through committees and projects aimed at improving sustainable agricultural practices.
	processes. We will be finalising and implementing a new programme in 2018 and will describe it and our performance in next year's Annual Report.	In 2017, Tate & Lyle committed to sponsoring the Conservation Technology Information Center (CTIC) Big Pine Creek Watershed Fieldprint Project aimed at improving sustainable agriculture through farm-specific conservation plans.

Sustainable sourcing

We focus our efforts on ways to improve sustainable agriculture practices within our corn supply chain, and work closely with key customers to help them meet their targets and realise their ambitions for sustainable agriculture. For example, we are members of Field to Market (www.fieldtomarket.org), the US alliance for sustainable agriculture, which helps define, measure and promote sustainability in US agriculture, particularly for corn production.

More than a local business

Tate & Lyle has a proud history of community involvement, starting over 150 years ago with the founding of our original businesses by Henry Tate and Abram Lyle. Today, community involvement remains a strong part of our culture, with employees and teams across the world generously sharing their time, talent and resources to make a positive and lasting difference to the communities in which we work.

Approach

Supporting our purpose of improving lives for generations, the aim of our community involvement programme is to build stronger, healthier local communities. During the year, we reviewed and refreshed our community involvement programme to focus even more closely on this goal. As a result, we decided to concentrate on three main areas, with a particular emphasis on supporting children and young adults.

- **Health:** we support projects which improve the health and wellbeing of people of all ages, helping them understand the role nutrition and physical activity play in a well-balanced life
- **Hunger:** having enough nutritious food to eat is a basic human need and the foundation of a community's health. We work with global and local experts to give people in need in our communities, and beyond, access to nutritious meals
- **Education:** habits form at a young age. That is why we work with local schools, education foundations and other community partners to help prepare students for healthier, brighter futures.

During 2017, in addition to supporting partnerships and programmes in the areas of health, hunger and education, we continued to work with the environmental charity Earthwatch (www.earthwatch.org) on a project to research sustainable stevia farming. We also made corporate donations to The American Red Cross to support relief efforts in areas of Texas ravaged by Hurricane Harvey in August 2017, and the devastating earthquake that hit Mexico City in September 2017.

Programmes and partnerships

We aim to work with local communities in the vicinity of our facilities. Within our broader global framework, we empower employees at each location to make their own decisions about which projects they wish to support and what partnerships they want to develop.

We regularly review our programme, and the partners and projects we support.

- **Our partners** include registered charities, educational institutions and non-governmental agencies that meet our own high standards for delivering services and results
- **Our plan and budget** for community involvement are developed and approved as part of our annual operating plan process
- **Ongoing evaluation** of our partners and projects examines their reach, results and impact.

Healthy Eating, Happy Learning, Shanghai, China

With one in four children in China over the age of seven forecast to become overweight or obese by 2030¹, the government and nutrition organisations are looking for ways to address this challenge. In 2017, we partnered with

the Shanghai Nutrition Society to launch the 'Healthy Eating, Happy Learning' programme.

The programme in summary

 Two-year programme involving 1,000 students aged between six and nine in three schools



- Two schools benefit from healthier lunches, nutrition and health education, and more physical activity, with the third school acting as a 'control'
- Parents and teachers learn about the importance of diet, nutrition and maintaining an active lifestyle. To support them, we hold family cooking lessons at our test kitchens in Shanghai
- The health of all children involved is monitored regularly, with progress compared to the 'control' school
- At the end of the two years, the programme's methodology and results will be assessed to see if it could become a model to improve the lives of more children, schools and families within China.
- 1 Peking University School of Public Health 2017.

Overview of the year

In the year ended 31 March 2018, cash community spend and charitable donations were £479,000 (2017 – £660,000).

Cash community spend by area

Year end 31 March 2018



Community involvement highlights during the year

We supported a number of programmes that helped people of all ages understand the role that healthy eating, nutrition, physical activity and mental wellness play in a well-balanced lifestyle.

- We supported local community running clubs such as the Staley Striders in Decatur, Illinois
- Employees at our Santa Rosa, Brazil site took part in a project to restore and update the local Physiotherapy Centre, AIDESA
- Through our sponsorship of the United Way in the US, we helped to support local agencies like the Boys and Girls Club whose 'Triple Play' programme teaches children the importance of daily physical activity and good nutrition.

Making sure families across our communities have enough to eat remains a key area of support. Over the last year:

- We supported students at Enders-Salk Elementary School near our Commercial and Food Innovation Centre, Chicago through the local district's 'Food 4 Thought' programme. This provided a healthy breakfast to students every morning so they could start the school day with the energy to learn
- We supported Crisis for Christmas providing food and shelter to homeless people in London, UK
- We sponsored the North Illinois Food Bank's festive holiday meal programme, with our employees helping pack 30,000 food boxes for families in need over the Christmas period.

Health



Employees from Santa Rosa, Brazil working to restore the municipal Physiotherapy Centre for the local disabled community

Hunger



A joint team from our Commercial and Food Innovation Centre, Chicago and Sycamore, Illinois sites supporting a mobile food pantry organised by the Northern Illinois Food Bank

Education



- In the US, we provided STEM-based teaching grants to classrooms in Decatur, Duluth, Lafayette, Loudon and McIntosh. These grants gave students from elementary to high school the chance to create, explore and connect with science, technology and maths
- We funded a number of scholarships for college-bound students in the US, Vietnam and South Africa. These bursary programmes offered students the chance to undertake college or university-level coursework that counted towards a four-year degree.

Non-financial information regulation

Under sections 414CA and 414CB of the Companies Act 2006, as amended by The Companies, Partnerships and Groups (Accounts and Non-Financial Reporting) Regulations 2016, Tate & Lyle is required to include in its Strategic Report, a non-financial information statement. Information required by these Regulations is included in Business Model (pages 18 and 19), Risks, Our People, Business Conduct, Environment, Health and Safety and Community Involvement reports from pages 38 to 51. The Board approved the Strategic Report on pages 1 to 51 of this Annual Report on 23 May 2018.

Mathematics concepts come to life in Loudon County schools through our

By order of the Board

annual STEM grants

Claire-Marie O'Grady

Company Secretary

Board of Directors



Dr Gerry Murphy Chairman

Our Board -



Nick Hampton Chief Executive



Paul Forman Independent non-executive director



Lars Frederiksen Independent non-executive director



Douglas Hurt Senior Independent Director



Anne Minto OBE Independent non-executive director



Dr Ajai Puri Independent non-executive director



Sybella Stanley Independent non-executive director

Imran Nawaz Chief Financial Officer (from 1 August 2018)

As announced on 17 April 2018, Imran will join the Board and become the Chief Financial Officer with effect from 1 August 2018. Imran Nawaz joins Tate & Lyle from Mondelēz International where he has held the position of Senior Vice President Finance Europe since 2014.

Dr Gerry Murphy

Chairman and Chair of Nominations Committee

Date appointed to Board: January 2017 Independent: Yes on appointment

Aged: 62 Nationality: Irish

Board Committees



Skills and expertise:

Gerry started his career in the food and drinks sector and received his PhD in food technology. He has held a number of chief executive roles and has also been an investor and independent director in a number of international listed companies. His significant business and board level experience and a detailed understanding of UK corporate governance requirements enable him to provide the Board with valuable leadership.

Current external commitments:

- Chairman of The Blackstone Group's principal European entity
- Chairman designate of Burberry Group plc.

Previous roles:

Senior Managing Director in Blackstone's Private Equity group (2008 to 2017). CEO of Greencore Group plc, Exel plc, Carlton Communications plc and most recently Kingfisher plc (2003 to 2008). Held nonexecutive directorships in Intertrust NV, British American Tobacco plc, Invest Europe, Merlin Entertainments plc, Reckitt Benckiser plc, Abbey National plc and Novar plc.

Nick Hampton

Chief Executive

Date appointed to Board: September 2014 Independent: No

Aaed: 51 Nationality: British

Skills and expertise:

Nick brings a wealth of food industry insights to the Board. His general management, financial and operational experience in senior management roles in a major multinational food and beverage business combined with his experience in leading transformational projects provides him with the skillset required to inspire and lead the Group.

Current external commitments:

 Non-executive director and Chairman of the Audit Committee of Great Portland Estates plc.

Previous roles:

Held a number of senior roles over a 20-year career at PepsiCo, including Senior Vice President and Chief Financial Officer, Europe and President, West Europe Region and Senior Vice President Commercial, Europe.

Paul Forman

Non-executive director

Date appointed to Board: January 2015 Independent: Yes

Aaed: 53 Nationality: British

Board Committees



Skills and expertise:

Paul has wide experience in global manufacturing, commercial, as well as strategy consultancy and M&A advisory services. He brings insight to the commercialisation of innovation pipelines and the implementation of business-tobusiness customer and market-led strategies in a large multinational business-to-business context. His experience as a CEO of a number of global companies enables him to provide valuable insights to the Board.

Current external commitments:

Chief Executive of Essentra plc.

Previous roles:

Group Chief Executive of Coats plc and Low & Bonar PLC. Served as a non-executive director at Brammer PLC.

Governance

Board Committees

Certain responsibilities are delegated to three Board Committees, details of which are provided on pages 66 to 89.



Audit Committee

Remuneration Committee

Nominations Committee

Board of Directors continued

Lars Frederiksen

Non-executive director

Date appointed to Board: April 2016

Independent: Yes Aaed: 59 Nationality: Danish

Board Committees



Skills and expertise:

As the former CEO of a global speciality food ingredients business, Lars led a successful business transformation and his insights will be invaluable to the Board as Tate & Lyle continues to evolve. He brings operational expertise and insights and an understanding of how to attract and retain talent in a global business.

Current external commitments:

- Chairman of Matas A/S
- Non-executive director of Falck A/S
- Chairman of the Danish Committee for Good Corporate Governance
- Chairman of the Hedorf Foundation.

Previous roles:

CEO of Chr. Hansen Holding A/S from 2005 until retirement in March 2013, leading a transformation of the business and a successful listing on the Copenhagen stock exchange during that period. Prior to becoming CEO, held various management positions at Chr. Hansen.

Douglas Hurt

Senior Independent Director and Chair of the Audit Committee

Date appointed to Board: March 2010

Independent: Yes Aged: 61 Nationality: British

Board Committees



Skills and expertise:

Douglas is a chartered accountant and has extensive experience as a former finance director of a global manufacturing and business-to-business engineering group, and also in senior management roles in the US and Europe, which provides the Board with valuable perspectives and insights into financial and operational issues. In addition, his understanding of the London investment community and pension matters supports the Board in its oversight and decisionmaking roles.

Current external commitments:

- Senior Independent Director and chairman of the Audit Committee of Vesuvius plc
- Non-executive director of BSI Group
- Senior Independent Director and
- Chairman of the Audit Committee of Countryside Properties PLC.

Previous roles:

Finance Director of IMI plc and held a number of financial and operational roles, including US and European senior management positions, at GlaxoSmithKline plc.

Anne Minto OBE

Non-executive director and Chair of the **Remuneration Committee**

Date appointed to Board: December 2012

Independent: Yes Aged: 64 Nationality: British

Board Committees



Skills and expertise:

Anne's extensive career in general management and human resources is particularly useful to the Board when considering succession planning, talent management, executive remuneration and other employee-related activities. She has a detailed understanding of how to attract and retain global talent and her roles on the boards of companies listed in both London and New York provide her with a detailed understanding of global executive remuneration practices and UK and US remuneration governance requirements.

Current external commitments:

- Non-executive director of ExlService Holdings, Inc.
- Chairman of the University of Aberdeen • **Development Trust**
- Non-executive director of the Court of the University of Aberdeen.

Previous roles:

Non-executive director and chairman of the Remuneration Committee of Shire PLC (until April 2018). Group Director of Human Resources at Centrica plc from 2002 until retirement in 2011. Prior to that, held senior management roles at Shell UK and Smiths Group plc and was Deputy Director-General of the Engineering Employers' Federation.

Board Committees

Certain responsibilities are delegated to three Board Committees, details of which are provided on pages 66 to 89.

Audit Committee



Remuneration Committee

Dr Ajai Puri

Non-executive director and Chair of the **Research Advisory Group**

Date appointed to Board: April 2012

Independent: Yes

Aged: 64 Nationality: Indian/American

Board Committees



Skills and expertise:

Ajai's food science background and career in research and development in global food and beverage companies provides the Board with detailed technical knowledge and insights into market perceptions, nutrition and food and regulatory trends relevant to the speciality food ingredients business. His experience in the Asia Pacific region is of particular benefit as we continue to focus on growth in emerging markets. His work with regulatory bodies and knowledge of nutrition, science and food regulation provides him with the skillset required to chair the Research Advisory Group and to support the Board and Tate & Lyle with valuable insights into how leading-edge science and technology can be successfully deployed as part of the Group's Food & Beverage Solutions portfolio.

Current external commitments:

- Non-executive director of Britannia Industries Limited
- Non-executive director of Firmenich SA
- Non-executive director of Global Alliance for Improved Nutrition (GAIN).

Previous roles:

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, held various management positions with The Coca-Cola Company, culminating in Senior Vice President Technical, The Minute Maid Company.

Sybella Stanley

Non-executive director

Date appointed to Board: April 2016

Independent: Yes Aged: 56 Nationality: British

Board Committees



Skills and expertise:

Sybella has extensive commercial and financial experience and brings a wealth of knowledge about the London investment community and substantial experience of communicating with this and other investment communities outside the UK. Her long career in corporate finance and M&A will be invaluable to the Board's consideration of strategic opportunities.

Current external commitments:

- Director of Corporate Finance at RELX Group plc
- Non-executive director of The Merchants Trust PLC
- Member of the Department of Business, Energy and Industrial Strategy's Industrial Development Advisory Board
- Member of the Somerville College Oxford Development Board.

Previous roles:

Originally gualified as a barrister and. before joining RELX Group in 1997, was a member of the M&A advisory team at Citigroup and later Barings.



British – 5 directors American – 1 director Irish – 1 director Danish – 1 director

At 23 May 2018

Male – 6

Female – 2

At 23 May 2018

Tenure of non-executive directors





Chairman's introduction to Corporate Governance

"A year in which we enhanced the effectiveness of Board and Committee oversight."

Dr Gerry Murphy, Chairman



Building on our strong governance culture

Dear shareholder

During the course of this year, we addressed the three key development areas identified in our 2017 board effectiveness review. Firstly, we reviewed the remits of the Audit and Corporate Responsibility Committees to address any areas of potential overlap. The outcome of this review is discussed in more detail below. Secondly, we undertook a project to align management and board reporting to minimise multiple reporting formats and to improve the quality of information to the Board. Lastly, we allocated more time in the Board calendar to focus on strategy. We reviewed how our two business divisions and our Innovation and Commercial Development (ICD) team are developing their organisational capabilities to support our strategy and product development.

Review of the Corporate Responsibility (CR) Committee

Our review of the remits of the Audit and CR Committees, and the outcome of our Group-wide safety review, prompted us to re-consider the role of the CR Committee.

The Board recognises the importance of the role that companies play in society. We also note that developments in corporate governance are placing greater emphasis on the way in which companies and boards consider and report on how they discharge that role. Against that backdrop, the Directors considered that it would be appropriate for the Board, as a whole, to have greater visibility of the Group's corporate responsibility activities.

To that end, oversight of the main areas of the CR Committee's remit: including safety, product quality, and sustainability have moved to the Board. Other topics will move to the Audit Committee.

The Board proposes to keep this revised Board remit under review and does not rule out reinstating a corporate responsibility (or similar) committee in the future.

Board effectiveness

This year, our Board effectiveness review was externally facilitated by Independent Audit. While there are areas in which the Board can seek to enhance its effectiveness, overall the outcome of the review was positive. The main area identified for review in the 2019 financial year was succession planning for non-executive directors. After a year in which the Board focused on the Chief Executive transition and the appointment of a new Chief Financial Officer, it is right that we should now turn our attention to succession planning for these other director roles. This will be a major focus for the Nominations Committee in the 2019 financial year.

More details of the Board's effectiveness review and the areas identified for further development can be found on page 61.

Priorities for the 2019 financial year

Our new Chief Executive has set out three key priorities to accelerate business performance as described on page 14. The Board's focus in the 2019 financial year will be to support him as he implements these programmes with particular emphasis on:

- Performance of the Food & Beverage Solutions division
- Strategic initiatives, including acquisition opportunities and effective integration of any acquisitions made
- Innovation pipeline
- Reviewing talent management and our succession pipeline
- The execution of ongoing programmes to strengthen our customer engagement and business execution.

Shareholder engagement

Following the publication of our Annual Report 2017, I met with a number of our larger shareholders and welcomed the opportunity to hear and discuss their views on business performance and governance matters. The Board values an open dialogue with investors and I, and my fellow Directors, look forward to meeting shareholders who are able to attend our Annual General Meeting on 26 July 2018.

Gerry Murphy Chairman

Corporate Governance

Leadership

Our governance structure

The Group's primary decision-making body is the Board. It is accountable to shareholders for the Group's financial and operational performance, and is responsible for setting the strategy and ensuring that risk is managed effectively. The Board maintains a schedule of items which it is required to consider and approve. We review this schedule regularly and update it to reflect developments in corporate governance and emerging practice.

As shown in the diagram below, the Board has delegated certain responsibilities to a number of Committees. The Board retains overall accountability and the Committee Chairs are responsible for reporting back to the Board on the Committees' activities. Minutes of the Committees' meetings are made available to all Directors on the web-based Board portal.



The Executive Committee is supported by a number of operational committees, including the Environment, Health and Safety (EHS) Advisory Board, Operations Committee, Capital Expenditure Committee, Cyber Security Committee, Business Continuity Committee, IS/IT Portfolio Review Committee and the Group Intellectual Property Committee. Committees may also be established for a finite period to oversee key strategic or operational priorities. Governance

Key responsibilities of the Board

At the date of this Annual Report, the Board comprises the Chairman, one executive director and six non-executive directors. Their responsibilities are summarised below. There is a clear division of responsibilities: the Chairman leads the Board and the Chief Executive leads the business.

Chairman

Responsible for the effective operation, leadership and governance of the Board

- Chairs Board meetings, Nominations Committee meetings and the Annual General Meeting
- Sets the Board agenda with the Chief Executive and Company Secretary
- Facilitates active engagement by all Directors
- Sets the style and tone of Board discussions
- Ensures the Directors receive accurate, timely and clear information.

Chief Executive

Responsible for proposing strategy to the Board and delivering it

- Runs the business
- Communicates within the organisation the Board's expectations with regard to culture, Values and behaviours
- Ensures the Board is aware of current business issues.

Chief Financial Officer¹

Responsible for the Group's financial affairs

- Contributes to the management of the Group's business
- Supports the Chief Executive with the development and implementation of the strategy.

Non-executive directors

Responsible for overseeing the delivery of the strategy within the risk appetite set by the Board

• Advise and constructively challenge the executive directors.

Senior Independent Director

Responsible for ensuring that the Chairman's performance is evaluated

- Acts as a sounding board for the Chairman and supports him in the delivery of his objectives
- Serves as an intermediary with the Chairman for other Directors if necessary
- Maintains a comprehensive understanding of the major issues of shareholders and is available if shareholders have any concerns that they have been unable to resolve through the normal channels.

Company Secretary

Responsible for maintaining the governance and listing rules compliance framework

- Supports the Chairman, Chief Executive and Committee Chairs in setting agenda items for Board and Committee meetings
- Advises the Board on developments in corporate governance, legislation and regulation
- Assists the Chairman and the Chief Executive in ensuring that the Directors are provided with relevant information in a timely manner
- Organises inductions for new Directors and ongoing training for all directors.

Upon the appointment of Nick Hampton as Chief Executive effective 1 April 2018, the position of Chief Financial Officer has been vacant. Imran Nawaz will take up the role of Chief Financial Officer with effect from 1 August 2018. The responsibilities of the Chief Financial Officer during this interregnum have mainly remained with Nick Hampton with some delegated to the Group VP, Finance and Control.

Compliance with the Code

The UK Corporate Governance Code (the Code) issued by the Financial Reporting Council in April 2016 is the standard against which we are required to measure ourselves for the year ended 31 March 2018. Throughout the year, the Company has applied the principles and fully complied with the Code.

The Code can be found at www.frc.org.uk.

Board activity during the year ended 31 March 2018 -

The Board holds six scheduled meetings each year at Group locations and an off-site meeting to discuss strategy. In the few instances where a Director is unable to attend a meeting, he or she generally provides comments in advance to the Chairman. This year's scheduled meetings were held in London at the Group's headquarters, at our plant in Koog, the Netherlands and at our Commercial and Food Innovation Centre in Chicago, USA.

Strategy

- Undertook deep dives into each of our Primary Products and Food & Beverage Solutions divisions, considered the key growth drivers, markets and customers in each
- Reviewed the priorities identified for ICD in the 2019 financial year
- Considered a presentation on how consumer behaviour is changing and impacting the purchasing decisions of Tate & Lyle's customers
- Reviewed the Group's strategic plan.

Financial

- Approved the payment of the interim dividend and recommended payment of the final dividend
- Considered and agreed treasury and tax matters
- Approved the tax strategy
- Approved the Annual Operating Plan for the year ending 31 March 2019
- Approved the Annual Report 2017, the half- and full-year results and associated announcements
- Regular review of financial performance and forecasts.

Operational/commercial

- Reviewed the conclusions of the external review of safety across the Group
- Reviewed the content of, and implementation road map for, the Group's new EHS strategy and received and considered regular progress updates
- Approved capital expenditure projects
- Reviewed the development of the innovation pipeline and considered the technical competencies required for our ICD unit.

Governance and stakeholders

- Considered the output and recommendations from the Board effectiveness review
- Considered and approved the disbandment of the Corporate Responsibility Committee and the reallocation of its remit to the Board and the Audit Committee
- Discussed feedback from institutional shareholders and analysts
- Considered the implications of the FRC's draft revised Corporate Governance Code and responded to the FRC's consultation
- Reviewed and approved Directors' conflicts of interest (if any).

Internal control and risk management

- Considered and agreed the Group's risk appetite and principal risks
- Assessed the effectiveness of our internal controls and risk management systems
- Agreed the Modern Slavery Act statement available on the Company's website
- Agreed the Viability statement as disclosed in the Annual Report 2017
- Approved the adoption of a going concern basis of accounting in preparing the half- and full-year results.

Leadership and employees

- Approved the appointment of Nick Hampton as Chief Executive and Imran Nawaz as Chief Financial Officer
- Endorsed the Chief Executive's appointment of Melissa Law and Andrew Taylor to the Group Executive Committee
- Held Chairman-led Town Halls at our global Shared Services Centre in Poland and at our plant in Koog, the Netherlands
- Reviewed diversity, talent management and bench strength within the organisation.

	nmittee M	eetings at	uring the y	/ear —		
	Number of meetings attended					
Directors as at 31 March 2018	Board	Audit Committee	Nominations Committee	Corporate Responsibility Committee	Remuneration Committee	
Dr Gerry Murphy	7/7	5/5 ¹	3/3	3/3	7/71	
Javed Ahmed ²	7/7	n/a	0/0	n/a	n/a	
Nick Hampton	7/7	n/a	n/a	n/a	n/a	
Liz Airey ³	1/2	2/2	0/1	n/a	n/a	
Paul Forman	7/7	5/5	3/3	n/a	7/7	
Lars Frederiksen ⁴	6/7	n/a	2/3	3/3	6/7	
Douglas Hurt	7/7	5/5	3/3	3/3	n/a	
Jeanne Johns⁵	3/4	n/a	1/1	2/2	2/3	
Anne Minto	7/7	5/5	3/3	n/a	7/7	
Dr Ajai Puri	7/7	n/a	3/3	3/3	5/7	
Sybella Stanley	7/7	5/5	3/3	n/a	n/a	

Directors' attendance at Board and Committee Meetings during the year

1 Although not a Committee member, attended the Committee meetings by invitation.

2 Resigned as a Director with effect from 1 April 2018.

3 Resigned as a Director with effect from 27 July 2017 and unable to attend one meeting due to a pre-existing commitment.

4 Unable to attend one meeting due to a pre-existing commitment.

5 Resigned as a Director with effect from 31 October 2017.

Effectiveness

The Board regularly reviews the balance of experience, skills, gender and diversity of thinking styles around the boardroom table to ensure that the composition of the Board and its Committees is appropriate for the Group as it continues to evolve and implement the strategy. The Board and its Committees carry out a formal effectiveness review process once a year which provides new insights into the operation of the Board and areas for development or particular focus.

Board composition

At the date of this Annual Report, the Board comprised eight Directors with deep knowledge and experience in diverse business sectors within global markets: the Chairman, who has no executive responsibilities; one executive director; and six non-executive directors. The names, skills and experience of the Directors are set out on pages 53 to 55.

Appointment to the Board

The Nominations Committee has responsibility for the appointment of non-executive and executive directors and recommends new appointments to the Board. During the year, the Nominations Committee carried out succession planning in respect of the roles of Chief Executive and Chief Financial Officer. The Board approved the Nominations Committee's recommendation that Nick Hampton be appointed Chief Executive with effect from 1 April 2018 and that Imran Nawaz be appointed as Chief Financial Officer with effect from 1 August 2018. Further details about these appointment processes are set out in the Nominations Committee report on pages 70 and 71.

Re-election of Directors

The Code provides that all Directors should seek re-election on an annual basis and all Directors will seek re-election at the forthcoming AGM. The Directors standing for re-election, with the exception of Nick Hampton, do not have service contracts. Each Director goes through a formal performance review process as part of the annual Board effectiveness review. All Directors completed this process during the year and, in line with the Code, Douglas Hurt and Dr Ajai Puri, who have both served for over six years, have been subject to a particularly rigorous review.

Independence

The Code provides that the Board should state its reasons if it determines that a Director is independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination, including if the Director has served on the Board for more than nine years from the date of his or her first election.

With the exception of Dr Gerry Murphy, who, as Chairman, is presumed under the Code not to be independent, the Board considers all the non-executive directors to be independent.

Directors' interests

During the year, no Directors had a material interest in any 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 set out on page 89.

Directors' induction programme

In those years in which new Directors join the Board, the Company Secretary works with each Director to tailor an induction programme which covers strategy, operations (including safety and environmental performance), risk management and internal control.

2018 Board effectiveness review

The Board's review of its effectiveness was facilitated by Independent Audit Limited, using their online assessment service Thinking Board[®]. Their facilitation helped ensure that our review was rigorous and covered the important influences on the Board's effectiveness. As independent advisors, they discussed with us the focus and coverage of our Board and Committee questionnaires, administered the questionnaires on a confidential basis, analysed the results independently from the Board and management, and presented the findings and their suggestions in a paper which was discussed with the Chairman and provided to all Directors. Independent Audit also met with the Board to share its views on the issues raised through our self-assessment.

The main recommendations identified by the review and the actions agreed by the Board include:

Issue/recommendation	Action
Review Board and Committee composition	• This will be a focus for the Nominations Committee in the 2019 financial year.
Introduce non-executive directors-only sessions	 Following Board meetings, short sessions for non-executive directors-only have been introduced. Non-executive directors also held two non-executive-only dinners during the year.
Review the culture of the organisation	 As we transition to our new Chief Executive and to a more purpose-led organisation, the Board has scheduled a review of the corporate culture in the 2019 financial year.
Review the Group's approach to reward in order to ensure it continues to align with the Group's strategy	• This item will be considered by the Remuneration Committee in the 2019 financial year.
Continue Board overseas visits	• We propose to continue the individual non-executive director site visit programme whereby each non-executive director visits one Group site each year, as non-executive directors find this to be a valuable and informative experience. The Board will continue to host one meeting a year at the Group's main US site, the global Commercial and Food Innovation Centre in Chicago, with visits to other locations in alternate years.
Review Board information	• During the year, we engaged a third-party provider to assist in creating a corporate dashboard, which provides the Board with an 'at a glance' summary of the Group's financial and non-financial performance. In addition, we reviewed and revised the content and presentation of Board materials, in particular to align management and Board information. We have found that these improvements in our Board materials facilitate a better Board discussion.

Review of the Committees

In addition to the Board effectiveness review, the chairs of the Audit and Remuneration Committees led the review of their Committee's effectiveness with Independent Audit as facilitator. These reviews confirmed that all Committees continue to provide effective support to the Board. Areas for further focus are noted in the individual Committee reports.

Review of individual Directors

Dr Gerry Murphy led performance reviews of the non-executive directors, while the Nominations Committee reviewed the performance of the Chief Executive, Chief Financial Officer and the other members of the Executive Committee, in line with its terms of reference. These reviews confirmed that each Director continues to make an effective contribution to the Board's work and is well-prepared and informed about issues they needed to consider. In each case, their commitment remains strong.

Professional development and independent site visit programme

Directors receive ongoing training and updates on relevant issues as appropriate, taking into account their individual qualifications and experience. The Company Secretary helps Directors undertake any other professional development they consider necessary to assist them in carrying out their duties.

During the year, in addition to the Board's visit to the Commercial and Food Innovation Centre in Chicago, USA, and to our plant in Koog, the Netherlands, the Chairman and/or various of the nonexecutive directors visited six of the Group's sites in Europe, three of the Group's sites in the US, three of the Group's sites in Asia and two of the Group's sites in Latin America as part of their independent site visit programme. These visits provide Directors with the opportunity to interact with local management and to gain in-depth knowledge about the opportunities and challenges for the Group's operations across the world.

Advice and support

All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that the Board follows due process, and that the Company complies with applicable rules and regulations.

There is also a formal procedure whereby Directors can obtain independent professional advice, if necessary, at the Company's expense.

Directors' conflicts of interest

Directors have a statutory duty to avoid situations in which they may have interests that conflict with those of the Company, unless that conflict is first authorised by the Board. As permitted under the Companies Act 2006, the Company's Articles of Association allow Directors to authorise conflicts of interest and the Board has an established policy and set of procedures for managing and, where appropriate, authorising, actual or potential conflicts of interest.

The key elements of those procedures are as follows:

- 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, for instance through the agreement and implementation of guidelines and protective measures regarding the ongoing management of any situational conflict
- Directors are required to declare other situations which could result in a potential conflict of interest
- Any potential conflicts of interest in relation to proposed Directors are considered by the Board prior to their appointment
- The Board reviews Directors' actual or potential conflicts of interest at least annually.

During the year, the Board assessed and approved potential conflicts, together with guidelines and protective measures as appropriate.

Directors' indemnities and insurance cover

As at the date of this Annual Report, 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 and 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 our registered office during business hours on any weekday except UK public holidays. Equivalent indemnities remain in force for Liz Airey, Jeanne Johns and Javed Ahmed who ceased to be Directors on 27 July 2017, 31 October 2017 and 1 April 2018 respectively.

The Company also maintains Directors' and officers' liability insurance cover, and reviews the level of cover each year.

Accountability

The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving the Group's strategic objectives and for maintaining sound risk management and internal control systems.

Risk management and internal control

A formal process is in place which aims to identify and evaluate risks and how they are managed, further details of which are set out on pages 38 and 39.

The objective of the internal control system is to protect the Group's assets and reputation and to ensure the reliability of financial information for both internal use and external publication. The systems of internal control and risk management cannot eliminate the risk of failure to achieve business objectives and can only provide reasonable, not absolute, assurance against material misstatement or loss.

An overview of the Group's internal control system is set out on page 63 with details of those people or functions responsible for managing or monitoring risks set out on page 64.

2018 review of the effectiveness of the system of internal control

The Board monitors the effectiveness of the Group's systems of internal control and risk management throughout the year. Once a year, the Board, supported by the Audit Committee, conducts its own review of the effectiveness of the systems of risk management and internal control. As last year, the 2018 review was facilitated by Group Audit and Assurance and covered the period from the start of the financial year to the date of this Annual Report. The process included a two-stage review to facilitate discussion, with the Audit Committee discussing the results of the review at their meetings in March and May 2018. The Board then discussed the output at its meeting in May 2018.

The 2018 review covered financial, operational and compliance controls, Values and behaviours, and the risk management process, and included questionnaires and representation letters completed by management. Group Audit and Assurance monitored and selectively checked the results of the 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. Delivery of these enhancements is being monitored by the Audit Committee or the Board as appropriate.

The Board considers that none of the areas identified for improvement constituted a significant failing or weakness.

Key features of the internal control system

The system has four broad areas

Risk assessment

 Risk assessments are undertaken as part of 'business as usual' as well as through a more formalised Enterprise Risk Management process.

Tone from the top and business environment controls

- The Values framework (see page 42)
- The Group policies framework
- Business performance management processes, covering planning, budgeting and performance
- Schedule of matters reserved to the Board and terms of reference for Board Committees
- A clear organisational structure with responsibility, accountability and limits of authority clearly defined for employees
- Segregation of duties of employees.

Information and communication controls

- Board and Executive Committee reporting framework
- Communication protocols for external communications
- Whistleblowing process.

Monitoring controls

- Controls monitoring by dedicated teams covering, for instance, finance, safety, product quality, intellectual property and cyber security
- Framework of reviews by appropriately qualified people.

Financial reporting internal control system

This system covers the financial reporting process and the Group's process for preparing consolidated accounts. It includes policies and procedures which require:

- 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
- Reasonable assurance regarding the prevention or timely detection of unauthorised use of the Group's assets.

We also have specific disclosure controls and procedures around the approval of the Group's financial statements. Twice a year, representatives from the business units certify that they have complied with the minimum control standards and that their reported information provides a true and fair view of the state of the financial affairs of their division and its results for the period. The results of this financial disclosure process are reported to the Audit Committee.

Speak Up (whistleblowing)

Speak Up, the Group's whistleblowing programme, has been in place for a number of years in all operations controlled by the Group. This programme, which is monitored by the Audit Committee, is designed to enable employees, contractors, customers, suppliers and other stakeholders to raise concerns confidentially about conduct they consider contrary to the Group's Values. It may include, for example, unsafe or unethical practices, or criminal offences.

The Speak Up programme provides a number of ways to raise concerns including a telephone reporting line, email, and a webbased reporting facility. These multilingual communication channels are operated by independent service providers who submit reports to the Speak Up Committee for investigation as necessary.

Reports received during the year were kept strictly confidential and the concerns identified were referred to appropriate managers within the Group for resolution. Where appropriate, action was taken to address the issues raised. The reports were analysed and monitored to ensure the process continued to be effective. The Audit Committee received analysis of all reports submitted via the Speak Up programme during the year.

Corporate Governance continued

Internal control system

Body	Responsibilities
The Board	 Determines the level of risk that it is prepared to accept in the business (risk appetite) Agrees the Group's principal risks for disclosure in the Annual Report Oversees the strategies for managing principal risks.
Audit and Corporate Responsibility Committees*	 Review aspects of the risk management and internal control systems for risks within its remit and report to the Board Discuss regular reports from the VP, Group Audit and Assurance (internal audit) Carry out a formal review of the effectiveness of the internal control and risk management systems and report to the Board on the output of that review at least once a year (Audit Committee).
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	 Manages risk and ensures that mitigation is operated across the business which is appropriate and in accordance with the accountability framework Has primary responsibility for compliance with Group policies, our Values and legal requirements Within certain functions, notably safety and product quality, separate assurance teams oversee the effective operation of controls.
Employees	 Manage risks within their predefined accountabilities Are trained on, for example, safety, cyber security, competition law and anti-bribery and corruption to increase their awareness of risks (training may be tailored and/or mandatory).
Group risk manager	 Works with executive and line management to help identify, measure, mitigate, monitor and report principal risks.
Risk management committees	 Review certain risks and controls and monitor initiatives to strengthen controls Comprise senior management and functional specialists Examples include the Cyber Security Steering Committee which considers cyber security risks, and the regional Control Environment Councils which consider regional financial risks and controls.
Global Audit and Assurance (internal audit)	 Provides objective assessment of the appropriateness and effectiveness of the Group's internal control systems to the Audit Committee (to the Corporate Responsibility Committee when in place) and to the Board Has the authority to review any relevant aspect of the business and a duty to report on any material weaknesses Develops and works to a risk-based internal audit plan which is approved by the Audit Committee and which is regularly updated.
External specialists	• Commissioned by the Board from time to time to supplement internal processes as appropriate.

* The Corporate Responsibility Committee was dissolved during the year. For more information see page 56.

Engagement with shareholders and others

We are committed to maintaining an open dialogue with shareholders, debt investors and potential investors and recognise the importance of that relationship in the governance process.

We have a focused investor relations programme that aims to help existing and potential investors understand the Group. We provide feedback from the investment community to all Directors regularly to ensure they understand the views expressed by major investors.

Institutional investors

The Chief Executive, Chief Financial Officer and VP, Investor and Media Relations maintain a programme of meetings with institutional shareholders from the UK, Europe, North America and Asia.

During the year, Dr Gerry Murphy held meetings with a number of the Company's larger institutional shareholders. In addition, following the announcement of the appointment of Nick Hampton as Chief Executive in January 2018, a number of larger institutional shareholders were offered meetings with Dr Gerry Murphy, although no investors required meetings. Anne Minto, Chair of the Remuneration Committee, offered meetings to the Company's principal investors in relation to the Remuneration Policy renewal (see page 73 for more information). All Directors received periodic updates on investor communication activities.

Analysts

As well as the full-year and half-year results presentations to investors and analysts, we host conference calls after each trading update. We publish any presentations, together with the associated announcements, on the Company's website and we also make any audio recordings available for a short period after each event. The Chief Financial Officer and VP, Investor and Media Relations also meet regularly with analysts.

Independent feedback on our investor relations programme

Each year, an external investor relations advisor undertakes a comprehensive review of investor perceptions of the Group, management, strategy and communications. The output from this review was presented to the Board in November 2017 and actions taken forward by management. Recommendations included broadening discussion of the drivers of North American performance in the Food & Beverage Solutions division, and a re-focusing of the Group's investor targeting programme to focus on large UK active underweight investors, using management selectively.

Other capital providers

The Chief Financial Officer, Group Treasurer and VP, Investor and Media Relations regularly meet with our committed lending banks and bond holders and ratings agencies (Standard & Poor's and Moody's).

Private (retail) shareholders

We encourage private shareholders to provide feedback to the Board via the Company Secretary. We also include a questions card with the AGM documentation sent to shareholders so that those who cannot attend the meeting have the opportunity to ask questions.

Annual General Meeting

The AGM provides all shareholders with the opportunity to question the Board on matters put to the meeting, including this Annual Report. Shareholders who attended last year's AGM received a presentation from the Chief Executive on the Group's activities and performance.

The 2018 AGM will be held at Glaziers Hall in London on Thursday 26 July 2018 at 10.00 am. Full details are set out in the Notice of AGM. Resolutions are decided by means of a poll and the votes received in respect of each resolution, together with the number of abstentions, are announced through a regulatory information service and published on the Company's website. Shareholders can choose to receive shareholder documentation, including the Annual Report, electronically or in paper format, and may submit proxy votes and any questions either electronically or by post.

Investor calendar -

May 2017

July 2017

in UK

• Full-year results issued

meetings in the UK.

• Trading statement issued

• Annual General Meeting

Investor roadshow

Set out below is a summary of our major investor activity during the year.

April 2017

 Remuneration 	
Committee Chairman	
consultation programme.	

June 2017

- Investor roadshow meetings in the UK and US
- Investor conference in France
- Annual Report published.

September 2017

 Investor conference in UK.

November 2017

- Half-year results issued
- Investor roadshow meetings in the UK and US
- Investor conferences in UK, France and US
- Chairman meeting with investors.

February 2018

- Trading statement issued
- Investor meetings in UK.
- group meeting in UKInvestor conference in UK.

• North American investor

December 2017

Useful Information

Audit Committee Report

"This year, we oversaw the tender process to appoint new external auditors and an external review of the effectiveness of the Group Audit and Assurance function."

Douglas Hurt, Chair of the Audit Committee



Dear shareholder

As Audit Committee Chair, I am pleased to present the Committee's report for the year.

In addition to our usual matters, including the financial results for the full year and half year, applicable accounting policies and going concern assumptions, we continued with our practice of looking in depth at certain aspects of the control environment. These included an impact assessment of new accounting standards, in particular IFRS 16, a review of the impact of recent US tax reform on the Group and a review of our Group Treasury function. Some members of the Committee also visited the Global Shared Services Centre in Łódz, Poland. Finance and operational leaders attended the Committee meetings at which these detailed reviews were held.

As disclosed previously, the competitive external audit tender process took place during the year resulting in a recommendation by the Committee to the Board to appoint Ernst & Young LLP (EY) as external auditors. This recommendation was approved, and we announced our proposal to appoint EY as external auditors to the market on 3 August 2017. A resolution to appoint EY for the financial year commencing 1 April 2018 will be put to shareholders at the AGM on 26 July 2018. Details of the tender process can be found on page 69.

On behalf of the Board, the Audit Committee would like to thank PwC for their significant contribution and support to Tate & Lyle over the years. We would also like to thank each firm that participated in the tender process.

During the year, the effectiveness of the Group Audit and Assurance (internal audit) function was assessed by Grant Thornton. The review concluded that the function continues to operate effectively. Further details of this assessment are set out on page 69.

As explained in the Chairman's corporate governance statement on page 56, the Corporate Responsibility Committee was dissolved during the year. As a result, the remit of the Audit Committee will now include ethics and compliance, privacy law compliance, cyber and IS/IT controls. In addition, we will maintain our programme of in-depth review of the control environment.

I look forward to meeting you at our forthcoming AGM.

Douglas Hurt

Chair of the Audit Committee

Committee governance

Responsibilities

The Committee assists the Board by overseeing financial reporting, internal controls, the risk management process, the internal audit function (Group Audit and Assurance) and our relationship with the external auditors. Further details of its responsibilities are in the Committee's terms of reference, on the Company's website, www.tateandlyle.com.

Composition

The Committee currently comprises of four independent Directors. Liz Airey was also a member of the Committee up until her resignation from the Board on 27 July 2017.

The Code stipulates that:

- (i) the Committee as a whole shall have competence relevant to the sector in which the Company operates. The Committee considered that it does, as a whole, have extensive experience of global manufacturing and supply organisations, and of business-tobusiness groups, some experience of commercialisation of innovation pipelines and a wealth of knowledge and understanding of the London investment community and governance matters. It continues to strengthen the competencies of its members through ongoing development programmes and updates.
- at least one Committee member should have recent and relevant financial experience. Douglas Hurt met this requirement as he was Finance Director at IMI plc and is a Fellow of the Institute of Chartered Accountants in England and Wales.

The Company Secretary is the secretary to the Committee.

Meetings during the year

Meetings are generally scheduled in line with key times in the Group's financial reporting calendar. The Committee held five scheduled meetings during the year. Attendance during the year is set out on page 60.

The Committee has also met once since the end of the financial year and prior to the signing of this Annual Report.

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 and attend each meeting. The Chairman of the Board and Chief Executive are also invited to and attend Committee meetings. In addition, senior finance and operational leaders attend and present to the Committee on an ad hoc basis, depending on the issues being discussed.

Effectiveness

The review of the Committee's effectiveness was facilitated externally by Independent Audit. The output was discussed by the Committee. This concluded that the Committee continued to operate effectively and identified a number of areas to focus on next year which includes the risk management process, how the Group has implemented a three lines of defence model and effectiveness of the external auditors.

Work undertaken during the year

The Committee maintains a calendar of items for consideration at each meeting and reviews and updates it regularly. As well as the work referred to above, the Committee focused on four main areas: financial reporting; oversight of the external auditors; oversight of the internal audit function; and internal control and risk management.

Financial reporting

At each of its meetings, the Audit Committee reviewed and constructively challenged the accounting judgements and disclosures set out in the papers prepared by management and determined, with the help of the external auditors, the appropriateness of these. The significant issues considered by the Committee in relation to this year's financial statements are listed on page 68.

The Committee also considered management's review of reported and adjusted earnings, reviewed and challenged the impairment assessments performed during the year, and satisfied itself that significant one-off items of income and expense had been correctly classified and appropriately disclosed. Papers on the Group's existing and emerging litigation risks were also considered.

External auditors

PwC (or its predecessor firms) have been the Group's auditors since 1989 (formally appointed at the Company's annual general meeting on 24 January 1990). As disclosed previously, the financial year 2018 will be the last year in which PwC will perform the Group's audit.

In accordance with the Competition and Markets Authority Order and the Committee's terms of reference, the Committee agreed the scope and the Chairman, on behalf of the Committee, negotiated and agreed the fee and scope of the statutory audit for the year ended 31 March 2018.

Safeguarding the auditors' independence

The Committee operates a policy to safeguard the objectivity and independence of the external auditors. This policy sets out certain disclosure requirements by the external auditors to the Committee; restrictions on the employment of the external auditors' former employees; and partner rotation.

During the year, the Committee reviewed the processes that the external auditors have in place to safeguard their independence, and received a letter from the external auditors confirming that, in their opinion, they remained independent.

Provision of non-audit services

The policy also sets out the circumstances in which the external auditors may be permitted to undertake non-audit services and the services which are not permitted under any circumstances, such as the provision of remuneration advice and internal audit outsourcing.

The Committee reviews the policy each year and considers quarterly reports which set out the ongoing non-audit services provided by the auditors and the fees incurred. Under our policy on non-audit services, which is in accordance with the Revised Ethical Standard 2016 published by the Financial Reporting Council, the Chief Financial Officer has authority to approve the permitted services up to £10,000 and the Chair of the Committee has authority to approve up to £100,000. In all other cases, the Committee must approve any proposed, permitted, non-audit services.

A breakdown of the fees paid to the external auditors in respect of audit- and non-audit related work is included in Note 9.

The total amount paid in respect of the Group audit and audit of subsidiaries was £2.3 million, and £131,000 was paid in respect of non-audit services. Fees paid in respect of non-audit services therefore comprised 6% of the total fees paid to PwC.

Effectiveness of the external auditors

Following the conclusion of the audit for the year ended 31 March 2017, the Committee conducted an internal review of the effectiveness of the external auditors. 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 at Group and divisional levels. It also considered:

- The most recent report by the Financial Reporting Council (FRC) in May 2017 on the audit quality inspection of PwC
- The FRC's guidance on evaluating audit quality which suggested reviewing the external auditors' competence in the following areas:
 - making appropriate judgements about materiality
 - identifying and focusing on the areas of greatest risk
 - designing and carrying out effective audit procedures
 - understanding and interpreting the evidence they obtain
 - making reliable evaluations of that evidence
 - reporting clearly and honestly.

The Committee concluded that the external audit process was operating effectively and that PwC continued to provide effective and independent challenge to management. The review identified a number of recommendations where we could improve processes including:

- Planning and communication for the US component of the audit
- Clearer transparency and better communication regarding the financial impact of any changes of scope
- Smooth transition to the new auditor.

These were implemented and incorporated into the criteria set for the audit for the current year. The Committee discussed progress against these criteria regularly.

Audit Committee Report continued

Significant accounting matters considered by the Committee

Area	Background	Committee's activities and conclusion
Commodity risk	We use commodity contracts to manage and hedge our corn positions in the US. The valuations of the corn book and the co-products produced as part of the corn wet milling process, which are both underpinned by a number of judgements, have a material impact on the reported results of the Group.	The Committee received regular updates on the key commodity risks and the risk management framework in place to mitigate these risks. The Committee also considered the work performed by the external auditors before concluding that the judgements made in determining the valuations of the corn and co-products positions were appropriate. This will continue to be a key area of focus for the Committee.
		Mr Hurt and Ms Stanley each visited our plant in Decatur as part of their individual site visits and held meetings with senior managers to gain a deeper understanding of the operations and management of Commodities.
Taxation	We operate and pay taxes in a number of jurisdictions, which requires the interpretation of complex tax law. As such, we make provision for potential direct tax exposures with local tax authorities and reassess this as necessary at the half- year and year-end. Our assessment is underpinned by a range of judgements from tax professionals and external advisors.	The Committee reviewed the key judgements made in estimating the Group's tax charge along with the key disclosures, including a statement of tax principles, set out on page 34 and in Note 12. The Committee was satisfied that the judgements made in estimating the Group's tax charge were reasonable, and that the disclosures were appropriate.
		The key factors likely to affect the future tax charge including recent US Tax reforms, as well as the key risks and uncertainties, were considered and the Committee agreed the disclosure of these factors in this Annual Report.
		The Committee reviewed the tax strategy statement during the year and recommended it for approval by the Board.
		The Committee considered the appropriateness of tax provisions at the balance sheet date, including amounts provided in respect of Group financing structures, US tax risks and global transfer pricing risks. The Committee concluded that the measurement and disclosure of these provisions were appropriate.
Retirement obligations	We have significant retirement benefit obligations in the UK and the US, including unfunded retirement medical plans in the US. A number of judgements have to be made when calculating the fair value of the Group's legacy retirement obligations.	The Committee discussed and constructively challenged the assumptions proposed and methodologies used by management and considered reports from the external auditors before agreeing that the assumptions were reasonable. The Committee also considered the appropriateness of the treatment and disclosure of the additional contribution to the US pension schemes.
Impairments	We test all goodwill for impairment annually, and, additionally, test all assets where there has been a previous impairment or where an indicator of potential impairment is considered to exist.	The Committee reviewed the annual goodwill impairment assessment. The future performance of the underlying businesses, including the discount rates used and forecast assumptions and sensitivities, were discussed and constructively challenged. The Committee concluded that the assumptions were acceptable, and the conclusion that no impairments existed alongside the appropriate disclosure of sensitivities were appropriate.
Capitalisation of development cost	Our R&D team develops and delivers innovative new products. The innovation pipeline is managed through a disciplined process and the development costs are capitalised at the appropriate stage in accordance with the Group's policy.	The Committee challenged the appropriateness of the Group's capitalisation policy for development costs and reviewed management's conclusion on the policy which included (1) determining the appropriate point to commence capitalisation which included technical, commercial and financial criteria, (2) the governance and process to ensure that the policy was appropriately and consistently applied and (3) the methodology adopted to capture and allocate development costs. The Committee concluded that the Group policy remained appropriate.

External audit tender

As anticipated last year, we completed a tender process to appoint a new external auditor for the financial year ending 31 March 2019. This coincides with the end of the current PwC audit engagement partner's (John Waters) five-year term at the conclusion of the audit for the year ended 31 March 2018.

The Audit Committee led the tender process, including agreeing the timetable, the tender shortlist, the objectives and the key selection criteria it would use in determining its recommendation to the Board. The key selection criteria included quality of the proposed team and firm, technical experience within the industry in which we operate and geographical coverage. The audit tender process was coordinated by a sub-committee comprising the Chair of the Audit Committee; the Chief Financial Officer; the VP, Group Audit and Assurance; Group VP, Finance and Control; and was supported by Group Procurement.

An initial invitation to participate in the tender process was provided to a number of auditing firms, including both 'Big 4' and mediumsized firms. Subsequent to this invitation, one firm outside the Big 4 held a series of meetings with management and delivered a capability assessment against the Group's audit tender criteria. However, it was determined that this firm did not possess the depth of appropriately skilled US resources to deliver an effective audit.

A notification of audit tender was sent out subsequently setting out high-level key dates and key facts, and a timeline for lead partner selection early in the process, to ensure that the right person was leading the process for each firm, considered crucial to ensure that each firm submitted their most competitive bid. The lead partner for each audit firm that passed the initial assessment was subsequently selected by the Chair of the Audit Committee and the Chief Financial Officer. The Chief Executive was also invited to meet the preferred audit partner from each firm.

The tender process included provision of a data room, meetings with management and finance team members. Each participant was also asked to consider and present responses on a number of key accounting matters presented during the tender process. All the steps culminated in each of the participants making a final presentation to the Audit Committee members, based on a prior written submission. The process captured and considered the views of other stakeholders, for example the Head of Group Tax and other senior finance leaders.

At the conclusion of the process, the Audit Committee recommended to the Board that Ernst & Young LLP (EY) be appointed as external auditors with effect from the financial year ending on 31 March 2019. The Audit Committee believed that both EY and one other firm, KPMG LLP, were capable of performing a high-quality global audit, but had a reasoned preference for EY, based on the agreed selection criteria.

The Board accepted the Audit Committee's recommendation to appoint EY as external auditors and a resolution for the appointment of EY will be put to shareholders at the 2018 AGM. The Audit Committee confirms this recommendation is free from influence by third parties and that no restrictive contractual clause has been imposed on the Company. PwC will cease to hold office with effect from the conclusion of the 2018 AGM, having completed the audit of the Group's financial statements for the year.

The Audit Committee considers that the Company has complied with the Competition and Markets Authority's Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for the financial year under review.

Internal audit – Group Audit and Assurance

Group Audit and Assurance (GAA) is an internal function that services the Board and all levels of management. It provides objective assurance to add value and improve the organisation's operations. Its responsibilities include assessing the principal risks of the organisation and examining, evaluating and reporting on the adequacy and effectiveness of the systems of risk management and internal control as operated by management. Management remains responsible for identifying risks and for the design and operation of controls to manage risk. During the year, the Committee reviewed the remit, organisation, annual plan, resources and effectiveness of GAA and concluded that the function continues to operate effectively.

The effectiveness review of the GAA function was facilitated by Grant Thornton during the year. The appointment of Grant Thornton followed a competitive tender process. The effectiveness review comprised interviews with various stakeholders including the Chair of the Audit Committee, the Chief Executive, the Chief Financial Officer, senior management and finance leaders, the external auditors and GAA team members; and involved reviewing documents including the GAA charter, audit plan, audit universe and associated risk assessments and audit papers and reports. The review concluded that GAA continues to operate effectively with some suggestions on areas for enhancement, for example audit report style and presentation.

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 during the year.

The reports from the latter included the findings from reviews of internal financial controls and actions to address any weaknesses in those controls. The Committee also reviewed the operation of the Group's whistleblowing programme (Speak Up) and the analysis of reports submitted via the Speak Up programme, and approved the proposed plan of work presented by the new Head of Ethics and Compliance. See page 63 for further information on Speak Up.

Throughout the year, the Committee focused in particular on strengthening the financial control environment and the impact of this on the financial reporting processes. The Committee reviewed controls to mitigate fraud risk and the Group assurance map, a tool which sets out the assurance processes and the three lines of defence model. It also considered the results of the annual review of the effectiveness of internal financial reporting controls, which took into account the Group Risk Manager's support to the risk management process, and then reported to the Board. Further details about this review are on page 62. Governance

Nominations Committee Report

"This year, the Committee focused on the Chief Executive transition and the appointment of a new Chief Financial Officer."

Dr Gerry Murphy, Chair of the Nominations Committee



This year, the Committee focused on Chief Executive succession with the appointment of Nick Hampton as Chief Executive designate in January 2018.

Following Nick's appointment, the Committee turned its attention to the appointment of a new Chief Financial Officer and, as announced on 17 April 2018, Imran Nawaz will join the Company and the Board on 1 August 2018.

On behalf of the Board, I would like to thank Javed Ahmed, Nick Hampton, and my fellow non-executive directors for executing a smooth and effective succession process.

With our senior leadership positions now established, the Nominations Committee and the Board will focus this year on succession planning for the non-executive director roles in order to ensure that the Board has the skills and experience necessary to support the new management team as it executes the Group's strategy over the coming years.

Gerry Murphy

Chairman

Committee governance

Responsibilities

The Committee assists the Board by reviewing the size and composition of the Board, including succession planning, and the leadership needs of the Group generally, recommending candidates for appointment as Directors and as Company Secretary and, in this financial year, the performance of each member of the Executive Committee. Further details of its responsibilities are in the Committee's terms of reference, on the Company's website, www.tateandlyle.com.

Composition

During the financial year under review, the Committee comprised the Chairman of the Company, the Chief Executive and all independent Directors. The Company Secretary is the secretary to the Committee.

Meetings during the year

Meetings are generally held around the time of scheduled Board meetings. The Committee held two scheduled meetings during the year and also met on one other occasion to discuss the appointment of the new Chief Executive.

Attendance during the year is set out on page 60.

The Executive VP, Human Resources and the VP, Global Talent are invited to attend and present to the Committee on an ad hoc basis, depending on the issues being discussed.

Effectiveness

Independent Audit led an externally facilitated review of the Committee's effectiveness and the output was discussed by the Committee. This concluded that the Committee continued to operate effectively and confirmed that the focus for the coming year would be on Board succession planning. As a result of the effectiveness review, the Committee made a number of changes to its terms of reference. Those changes included removing the Chief Executive as a member of the Committee, moving annual oversight of performance of Executive Committee members to the Remuneration Committee for consideration in the context of variable pay outcomes and awards and adding oversight of senior management development, particularly in the context of potential Board succession, to the Committee's remit.

Work undertaken during the year

The Committee maintains a calendar of items for consideration at each meeting and reviews and updates it regularly.

Board succession planning

Appointment of Nick Hampton as Chief Executive

After eight years as the Chief Executive of the Company, Javed Ahmed indicated his desire to retire from the Company, at a time to be mutually agreed with the Committee, and to work with the Chairman and the Committee to effect an orderly succession process. The Committee retained Korn Ferry and Spencer Stuart to assist with the search for a new Chief Executive. Both advisors are signatories to the Voluntary Code of Conduct for Executive Search Firms and have a good understanding of the Group's business, having been previously engaged in the identification of individuals to fill non-executive director roles and other senior executive roles.
role in ensuring we become a truly diverse and inclusive organisation where differences are respected and everyone's Our Group human resources policy records our commitment to providing opportunities for all colleagues irrespective of (among other things) sex, race, ethnicity, colour, religion, background, age

As described on page 43, among the measures we have in place to improve female representation in our senior management population, we now ensure that women are included on shortlists for all senior roles.

The Board believes that a diverse and inclusive culture is a driver of

superior business performance, growth and innovation. The Board

has a clear policy on diversity that acknowledges that the Board's

gender, age and cultural diversity, notwithstanding the overriding

principle that each member, and potential member, of the Board

required to contribute to the overall effectiveness of the Board.

Wherever feasible, the Committee uses search firms who are

practice for the related search processes.

must be able to demonstrate the skills, experience and knowledge

signatories to the Voluntary Code of Conduct for Executive Search

Firms which seeks to address gender diversity on boards and best

As set out elsewhere in this report, when considering candidate

including gender, age, culture and personal attributes such as

directors, the Committee looked at a number of different criteria,

thinking style. This was reflected in the long lists and shortlists of

As at the date of this report, the Board comprises the Chairman,

We recognise that to be a successful company, we must be both

diverse and inclusive. We expect everyone, everywhere, to play a

one executive director and six non-executive directors. Female

representation (two Directors) equates to 25% of the Board.

perspective and approach can be greatly enhanced through

Succession planning

Board diversity

possible candidates.

Diversity below the Board

contributions are valued.

and sexual orientation.

The Committee also considered succession plans for senior executive roles. During the year, members of the Committee participated in two new appointments to the Executive Committee: Melissa Law, President, Global Operations and Andrew Taylor, President, Innovation and Commercial Development.

Performance evaluation

The Committee evaluated the performance of each member of the Executive Committee and reported its conclusions to the Remuneration Committee.

The Committee identified the skills and experience necessary and desirable for the role and the search advisors prepared lists of potential candidates meeting the specification. The Committee considered the list of candidates provided in the context of its knowledge and experience of Nick Hampton. Each of the nonexecutive directors, and the Committee as a whole, met with Nick Hampton to understand his future strategy and plans for the Group, should he succeed to the role of Chief Executive. Having assessed his suitability for the role, and taking into account his performance as Chief Financial Officer since 2014, his significant contribution to the Group in that time and the positive views held of him by investors, the Board decided to appoint Nick Hampton as Chief Executive, with effect from 1 April 2018.

Appointment of Imran Nawaz as Chief Financial Officer

Following the decision to appoint Nick Hampton as Chief Executive, the Nominations Committee turned its attention to the recruitment of a Chief Financial Officer. The Committee appointed a sub-Committee comprising the Chairman, the Chair of the Audit Committee and the Chief Executive designate. The sub-committee drew up a detailed job specification and appointed Korn Ferry to assist with an external search, having determined that there were no 'ready now' internal candidates. Members of the sub-committee interviewed a number of candidates and before recommending his appointment to the Nominations Committee, the Chair of the Remuneration Committee also had the opportunity to meet with him

Following the recommendation of the Nominations Committee, Imran Nawaz will be appointed Chief Financial Officer and a director of the Board with effect from 1 August 2018.

Directors' Remuneration Report

"Executive director succession has been a key focus for the Committee this year."

Anne Minto, Chair of the Remuneration Committee



Dear shareholder

As Chair of the Remuneration Committee, I am pleased to present our Remuneration Report (Report) for the financial year ended 31 March 2018.

This introduction provides context for the Committee's decisions which were taken during the year, and summarises key points from the Report, including performance and incentive plan outcomes, and Committee activities.

Business performance context

As you will have read in the introductory statements in this Annual Report, we are pleased to report another year of progress, with good profit and cash delivery:

- 13% increase in adjusted profit before tax at constant currency with profit growth in all businesses
- 8% increase in Food & Beverage Solutions profit¹ to £137 million, with good volume and New Products momentum
- 5% increase in Sucralose profit¹ to £55 million
- 30% increase in Primary Products profit¹ to £166 million, 11% profit¹ growth in main business, Commodities £24 million higher
- 7% increase in earnings per share² at constant currency
- £53 million higher Group statutory profit before tax with improved trading and lower exceptional costs
- Net debt £60 million lower, with adjusted free cash flow £22 million higher at £196 million
- Proposed final dividend increased by 0.5p to 20.3p per share; making a total dividend of 28.7p, up 2.5%.

Incentive outcomes for the year

The headline incentive outcomes for the year were as follows:

Annual bonus plan: awards for the year reflect good profit and cash performance relative to stretching targets set at the start of the year. Food & Beverage Solutions (F&B Solutions) sales volume is ahead of prior year, but below the stretching target we set at the start of the year. As a result, bonus awards for the year are between target and maximum levels.

Performance Share Plan (PSP): awards made in 2015 reached the end of their three-year performance period. Adjusted return on capital employed in the year to 31 March 2018 of 17.5% exceeded the maximum vesting requirement (and is well in excess of our cost of capital). Earnings per share compound annual growth of 16.1% over the three-year period exceeds the maximum vesting requirement. Accordingly, the PSP awards made in 2015 will vest in full.

Total remuneration outcomes are above 'target' but below 'maximum' policy levels, which the Committee considers to be consistent with the performance and financial health of the business.

Key Committee activities during the year

In addition to the responsibilities of the Committee (which are described in summary on page 79), the Committee spent significant time on matters relating to the following key items during the year:

• Executive director appointments: the Committee carefully considered and approved remuneration terms in respect of the executive director appointments we have announced, operating within the Remuneration Policy (Policy) that shareholders approved in July 2017. Nick Hampton, who has served as Chief Financial Officer (CFO) since September 2014, was appointed Chief Executive (CEO) with effect from 1 April 2018. Javed Ahmed retired as CEO on 1 April 2018. Imran Nawaz will join as CFO with effect from 1 August 2018. Further details are provided in this Report and key terms are summarised on page 85.

Note: Food & Beverage Solutions metrics relate to the reportable segment.

¹ Adjusted operating profit, percentage change in constant currency.

² Adjusted diluted earnings per share from continuing operations.

Strategic Report es

Taking account of institutional shareholders' views on the levels of executive director pension provision, the Committee has taken the decision to reduce the level of pension contribution the Company will make for each role going forward: the CEO will receive 25% of salary (reflecting Nick Hampton's contractual commitment made on appointment in 2014), and the CFO will receive 20% of salary (contribution rates were previously 35% and 25%, respectively). As a result of securing internal succession to the CEO the Committee believes it has successfully lowered overall executive director remuneration going forward.

- Senior executive appointments: during the year, key appointments at Executive Committee level were made to ensure we continue to have a strong balance of skills and experience across the broader executive team. The Committee has carefully considered appropriate remuneration terms for each of these appointments and transitions in turn.
- Engaged with shareholders ahead of Policy renewal at last year's AGM: we renewed our Policy at the 2017 AGM, and although we were not making any material changes, we maintained open lines of communication with our largest shareholders to ensure that the Committee's decisions were fully informed by shareholder views.
- Regulatory and governance developments: the Committee receives regular updates on regulatory, institutional shareholder and governance developments to ensure that the Committee's decisions take Group strategy and the needs of the business into account, while reflecting investor and governance expectations around good practice. In the spirit of engagement, and in support of good governance principles, the Committee input into the Company's response to the BEIS Corporate Governance consultation, and the subsequent FRC consultation recommendations on the Corporate Governance Code.

Engagement with workforce

Pending the outcome from the FRC Corporate Governance consultation, the Board and Remuneration Committee have been considering how our approach to engagement with the workforce may be further developed and broadened over time.

Gender pay

Although we employ a relatively small proportion of our people in the UK (our two employing businesses in the UK are each below the 250 employee threshold for reporting), the Committee has also spent time reviewing the UK regulatory requirements relating to gender pay, as well as the actions taken in the business to drive gender balance. As discussed in Our People report (see page 43), we aim to attract a diverse workforce that reflects the communities in which we operate. We firmly believe that all employees contribute to the performance of the Group and should have equal opportunity to develop according to their individual abilities.

Accelerating business performance

The CEO's statement sets out a number of actions that have been initiated to accelerate business performance, in particular to sharpen our focus on our customers and key categories, accelerate portfolio development, and to simplify and drive productivity. During the year ahead, the Committee expects to review our current remuneration arrangements to ensure they support these business goals. At this stage, we expect any changes to be within the scope of our existing Policy, and we will consult with shareholders, as appropriate, later in the year with a view to implementing any changes for the year ending 31 March 2020.

Remuneration Policy and shareholder approval

Our Policy was approved by shareholders at the 2017 AGM with 97% of votes in favour.

The Committee is satisfied that this Policy continues to provide for a strong alignment between Group performance and the remuneration of executive directors and, as stated in this Report, we intend to continue to operate within this approved Policy during the financial year ending 31 March 2019.

A resolution to approve the Report, which contains key information on the way in which our Policy has been implemented during the year ended 31 March 2018, will be proposed at the AGM on 26 July 2018.

In closing, I would like to thank my fellow members of the Remuneration Committee for their diligence and engagement through the year, particularly with regard to the additional matters we have considered in relation to our executive director appointments. Additionally, I would like to personally thank our advisors Deloitte and the members of the internal team for the excellent support they have provided to the Committee.

Anne Minto OBE

Chair 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 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the Listing Rules of the UK Listing Authority and the UK Corporate Governance Code. PricewaterhouseCoopers LLP have audited such content as required by the Act (the information on pages 86 to 89 marked as '(audited)'.

Key	/ sections	of this	Report	are as	follows:
- nc	Jections	or this	Report	arc as	10110113.

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Directors' Remuneration Report continued

At a glance

We received strong shareholder support for our Directors' Remuneration Policy (Policy) at the 2017 AGM, and no changes are proposed for the year ahead.

Incentive pay outcomes reflect strong financial performance during the year leading to total executive director remuneration outcomes for the year at between 'target' and 'stretch' levels.

Remuneration strategy and key principles

The Group's remuneration strategy and supporting principles, which apply consistently to employees, managers and executives, are summarised below:

The Group's remuneration strategy is to provide competitive packages that enable the Group to recruit, retain and motivate high-calibre individuals in the markets in which we operate so that we may deliver superior operational performance and outstanding financial results

- Base pay and benefits are referenced to the comparative local Our approach is intended to be equitable and transparent and market, taking account of company size and operations
- For all employees, our pay for performance framework provides for meaningful differentiation in salary progression and opportunities for career progression, based on each individual's contribution
- Below executive level, key individuals who have a specific accountability for driving annual and longer-term performance may be selected to participate variously in our sales incentive plan, the annual bonus plan, and the Performance Share Plan
- Incentive opportunities for eligible roles provide meaningful rewards for superior performance and encourage the achievement of genuinely stretching short-term and long-term objectives
- operate across the Group, recognising that we recruit talented individuals and operate in an international market
- All aspects of remuneration are designed to encourage a focus on long-term, sustained performance and risk management. Outcomes must be achieved in a way that is consistent with the Group's Values and Code of Ethics, and that foster sustainable, profitable growth
- Alignment with shareholders' long-term interests is carefully preserved, for example, through: a significant proportion of senior executive pay being based on performance; effective governance around remuneration decisions; a considered approach to setting performance targets; the adoption of shareholding guidelines at senior executive levels; and malus and claw back provisions on incentive awards.

— Overview of our executive direct	or remuneration framework: no changes proposed for the year —			
Base salary and employment benefits	Market competitive elements to attract the right calibre of executives (including health cover, car and defined contribution retirement benefits). Retirement benefit levels are reduced: 25% for CEO (previously 35%) and 20% for CFO (previously 25%)			
Annual bonus ¹ 2017-2018 metrics: • Profit • F&B Solutions volume • Cash flow • • •	 Rewards achievement against annual performance objectives: Max cash bonus is 100% of salary Max opportunity is 175% of salary Any award over 100% is paid in shares, deferred for two years Chief Executive target: 75% of salary Chief Financial Officer target: 50% of salary. 			
Performance Share Plan ¹ : • Group profit growth (25%) • F&B Solutions profit growth (25%) • Group ROCE (50%) • Pre 2016: EPS (50%), ROCE (50%) • • • • • • •	 Supports the Group's strategy to create shareholder value from profitable Food & Beverage Solutions-led growth and to motivate and retain senior talent: Max award is 300% of salary 15% vesting at 'threshold' Awards since 2016 subject to a three-year performance period plus a two-year post vesting holding period – five years in total. 			
Shareholding requirements	Chief Executive – 4 times salary Chief Financial Officer – 3 times salary			
Claw back and malus provisions	Apply for two years after a bonus award or vesting of PSP awards			
Key: Number of years: ● Performance period O Deferral/holding period ▶ Ongoing requirements 1 Food & Beverage Solutions metrics relate to the reportable segment.				



1 Adjusted results and a number of other terms and performance measures used in this Annual Report are not defined within accounting standards. For clarity, we have provided descriptions of the various metrics and their reconciliations to the most directly comparable measures reported in IFRS, and the calculations where relevant of any ratios, in Notes 1 and 4.

Performance highlights and incentive outcomes for the year _

Target ¹	Actual ¹	vs target
£297m	£319m	+7.4% (+£22m)
+4% vs prior year	+3% vs prior year	-1%
£281m	£321m	+14.2% (+£40m)
	£297m +4% vs prior year	£297m£319m+4% vs prior year+3% vs prior year

Bonus award to Chief Executive and Chief Financial Officer: 72% of maximum

1 Bonus targets and actual performance are assessed at constant (budget) exchange rates.

See page 82 for more detail

Performance Share Plan (2015 Award)	Targets (threshold-stretch)	Actual (2015-2018)
Adjusted diluted EPS from continuing operations (50%)	6% – 15% compound annual growth over three years	16.1% (above stretch)
Adjusted ROCE on continuing operations (50%)	12.6% – 15.6% at the end of the performance period	17.5% ² (above stretch)

100% of the award made in 2015 will vest, based on the combination of EPS and ROCE performance.

2 ROCE performance is shown under proportionate accounting, consistent with the basis on which the targets for the 2015 award were established.

See page 83 for more detail



Remuneration Policy scenarios and actual outcome for the year



Directors' Remuneration Report continued

Directors' Remuneration Policy

The Directors' Remuneration Policy (Policy) was formally approved by shareholders at the AGM on 27 July 2017 (with 97% of votes cast to support the resolution) and it remains our intention that the Policy will apply for a period of three years from the date of that AGM.

We operate in an international context



1 Sales by destination (from continuing operations) as per Note 5.

2 Analysis of shareholder register as at 3 April 2018.

Consideration of shareholder views

The remuneration strategy described here was largely established in 2010 following a review and extensive consultation with major shareholders. Shareholders endorsed the continuing use of the Performance Share Plan as our long-term incentive at the AGM in 2016, and formally approved the Policy most recently at the AGM in 2017.

The Chair of the Remuneration Committee engages with our major institutional shareholders each year specifically on remuneration topics, alongside the Board's shareholder engagement programme.

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.

Statement of consideration of employment conditions in the Group

The principles on which we base remuneration decisions for executives (as described on page 74) are broadly consistent with those on which we base remuneration decisions for all employees. In particular, the Committee takes into account the general pay and employment conditions of other employees of the Group when making decisions on executive directors' remuneration. 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 relevant employees of the Group when determining awards and outcomes at executive director level.

As noted in the opening statement, pending the outcome from the FRC Corporate Governance Code review, the Board and Remuneration Committee have been considering how our approach to engagement with the workforce may be further developed and broadened over time.

Gender pay

Although we employ a relatively small proportion of our people in the UK (our two employing businesses in the UK are each below the 250 employee threshold for reporting), the Committee has also spent time reviewing the UK reporting requirements relating to gender pay, as well as the actions taken in the business to drive gender balance. As discussed in Our People report (see page 43), we aim to attract a diverse workforce that reflects the communities in which we operate. We firmly believe that all employees contribute to the performance of the Group and should have equal opportunity to develop fully according to their individual abilities.

Key components of Directors' remuneration

As a Committee, we believe that our approach to remuneration provides an effective overall framework that is aligned with long-term success and returns to shareholders.

Executive directors' remuneration consists of base salary, annual bonus, long-term incentives, and retirement and other benefits as described in the table below. Malus and claw back provisions apply to incentive awards following release, and a strong alignment with shareholders' interests is maintained through significant personal shareholding requirements imposed on each Director.

Remuneration framework (summary)

Each component has a clear purpose, and the variable elements are driven by KPIs which have a clear link to strategy.

Providing market	competitive fixed remuneration to attract the right calibre of executive
Base salary and employment benefits See page 81	 Base salary decisions are referenced to the comparative local market taking account of company size and operations and personal performance. Increases are typically limited to the general increase for Group employees in the same local market Retirement benefits are provided by way of defined contribution, or equivalent cash arrangements. Contribution levels are reduced from 1 April 2018: 25% for CEO (previously 35%) and 20% for CFO (previously 25%) Other benefits may include car (or allowance), health insurance and life cover.
Supporting near-t	term growth goals by rewarding strong annual financial performance
Annual bonus ¹ Key drivers: • Profit • F&B Solutions volume • Cash flow. Que page 81	 Target bonus is 50% of salary for the CFO and 75% of salary for the CEO Maximum cash bonus is 100% of salary. Maximum total bonus opportunity is 175% of salary, with any award over 100% paid in shares, which are deferred for two years Metrics relate to profitability, Food & Beverage Solutions volume growth and cash flow. Profit performance is the most important of these metrics: no bonus is payable if performance is below a minimum level, regardless of performance against other metrics; and profit performance has the greatest impact on overall bonus outcomes.
	oup's strategy by incentivising sustained profit growth and capital efficiency over successive mance periods, and retaining senior executive talent
 Performance Share Plan¹ Key drivers [awards from 2016]: F&B Solutions adjusted operating profit (25%) Group adjusted profit before tax (25%) Group adjusted ROCE (50%). See page 83 	requirement for ROCE performance is 12.6% and full vesting requires ROCE performance of 15.6%, both being
	 inable value creation over time and to strengthen long-term alignment of interests between and the Group's shareholders Executive directors are subject to individual minimum share ownership requirements which must be retained for the duration of employment: Chief Executive (4x salary); Chief Financial Officer (3x salary) Share ownership requirements extend to Executive Committee members (at three times base salary), and to a broader group of executives in senior leadership roles (at a level equal to their base salary) Claw back and malus provisions apply for two years following bonus awards or the vesting of PSP awards Safety and broader corporate responsibility matters are specific factors that the Committee may factor into decisions on pay and annual incentive plan outcomes.
1 Food & Beverage Solution	ns metrics relate to the reportable segment.
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Directors' Remuneration Report continued

Directors' Remuneration Policy

The Directors' Remuneration Policy (Policy) was formally approved by shareholders at the AGM on 27 July 2017 (with 97% of votes cast to support the resolution) and it remains our intention that the Policy will apply for a period of three years from the date of that AGM.

No changes have been made to the Policy, and we intend to operate within this Policy during the financial year ending 31 March 2019. The Policy is published on pages 78 to 85 of our Annual Report 2017, and is available on the Company's website (www.tateandlyle.com/annualreport2017).

The Committee retains discretion on specific aspects of Policy and implementation, as described in the Policy, along with an overriding discretion to determine bonus outcomes and judge the level at which share awards vest, to ensure that payments are consistent with the underlying financial health and performance of the business, within the maximum opportunity stated in the policy tables.

The Committee may make minor changes to the Policy without seeking shareholder approval, for example, to benefit the administration arrangements, or to take account of changes in legislation. Any such changes would be disclosed in the relevant Annual Report.

Service contracts

The Group's policy regarding executive directors' service contracts and appointment terms is to take account of market practice, and to ensure that provisions in relation to notice periods or termination payments are not excessive, as well as to ensure that contracts provide appropriate protection for the Group, for example, in relation to restrictions on competition, solicitation of customers or employees, and the protection of intellectual property. Executive directors are employed under service contracts that provide for six months' notice from the executive and 12 months' notice from the Group.

The Chairman and non-executive directors have letters of appointment and do not have service contracts or notice periods. Under the terms of their appointment, they are usually expected to serve on the Board for between three and nine years, subject to their re-election by shareholders. The Chairman and non-executive directors receive a fee for their services, and do not participate in the Group's incentive or pension schemes, do not receive any other benefits, and have no right to compensation if their appointment is terminated.

Service contracts for executive directors and letters of appointment for the Chairman and non-executive directors are available for inspection at the Company's registered office.

Executive directors' external appointments

The Board believes that the Group 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.

Annual Report on Remuneration

Statement of shareholder voting

The Remuneration Policy was approved by shareholders at the AGM on 27 July 2017. The last Annual Report on Remuneration was approved by shareholders at the AGM on 27 July 2017. The following voting outcomes were disclosed after the AGM:

Resolution	Total for (number of votes)	% of vote	Total against (number of votes)	% of vote	Votes withheld ¹ (number of votes)
Directors' Remuneration Policy	295 458 658	97.16	8 622 530	2.84	79 662 ²
Annual Report on Remuneration	291 846 638	95.98	12 218 602	4.02	610 ²

1 Votes withheld are not counted in the calculation of the proportion of votes for or against a resolution.

2 On 27 July 2017, there were 465,684,612 ordinary shares in issue, excluding treasury shares.

Implementation of the Remuneration Policy in the financial year ending 31 March 2019

The Committee intends that the Policy approved by the shareholders at the AGM on 27 July 2017, will apply for a period of three years from that date.

Resolution to approve the Annual Report on Remuneration at the 2018 AGM

A resolution to approve this Annual Report on Remuneration will be proposed at the AGM on 26 July 2018.

The Remuneration Committee

Meetings during the year

The Remuneration Committee comprised the following independent non-executive directors during the year: Anne Minto (Chair), Paul Forman, Lars Frederiksen, Jeanne Johns (until 31 October 2017), and Dr Ajai Puri. The Committee met seven times during the year. Membership and attendance during the year are set out on page 60.

The Committee met twice after the end of the financial year, and before the signing of this Annual Report. The Company Secretary serves as secretary to the Committee. The Chairman of the Board; the Chief Executive; the Executive VP, Human Resources; the VP, Global Compensation and Benefits; and the Executive VP, 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's external advisor (Deloitte LLP) attends each meeting to provide independent advice, and also provides regular updates to the Committee on relevant corporate governance and market-related developments.

Main responsibilities of the Remuneration Committee

The Committee has a formal calendar of items for consideration. The main responsibilities of the Committee include:

- Assessing the appropriateness of executive remuneration in the context of the Group's strategy and priorities as well as overall 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 contractual terms
- Setting performance targets for awards made to senior executives under the annual bonus plan and the long-term incentive plan, and reviewing performance outcomes
- Reviewing the broader operation of the annual bonus and Performance Share Plans, including participation and overall award levels
- Reviewing its own effectiveness each year.

The Committee's terms of reference, which are reviewed annually, are available on the Company's website, www.tateandlyle.com.

Committee advisor

The Committee appointed Deloitte LLP to act as our external advisor following a review and competitive tender process during 2012. As part of its annual processes, the Committee considered and confirmed that advice received during the year from Deloitte LLP was objective and independent. Deloitte LLP is a signatory to the Remuneration Consultants' Code of Conduct; this gives the Committee additional confidence that the advice received is objective and independent of conflicts of interest. Fees charged by Deloitte LLP for the provision of remuneration advice to the Committee amounted to £51,700 for the year ended 31 March 2018, with fees being charged on a time incurred basis. During the year ended 31 March 2018, Deloitte LLP also provided services to the rest of the Group on corporate finance, consulting, systems, tax compliance and accounting.

Governance

Directors' Remuneration Report continued

Chart showing total shareholder return and Chief Executive's pay

The chart illustrates the cumulative total shareholder return (TSR) performance of the Company against the FTSE 100 and FTSE 250 Indices over the past nine years. These Indices are considered to provide an appropriate comparison as they represent a broad equity market with constituents comparable in size and complexity to the Company over the period to which the chart relates. The graph shows the value of £100 invested in each Index and the Company in the nine years from 31 March 2009.



Chief Executive's	¹ total remune	eration (£000s	per single figu	ure table)					
Javed Ahmed	977	3 277	11 198 ²	5 367	2 728	996	2 139	3 239	3 672
lain Ferguson	1 312	nil	170	n/a	n/a	n/a	n/a	n/a	n/a
Annual bonus (% of maximum)	86%	100%	58%	18%	1.6%	0%	77%	80%	72%
LTI vesting (%	00 70	100 %		1070	1.0 /0		///0	00 /0	/ 2 70
of maximum)	0%	81%	100%	100%	67.7%	0%	10.9%	50%	100%

1 Javed Ahmed served as Chief Executive since his appointment on 1 October 2009 until 1 April 2018. Jain Ferguson was Chief Executive prior to 1 October 2009.

2 The total remuneration figure shown for the year ended 31 March 2012 includes one-off compensatory appointment awards.

Comparison of movement in Chief Executive and broader employee remuneration

Change in value: year ended 31 March 2018 vs 31 March 2017	Base salary	Value of benefits ¹	Annual bonus ³
Chief Executive	0%	-2%	-10%
Broader employee population ²	3%	8%	-8%

1 No changes to benefit policies were made in respect of the Chief Executive or employees during the year. The percentage change in the employee benefits figure is the result of differences in employee participation levels and changes in the cost of insured benefits, including healthcare.

2 The broader employee population refers to a global population of salaried employees for salary comparison and the UK employee population for the benefits comparison, reflecting the context in which executive directors' salaries and benefits are determined. For the bonus comparisons, it refers to the global group of participants in the annual bonus plan so that the combination of business performance across our divisions that contributes to the Group's results is appropriately represented.

3 Includes deferred shares where applicable.

Relative importance of spend on pay

	Year ended 31 March 2018	Year ended 31 March 2017	% change
Remuneration paid to or receivable by employees of the Group (continuing operations)	£336m	£328m	2.4%
Distributions to shareholders (by way of dividend and purchase of ordinary shares)	£158m	£148m	6.8%

The year-on-year variance in employee remuneration is attributable to factors including foreign exchange rate movements (reflecting our significant US employee base) as well as variable pay arrangements driven by Group financial performance.

See Notes 10, 14 and 22 for further information.

Directors' salaries and fees

Base salary

Nick Hampton was appointed Chief Executive with effect from 1 April 2018 (previously Chief Financial Officer). As Chief Executive, Nick Hampton receives an annual salary of £665,000 from 1 April 2018.

Imran Nawaz has been appointed Chief Financial Officer with effect from 1 August 2018 and will receive an annual salary of £470,000.

Executive directors' external appointments

Nick Hampton was appointed as a non-executive director of Great Portland Estates plc on 17 October 2016, and received fees of £69,350 in the year to 31 March 2018 which he is entitled to retain.

Chairman's and non-executive directors' fees

Fees are reviewed annually, in accordance with our stated Policy, by the Committee (excluding the Chairman) in respect of the Chairman's fee, and by the Chairman and the executive directors in respect of other non-executive directors' fees.

At the 2018 review, taking into account the competitiveness of current fees against the comparable market position, and the time commitment required of each role and the level of increase applicable to UK employees, it was agreed that fees would be increased as summarised in the table below.

Fees (per annum) as at 1 April (£)	2018	2017	% change
Basic fees			
Non-executive director	68 000	66 350	2.5%
Senior Independent Director	78 800	76 900	2.5%
Supplemental fees (per annum)			
Chair of Audit Committee	18 050	17 600	2.5%
Chair of Remuneration Committee	13 550	13 200	2.5%
Chair of Research Advisory Group	25 200	24 600	2.5%

Dr Gerry Murphy (appointed Chairman on 1 April 2017) receives a total annual fee of £350,000 which will not be reviewed until 2019.

Annual bonus

- Overview -The bonus is based on performance against three objectives: Group profitability; Food & Beverage Solutions volume growth; and Group operating cash flow. Before any bonus is payable, a minimum level of Group profit must be achieved, regardless of performance against the 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 level 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. Target bonus Bonus achieved Step 3 (% of base salary) (as % of base **Chief Executive** salary) Χ X Х = **Chief Financial** Officer (50%)

At target level of performance, the multiplier is one for each metric, so if performance is 'at target' against each metric, the result is a 'target' bonus outcome. To achieve the maximum payout, performance against all three metrics must be at or above the stretch level. Profit performance is the most important of the three metrics, so multipliers for the profitability factor are more heavily geared than for the other two metrics, that is, improvements in profitability have a significantly greater 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 Group's long-term business strategy.

The maximum bonus opportunity is 175%. Above a certain level of performance, the bonus calculation for the Chief Executive is made on the basis that the bonus 'target' is 50% (rather than 75%) of salary.

Malus and claw back provisions

Both the cash and share elements are subject to malus and claw back provisions for a period of 24 months following the award. This 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 director commits an act of gross misconduct.

Directors' Remuneration Report continued

Deferral into shares

The bonus amount up to 100% of base salary is paid in cash. The 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 director remaining in service with the Group, and carry the right to receive a payment in lieu of dividend between award and release. Both the cash and share elements are subject to malus and claw back provisions, as set out above.

Overview for the year ended 31 March 2018

Awards are linked to stretching financial targets set at the start of the year against key metrics:

- **Group profit** measures the underlying profit generated by the total business and whether management is converting growth into profit effectively
- Food & Beverage Solutions volume measures whether management is growing the Food & Beverage Solutions segment
- Group operating cash flow provides a focus on managing working capital and converting profit into cash effectively.

- Bonus awards reflect strong underlying financial performance
- 13% increase in adjusted profit before tax at constant currency with profit growth in all businesses
- 8% increase in Food & Beverage Solutions profit¹ to £137 million, with good volume and New Products momentum
- 5% increase in Sucralose profit¹ to £55 million
- 30% increase in Primary Products profit¹ to £166 million, 11% profit¹ growth in main business, Commodities £24 million higher
- 7% increase in earnings per share² at constant currency
- £53 million higher Group statutory profit before tax with improved trading and lower exceptional costs
- Net debt £60 million lower, with adjusted free cash flow £22 million higher at £196 million.
- 1 Adjusted operating profit, percentage change in constant currency.
- 2 Adjusted diluted earnings per share from continuing operations.

Annual bonus for the year ended 31 March 2018 (audited)

The table below provides further information on each metric, the targets set at the start of the year and actual performance for the year.

Bonus objective	Profitability	Growth	Cash management
Metric	Adjusted profit before tax	Food & Beverage Solutions volume	Adjusted operating cash flow
Definition	Adjusted profit before tax, exceptional items, amortisation and net retirement benefit interest	Volume targets are set relative to prior year performance	Adjusted group operating cash flow, based on the average of half-year and full-year figures
Rationale	Measures the underlying profit performance of the total business	Measures whether management is growing the Food & Beverage Solutions business	Measures effective management of working capital and effective conversion of profit into cash
Threshold	£282m	Equal to prior year	£261m
Target	£297m	+4% vs prior year	£281m
Stretch	£310m	+5% vs prior year	£301m
Actual performance ¹	£319m	+3% vs prior year	£321m

1 Bonus targets are set and actual performance is assessed at constant (budget) exchange rates, reflecting consistent practice with prior years.

The Committee also considers the Group's safety and overall financial performance to ensure that the results are a true reflection of the underlying strength and performance of the Group. On the basis of these performance outcomes, annual bonus awards of 72% of maximum, equivalent to 126% of base salary, were awarded by the Committee to the Chief Executive (Javed Ahmed) and the Chief Financial Officer (Nick Hampton) for the year ended 31 March 2018. No discretion has been exercised by the Committee in relation to these awards.

The bonus amount up to 100% of base salary is paid in cash and the balance is paid in the form of deferred shares as described above.

Bonus arrangements for the coming year

This overall framework will be retained for the year ahead (the profit metric will be aligned with our corporate reporting, no longer adjusted for retirement benefit interest); the overall bonus framework gives the greatest weighting to the Group profit metric, and retains the requirement that a minimum level of profit must be achieved before any bonus is payable regardless of performance against other metrics.

The Board considers that bonus targets for the year ahead are commercially sensitive because they may reveal information about the business plan that may damage our competitive advantage, and accordingly does not disclose these on a prospective basis. However, we continue our practice of reporting targets in full, and the level of performance actually achieved, for the year just ended.

As noted in my introductory statement, the Committee expects to review our current remuneration arrangements during the year ahead to ensure these support the business priorities established by Nick Hampton, Chief Executive. At this stage, we expect any changes to be within the scope of our existing Policy, but we will consult with shareholders in respect of any material changes that are proposed for the subsequent financial year, as appropriate, later in the year.

Long-term incentive – Performance Share Plan (PSP)

Overview

The PSP provides a share-based incentive to closely align executive directors' and senior executives' interests with the strategy and with the interests of shareholders over the long term. It is therefore an important component of the overall package.

Maximum award level

Since the 2010 AGM, awards to 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 into account Group performance. Individual awards made in any year are considered by the Committee on a case-by-case basis.

Performance conditions for awards made in 2015

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 in the years 2010 to 2015 (inclusive), the performance conditions comprised two elements, explained in the table below. These metrics were selected following the review and consultation with shareholders at that time, as they represented key drivers of shareholder value creation for the Group as a whole.

Metric	Earnings per share (EPS)		Return on capital employed (ROCE)		
Definition	adjusted diluted EPS from continuing operations over the performance period		Adjusted ROCE on continuing operations achieved at the end of the three-year performance period ^{1,2} 50% of the award depends on this metric		
Weighting					
Vesting schedule	EPS performance (CAGR)	Vesting outcome (% of maximum)	ROCE performance	Vesting outcome (% of maximum)	
	Below 6%	Nil	Below 12.6%	Nil	
	6%	15%	12.6%	15%	
	Between 6% and 15%	On a straight line between 15% and 100%	Between 12.6% and 15.6%	On a straight line between 15% and 100%	
	At or above 15%	100%	At or above 15.6%	100%	

1 The ROCE outcome may be adjusted downward in the event of an asset impairment (adding this back into capital employed); this is to encourage a prudent investment strategy. In these circumstances, the ROCE figure for PSP purposes can be significantly lower than would otherwise be reported.

2 ROCE performance for awards made in 2015 is assessed on the basis of proportionate consolidation of joint ventures, consistent with the basis on which targets were set for these awards prior to their grant.

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 Group.

2015 PSP awards vesting by reference to the period ended 31 March 2018 (audited)

PSP awards made in 2015 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	Threshold	Stretch	Performance outcome	Combined vesting outcome
Adjusted Group ROCE ¹ on continuing operations (50%)	12.6%	15.6% ¹	17.5%	As EPS and ROCE performance outcomes are
Adjusted Group EPS CAGR from continuing operations (50%)			16.1%	 each above the corresponding 'stretch' levels, the PSP awards made in 2015 will vest in full

1 ROCE performance is shown under proportionate accounting consistent with the basis on which the targets for the 2015 award were established.

The performance period applicable to 2015 awards is 1 April 2015 to 31 March 2018. Over this period, the business has maintained clear principles in relation to the disciplined use of capital, and ROCE performance of 17.5% (under proportionate accounting) will result in this element being paid at stretch. Over the same period, the earnings per share performance of 16.1% will result in 100% of the total award being permitted to vest. No discretion has been exercised by the Committee in relation to this outcome.

In confirming the vesting outcome, the Committee also considered the broader underlying financial performance of the Group over the performance period, including the impact of impairments, to ensure that vesting results based on these performance outcomes are consistent with a broader view of the financial health and performance of the business.

Directors' Remuneration Report continued

Performance conditions for awards made in 2016 and 2017

The Performance framework was reviewed in 2016 to ensure continued alignment with the Group strategy and long-term growth plans following the structural changes in the business in 2015. The metrics adopted aligned the PSP with our strategic priorities to deliver long-term value by:

- Incentivising overall growth in the value of the Group and above-market growth in our higher value Food & Beverage Solutions business (half the award relates to Group and Food & Beverage Solutions profit growth metrics)
- Incentivising the maintenance of a strong balance sheet and the efficient deployment of Group capital (a ROCE metric applies to half the award).

Appropriate threshold and stretch targets for each of these metrics were considered carefully by the Committee taking into account a number of reference points, described in summary below. Overall, performance at these levels requires our Food & Beverage Solutions (and Sucralose) and Primary Products (PP) businesses to perform strongly in their respective markets.

We consulted with a broad group of our largest shareholders on these proposals, which were met with high levels of support during that consultation, and were strongly endorsed by shareholders at the 2016 AGM.

See pages 74 and 75 of our 2016 Annual Report for more details.

Metrics for Awards since 2016 (weighting)	Rationale for metric	Target range (threshold-stretch)	Rationale for target ranges			
F&B Solutions adjusted operating profit (25%)	Consistent with the F&B Solutions growth- led business strategy and investment case	8% – 13% p.a. three- year compound growth	 Targets above-market F&B Solutions growth and significant New Product sales Value generative in the context of global market growth of 4-5% and our historic operating profit growth trend of c. 7%. 			
Group adjusted profit before tax (25%)	Key performance metric to drive sustainable long-term profitable growth	5% – 10% p.a. three-year compound growth	 Targets are consistent with execution of Group strategy: steady earnings from PP as described in 2016, with profitable F&B Solutions growth ahead of the market Targets aligned with our long-term plan and the realities of our operating model (without growth investment in PP, and recognising US sweetener market is in structural decline). 			
Group adjusted ROCE (50%)	Drives efficient investment for value- added returns from the total business	12% – 16% in the final year of the three-year performance period	 Reflects geographic footprint (post exit from European PP business) Incentivises ROCE performance in excess of our cost of capital and progression over time. 			
Financial underpin			nust also be satisfied that the level of vesting determined by the broader underlying financial performance of the Group.			
	Recognising the importance of the dividend to our investors, the Committee retains a specific discretion to reduce PSP vesting if dividends paid by the Group over the performance period do not conform with our stated dividend policy.					

Note: Food & Beverage Solutions metrics relate to the reportable segment.

Targets are set and performance is assessed at reported exchange rates.

The level of vesting at threshold is limited to 15% of the maximum for executive directors.

The Committee reviews the appropriateness of metrics and targets ahead of the grant of awards in any year to ensure they remain sufficiently stretching.

As noted in my introductory statement, we do not propose any changes to our arrangements for the year ahead. During the coming year, the Committee expects to review our remuneration arrangements to ensure they support the business priorities established with Nick Hampton's succession as Chief Executive. At this stage, we expect any changes to be within the scope of our existing Policy, and we will consult with shareholders, as appropriate, later in the year in respect of any changes that are proposed for the subsequent financial year (ending 31 March 2020).

Post-vesting holding period

For awards made in 2016 and subsequently, executive directors are required to hold shares for a two-year period after the end of the three-year performance period (i.e. the combination of performance and holding period is five years in total). This holding period sits alongside the existing personal shareholding requirements and claw back/malus provisions, and demonstrates a strong long-term alignment with shareholder interests.

Malus and claw back provisions

Awards made under the PSP from 1 April 2013 are subject to malus and 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 emerges 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.

Governance

Useful Information

Executive director changes during the year

Nick Hampton – appointed Chief Executive

As announced on 16 January 2018, Nick will receive an annual salary of £665,000 from 1 April 2018, subject to annual review. His pension allowance remains at 25% of salary, reflecting the contractual commitment made on appointment in 2014 (and representing a reduction against the established policy for the CEO role of 35% of salary). His maximum level of award under the annual bonus and PSP as a percentage of salary are not changing from those applicable to his role as CFO. Target bonus opportunity is 75% of salary (consistent with our Policy for the CEO role). These arrangements provide fixed compensation that is circa 15% lower than the previous CEO.

Imran Nawaz – appointed Chief Financial Officer

Imran Nawaz was appointed Chief Financial Officer with effect from 1 August 2018 and his remuneration details were provided on the announcement of his appointment on 17 April 2018. He will receive an annual salary of £470,000. He will receive a company contribution to his pension plan of 20% of base salary (being a reduction against the established policy level of 25% for the Chief Financial Officer role). He will also be eligible for a bonus under Tate & Lyle's discretionary bonus scheme (50% of salary at target and a maximum opportunity of 175% of salary), with bonus participation in the financial year ending 31 March 2019 being on a time pro-rated basis. Imran will be eligible to participate in the PSP with annual awards at up to 300% of base salary, subject to performance conditions over a three-year period.

Consistent with our shareholder-approved Policy on the terms of directors' appointment, we have made provision to compensate Imran for specific short-term and long-term incentives given up by him as a consequence of him leaving his former employer. As announced, these compensatory awards comprised a one-off Restricted Stock Award (RSA) of £800,000 worth of shares in Tate & Lyle PLC (subject to employment and subject to achievement of individual business performance conditions); and we have agreed that in 2018, he will receive a PSP award at 300% of his full annual salary subject to normal PSP performance conditions.

The RSA and 2018 PSP awards will be subject to forfeiture/repayment if he ceases to be employed in the first 36 months of employment due to his resignation or dismissal for cause.

Imran will receive practical relocation assistance including a taxable allowance of £200,000 (gross; being £106,000 estimated net) within a 12-month period following appointment in line with the Company's relocation policy – to mitigate the many expenses expected to be incurred on relocation from Zurich, including stamp duty and equivalent home sale and purchase fees, and taxes and estate agency fees.

Remuneration Policy scenarios for the year ahead

The overall impact of these executive director appointments, and the reduction in pension provision against policy levels and the operation for our incentive plans for the year ahead, is that the total compensation opportunity for each of these roles has reduced year-on-year. The charts below illustrate the value that may be delivered from each element of the package under different performance scenarios for the year ending 31 March 2019.



Javed Ahmed – retires as Chief Executive

As announced on 16 January 2018, Javed Ahmed retired as Chief Executive and ceased employment with the Company on 1 April 2018. Arrangements relating to his departure were disclosed at the time and are set out on page 87.

Other audited disclosures

Single figure table (audited)

£000s	Salary,	/fees	Benet	fits1	Annual	bonus	Share a	wards	Pensi	on	Tota	əl
Year ended 31 March	2018	2017	2018	2017	2018 ²	2017	2018	2017	2018	2017	2018	2017
Chairman												
Dr Gerry Murphy	350	88	-	-	-	-	-	-	-	-	350	88
Executive directors												
Javed Ahmed ³	721	721	41	42	908	1 009	1 750 ⁵	1 215	252	252	3 672	3 239
Nick Hampton ⁴	526	513	13	13	662	808	1 444 5	1 676	131	128	2 776	3 138
Non-executive directors ⁶												
Paul Forman	66	65	-	-	-	-	-	-	-	-	66	65
Lars Frederiksen	66	65	-	-	-	-	-	-	-	-	66	65
Douglas Hurt	95	84	-	-	-	_	-	-	-	-	95	84
Anne Minto	80	78	-	-	-	-	-	-	-	-	80	78
Dr Ajai Puri	91	89	-	-	-	-	-	-	-	-	91	89
Sybella Stanley	66	65	-	-	-	-	-	-	-	-	66	65
Former directors ⁷												
Sir Peter Gershon	-	334	-	-	-	-	-	-	-	-	-	334
William Camp	-	76	-	-	-	-	-	-	-	-	-	76
Liz Airey	22	72	-	-	-	-	-	-	-	-	22	72
Jeanne Johns	46	28	-	-	-	-	-	-	-	-	46	28
Totals	2 129	2 278	54	55	1 570	1 817	3 194	2 891	383	380	7 330	7 421

1 Benefits for executive directors include health insurance and car allowance.

Bonus includes the value of deferred shares (based on the average share price over the period 1 January - 31 March 2018). The cash bonus award to Javed Ahmed was 2 £721,000 and the cash bonus award to Nick Hampton was £526,000.

 Javed Ahmed retired as Chief Executive following the end of the financial year on 1 April 2018 (see page 87).
 Nick Hampton served as Chief Financial Officer during the year, and was appointed Chief Executive following the end of the financial year on 1 April 2018 (see page 85). 5 This is the PSP Award made in 2015. PSP awards outcomes are discussed on page 83, and the value is included in the table above based on a share price of £5.98, being the closing share price on 21 May 2018 when the Remuneration Committee determined performance conditions were met. For Nick Hampton, this also includes the value from SAYE awards on release from the 2014 SAYE scheme.

6 In accordance with the Group's expenses policies, non-executive directors receive reimbursement for their reasonable expenses for attending Board meetings. In instances where those costs are treated by HMRC as taxable benefits, the Group also meets the associated tax cost to the non-executive director through a PAYE

 settlement agreement with HMRC. Amounts are minimal and do not show in the table after rounding.
 William Camp stepped down as Director on 31 March 2017 and Sir Peter Gershon stepped down as Chairman on 31 March 2017. Liz Airey stepped down as a Director on 27 July 2017. Jeanne Johns stepped down as a Director on 31 October 2017.

Total pension entitlements (audited)

Directors participate in arrangements that are defined contribution in nature. Contributions made to or in lieu of pension in respect of each director during the year are shown in the single figure table, and are equivalent to 35% of salary for Javed Ahmed as Chief Executive and 25% for Nick Hampton as Chief Financial Officer, reflecting contracts on appointment. Nick Hampton was appointed Chief Executive effective 1 April 2018 and his pension contribution will remain at 25% of salary.

0/2 of

Payments to past directors (audited)

As announced on 16 January 2018, Javed Ahmed retired as Chief Executive and ceased employment with the Group on 1 April 2018. His salary and other benefits all ceased with effect from this date.

As previously announced, and in keeping with our shareholder approved policy, the Committee determined that Javed would retain:

- An entitlement to bonus in relation to the year ending 31 March 2018, which was determined and will be paid in due course in line with full year performance (as described on page 82)
- Deferred bonus awards, which were earned based on performance in the relevant year, may be released at the end of the relevant deferral period, in accordance with the applicable Scheme rules
- Rights to previously granted awards under the PSP, which remain subject to the relevant performance criteria, and may vest on the normal vesting dates, on a time pro-rated basis reflecting the proportion of the three-year vesting period during which he was employed, in accordance with the applicable Scheme rules.

The Committee has not exercised any discretion in relation to the assessment of any performance conditions or the timing of vesting, or the basis on which relevant awards will be pro-rated.

Payments for loss of office

There have been no other payments to past directors other than as disclosed in this Report. No loss of office payments have been made during the year.

Share awards made during the year ended 31 March 2018 (audited)

	Award	Type of award	Date of grant	Number of shares	Face value of award	Performance conditions	Performance period	% of vesting at threshold
Javed Ahmed	Group Bonus Plan (31 March 2017)	Nil cost option	23 May 2017	39 850	£288 4021	None ²	Two-year deferral	n/a
	Performance Share Plan ³	Nil cost option	16 August 2017	298 875	£2 163 018	25% F&B Solutions adjusted operating profit; 25% Group adjusted profit; 50% adjusted ROCE ⁴	Three financial years ending 31 March 2020 plus two-year holding period	15%
Nick Hampton	Group Bonus Plan (31 March 2017)	Nil cost option	23 May 2017	40 739	£294 8361	None ²	Two-year deferral	n/a
	Performance Share Plan ³	Nil cost option	16 August 2017	217 855	£1 576 660	25% F&B Solutions adjusted operating profit; 25% Group adjusted profit; 50% adjusted ROCE ⁴	Three financial years ending 31 March 2020 plus two-year holding period	15%
	Sharesave Scheme⁵	Savings- related options	4 December 2017	3 243	£17 998	Continued employment [SAYE]	Three years ending 1 March 2021	n/a

1 Deferred shares are granted under the annual bonus plan (as described on page 82). The full value of these awards has been previously disclosed for each Director in the single figure' table in last year's Annual Report for the year ended 31 March 2017 and is similarly included in the 2017 figure in the single figure' table on page 86 of this Report. The share allocation was made during the year ending 31 March 2018, and shown in the table above, based on the average share price over the last three months of the preceding financial year, being 723.72 pence per share for the 2017 award.

2 Deferred bonus awards were subject to performance conditions in the year ending 31 March 2017, and remain subject to continued employment in accordance with the Scheme rules.

3 Under the terms of the plan approved by shareholders, the number of shares comprising an award in any year is calculated based on the average share price over the last three months of the preceding financial year, being 723.72 pence per share for the 2017 award. In 2017, the Committee approved awards of 300% of salary for the Chief Executive and 300% of salary for the Chief Financial Officer, which is within our approved Remuneration Policy. Performance conditions applicable to PSP awards made in 2017 are described on page 83.

Savings-related share options are options granted under the HMRC-approved Sharesave Plan. Options are granted on the same terms to all participating employees, 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 savings contract. The exercise price per share for these shares under option is 555.00 pence, reflecting a 20% discount to market value as permitted under HMRC rules, and is applicable to all participants.

Directors' Remuneration Report continued

Historic awards under all-employee schemes (audited)

The table below sets out the current position of options to subscribe for ordinary shares of the Company that were granted to executive directors in the years prior to the current reporting year.

Savings-related share options are options granted under the HMRC-approved Sharesave Plan. Options are granted on the same terms to all participating employees, 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 savings contract. The exercise price reflects a 20% discount to market value as permitted under HMRC rules, and is applicable to all participants.

	As at 1 April 2017 (number)	Options vested during year (number)	Options exercised during year (number)	Options lapsed during year (number)	As at 31 March 2018 (number)	Exercise price (pence)	Exercise period
Javed Ahmed	5 941	-	-	-	5 941	510.00	01/03/20 to
Savings-related options 2014							31/08/20
Nick Hampton	3 529	3 529	3 529	-	-	510.00	01/03/18 to
Savings-related options 2014							31/08/18

Share awards made in prior years (audited)

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

	As at 31 March 2017 (number)	Awards vested during year (number)	Awards lapsed during year (number)	Awards exercised during year (number)	As at 31 March 2018 (number)	Market price on date awards granted (pence)	Market price on date awards exercised (pence) ⁶	Vesting date
Javed Ahmed								
Share-incentive arrangements on recruitment:								
Compensatory Award A ¹	419 403	-	-	419 403	-	444.90	661.60	01/10/11
Performance Share Plan ^{2, 3} :								
2013	29 148	-	-	29 148	-	817.50	726.97	15/06/16
2014	305 584	152 792	152 792	152 792	-	707.83	726.97	15/06/17
20154	292 595	-	-	-	292 595	616.04	-	After 31/03/18
2016	374 124	-	-	-	374 124	578.15	-	After 31/03/19
Group Bonus Plan								
2016	42 742				42 742	578.15		25/05/2018
Nick Hampton								
Share incentive arrangements on recruitment:								
2015 Restricted Share	101 701	101 701		101 701		F7/00	70/07	15/07/117
Award ⁵	121 781	121 781	-	121 781	-	574.80	726.97	15/06/17
Performance Share Plan ^{2,3} :						(1/0/		A (1) 01 /00 /10
20154	241 251	-	-	-	241 251	616.04	-	After 31/03/18
2016	266 064	-	-	-	266 064	578.15	-	After 31/03/19
Group Bonus Plan:								
2016	29 368				29 368	578.15	-	25/05/2018

1 This award, to compensate Javed Ahmed for certain long-term incentives given up by him as a consequence of leaving his former employer, was not subject to performance conditions. The shares were available to exercise from 1 October 2011, being the second anniversary of Javed Ahmed joining the Group.

The three-year performance period for these awards began on the first day of the financial year in which the award was granted.

3 The performance conditions for PSP awards made in 2013, 2014 and 2015 are 50% adjusted diluted EPS and 50% adjusted ROCE, as described in this Report. The performance conditions for the PSP awards made in 2016 are 25% Food & Beverage Solutions adjusted operating profit; 25% Group adjusted profit; 50% adjusted ROCE (as described on page 84).

The PSP award made in 2015 will vest at 100%, following the Committee's assessment of performance conditions (as described on page 83).
This award, as described on page 71 of the 2015 Annual Report, was made to compensate Mr Hampton for incentives forfeited with his previous employer.
These awards are structured as nil cost options; awards were exercised with a nil exercise price.

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 shareholders.

Our executive shareholding requirements are more demanding and extend to a greater number of senior executives in the Group when compared with similar UK-listed companies.

- The Chief Executive has a target share ownership requirement of four times base salary. At 31 March 2018, Javed Ahmed held shares in accordance with this policy with a value just under 30 times base salary
- The Chief Financial Officer has a target shareholding of three times base salary, to be achieved within five years of appointment. Nick Hampton joined the Group in September 2014, and at 31 March 2018, he held shares in accordance with the policy with a value of just under three times base salary as Chief Financial Officer
- Other Executive Committee members are subject to the share ownership policy, with target holdings at three times salary
- This policy extends to a broader group of executives who have senior leadership roles within the Group. The shareholding target for this group is equal to their base salary.

Under the shareholding policy, the value of shareholdings is assessed net of tax, at the prevailing share price, and executives are expected to reach the required level of shareholding within five years of appointment. The Committee monitors progress against the share ownership requirements annually.

Directors' interests (audited)

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

	Interest in shares ¹	Nil cost options – conditional on performance ²	Shares – not conditional on performance ³	Options – not conditional on performance ⁴	Total as at 31 March 2018	Total as at 31 March 2017
Chairman						
Dr Gerry Murphy	20 000	-	-	-	20 000	10 000
Executive directors						
Javed Ahmed	3 431 568	965 594	82 592	5 941	4 485 695	4 568 387
Nick Hampton	190 032	725 170	70 107	3 243	988 552	784 154
Non-executive directors						
Paul Forman	10 000	-	-	-	10 000	10 000
Lars Frederiksen	15 000	-	-	-	15 000	15 000
Douglas Hurt	10 000	-	-	-	10 000	10 000
Anne Minto	8 600	-	-	-	8 600	8 600
Dr Ajai Puri	10 018	-	-	-	10 018	10 018
Sybella Stanley	4 983	-	-	-	4 983	3 983
Former directors						
Liz Airey ⁵	26 000	-	-	-	26 000	26 000
Jeanne Johns ⁵	4 000		-	-	4 000	

1 Includes shares owned by connected persons.

2 Awards under the PSP. These awards were made as options with a nil exercise price.

3 Deferred share awards made under the Group Bonus Plan.

4 These are HMRC-approved Sharesave Plan awards.

5 As at the date they ceased to be a Director.

There were no changes in Directors' interests in the period from 1 April 2018 to 23 May 2018.

On behalf of the Board

Anne Minto OBE

Chair of the Remuneration Committee

23 May 2018

Strategic Report

Governance

Directors' Report

About the Directors' Report

The Directors' Report comprises the Governance section from pages 52 to 71, the Directors' Report on pages 90 and 91 and the Useful Information section from pages 177 to inside back cover. Other information that is relevant to the Directors' Report, and which is incorporated by reference into the Directors' Report, is disclosed as follows:

- Likely future developments of the Company (throughout the Strategic Report)
- Human rights (page 42)
- Greenhouse gas emissions (pages 48 and 49)
- Relationship with employees (pages 42 to 44)
- Financial instruments (Note 29)
- Post balance sheet events (Note 35).

Results and dividend

A review of the consolidated Group's results can be found on the inside front cover to page 51.

An interim dividend of 8.4 pence per ordinary share was paid on 5 January 2018. The Directors recommend a final dividend of 20.3 pence per ordinary share to be paid on 1 August 2018 to shareholders on the register on 22 June 2018, subject to approval at the 2018 Annual General Meeting (AGM). The total dividend for the year is 28.7 pence per ordinary share (2017 – 28.0 pence).

The Trustees of the Tate & Lyle PLC Employee Benefit Trust (the EBT) have waived their right to receive dividends over their total holding of 4,788,306 ordinary shares as at 31 March 2018.

Research and development

The Group spent £35 million (2017 – £37 million) on research and development during the year.

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 may delegate day-to-day management and decision making to individual executive directors. Details of the Board Committees can be found on pages 66 to 71 and on page 79.

Share capital

As at 31 March 2018, the Company had nominal issued ordinary and preference share capital of £119 million comprising £117 million in ordinary shares, including £0.6 million in treasury shares and £2 million in preference shares.

To satisfy obligations under employee share plans, the Company issued 52,068 ordinary shares during the year and reissued 1,010,461 ordinary shares from treasury. The Company issued 2,646 shares during the period from 1 April 2018 to 23 May 2018. Further information about share capital is in Note 22. Information about options granted under the Company's employee share plans is in Note 31.

The Company was given authority at the 2017 AGM to make market purchases of up to 46,468,572 of its own ordinary shares. The Company made no purchases of its own ordinary shares during the year ended 31 March 2018, however the EBT purchased 3.9 million ordinary shares in the year. This authority will expire at the 2018 AGM and approval will be sought from shareholders for a similar authority to be given for a further year.

Restrictions on holding shares

There are no restrictions on the transfer of ordinary and preference shares in the capital of the Company.

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 in 'Shareholders' rights' on preference shares. The Company is not aware of any agreements between shareholders that may restrict the transfer or exercise of voting rights.

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 or 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.

Change of control

At 31 March 2018, the Group had a committed bank facility of US\$800 million with a number of relationship banks which contains change of control clauses. The Group also had £200 million of Guaranteed Notes and US\$400 million of Private Placement Notes which contain change of control provisions. In aggregate, this financing is considered significant to the Group and in the event of a takeover (change of control) of the Company, these contracts may be cancelled, become immediately payable or be subject to acceleration.

All the Company's share plans contain provisions relating to a change of control. Further information is set out in the Directors' Remuneration Policy.

Disclosure table pursuant to Listing Rule LR 9.8.4C

In accordance with LR 9.8.4C, the table below sets out the location of the information required to be disclosed, where applicable.

Appli	cable sub-paragraph within LR 9.8.4	Page(s)
(1)	Interest capitalised by the Group	127
[2]	Unaudited financial information	None
(4)	Long-term incentive scheme only involving a Director	85 and 88
(5)	Directors' waivers of emoluments	None
(6)	Directors' waivers of future emoluments	Not applicable
(7)	Non pro-rata allotments for cash (issuer)	90
(8)	Non pro-rata allotments for cash (major subsidiaries)	None
(9)	Listed company is a subsidiary of another company	Not applicable
(10)	Contracts of significance involving a Director	None
[11]	Contracts of significance involving a controlling shareholder	Not applicable
(12)	Waivers of dividends	90
(13)	Waivers of future dividends	90
(14)	Agreement with a controlling shareholder	Not applicable

DTR Rule 5 disclosure

As at 31 March 2018, 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 ²	% held²
Black Rock, Inc. ¹	46 514 801	9.97
Ameriprise Financial, Inc.	23 767 456	5.10
Standard Life Aberdeen plc	23 463 001	5.04
The Capital Group Companies, Inc.	23 129 245	4.96
Artemis Investment Management LLP ¹	23 045 106	4.94
AXA S.A. ¹	22 890 148	4.98
Invesco Limited ¹	23 111 061	4.95
Schroders plc ¹	23 098 654	4.95
Barclays Global Investors ¹	17 568 133	3.59

 Notification was made over 12 months ago; as permitted under Rule 5, shareholders are not required to notify us of subsequent changes within certain ranges.

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

In the period from 1 April 2018 to 23 May 2018, there have been no changes, notified to the Company, to the holdings as disclosed above.

Political donations

Again this year, in line with the Group's policy, no political donations were made in the European Union (EU). Outside the EU, the Group's US business made contributions during the year totalling US\$26,200 (£18,700) (2017 – US\$22,000; £17,000) to state political party committees or political action committees, and to the campaign committees of state or local candidates affiliated to the major parties. In all, nine separate donations were made, the largest being US\$10,000 and the smallest US\$500.

US\$12,700 (£9,000) (2017 – US\$17,450; £13,000) was also contributed by the Tate & Lyle Political Action Committee (PAC). Eight separate donations were made, the largest being of US\$3,000 and the smallest US\$500. The PAC is funded entirely by US employees. Employee contributions are entirely voluntary and no pressure is placed on US employees to participate. No funds are provided to the PAC by Tate & Lyle but under US law, an employee-funded PAC must bear the name of the employing company.

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 regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and Company Financial Statements in accordance with UK GAAP (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework' 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 year.

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 applicable IFRSs as adopted by the EU have been followed for the Group Financial Statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company Financial Statements, subject to any material departures disclosed and explained in the Financial Statements
- 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 Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group. These records should 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. The Directors 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 page 52, confirms that, to the best of his or her knowledge:

- The Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's and the Group's position and performance, business model and strategy
- The Group Financial Statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group
- The Company Financial Statements, which have been prepared in accordance with UK GAAP (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework' and applicable law) give a true and fair view of the assets, liabilities, financial position and profit of the Company
- The Strategic Report and the Directors' Report include a fair review of the development and performance of the business and the position of the Group and the Company, 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 Group and Company's auditors are aware of that information.

The Directors' Report on pages 52 to 71, pages 90 and 91 and pages 177 to the inside back cover and the Directors' Remuneration Report from pages 72 to 89 of this Annual Report were approved by the Directors on 23 May 2018.

On behalf of the Board

Claire-Marie O'Grady

Company Secretary 23 May 2018 Governance

Financial Statements

Useful Information

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

Report on the audit of the financial statements

Opinion

In our opinion:

- Tate & Lyle PLC's Group financial statements and Parent Company financial statements (the 'financial statements') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2018 and of the Group's profit and cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated Statements of Financial Position as at 31 March 2018; the Parent Company Balance Sheet as at 31 March 2018, the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated and Parent Company Statements of Changes in Equity for the year then ended; and the notes to the Consolidated and Parent Company financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company.

Other than those disclosed in Note 9 to the financial statements, we have provided no non-audit services to the Group or the Parent Company in the period from 1 April 2017 to 31 March 2018.

Our audit approach

Context

The context of our audit was set by the Group's major activities in the year ended 31 March 2018 ('FY18'). FY18 involved few significant business changes, although as a result of the Food Systems business being fully integrated into Food & Beverage Solutions, the business revised its allocation of goodwill to the CGUs. The goodwill associated with Biovelop, the Group's oat business in Sweden, continues to be sensitive to reasonably possible changes in assumptions. As such we have retained goodwill and intangible asset impairment as a key audit matter.

Our other key audit matters have been further refined to reflect certain developments in the Group during FY18.

Overview



The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. We designed audit procedures at Group and significant component level to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the Group and Parent Company financial statements, including, but not limited to, the Companies Act 2006, the Listing Rules, Pensions legislation, UK tax legislation and equivalent local laws and regulations applicable to significant component teams. Our tests included, but were not limited to, discussions with in-house legal counsel and inspection of underlying support and calculations where applicable. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

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

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter

How our audit addressed the key audit matter

Commodity risk (Group)

Refer to Notes 2, 28 and 29 in the Group financial statements.

The Group's accounting policy is to mark-to-market at each balance sheet date its commodity positions, including its forward sales and purchase contracts with customers and grain suppliers. In addition, certain commodity raw material inventories are measured at net realisable value. The Group manages the commodity price risk on sales and purchase contracts by taking long and short positions and through the use of derivative financial instruments, primarily futures and options contracts.

This was a key audit matter due to the complexity of the calculations and the judgement involved in the valuation of certain commodities positions, most notably co-products that do not have an actively traded futures market. These co-products include corn gluten feed, corn gluten meal and corn oil. Additionally, basis adjustments are made to certain commodity valuations to reflect market conditions, which necessitate further management judgement.

The fair values of commodities pricing contracts as at 31 March 2018 were assets of £22 million and liabilities of £11 million.

We understood and evaluated management's process for managing the commodity price risk inherent within its commodity positions and compared it with management's underlying risk management and accounting policies. No matters were identified that would indicate that the risk management and accounting policies were not being followed.

We obtained management's forward pricing sheet for commodities used in its mark-to-market calculations. For those commodities with an actively traded market, we assessed the consistency of the forward prices with those published by the Chicago Mercantile Exchange. For those commodities where an active futures market does not exist (principally co-products) and for the basis adjustments made, we understood and challenged management's methodology for determining the valuations, including the inputs and assumptions used. To further assess the reasonableness of the forward prices estimated by management, we performed trend analyses against similar market or exchange traded commodities and compared certain ratios of co-product prices against historical ratios.

In addition to testing the forward price estimates, we audited the calculations of the fair value and associated unrealised gains and losses on the commodity based positions. We found that management's forward price estimates and the calculations of fair value of positions were reasonable and supported by market observable data, where appropriate.

Where management had calculated values by reference to nonmarket observable data, we found that these were within acceptable ranges.

For derivative financial instruments, which were used to manage the commodity price risk, we independently confirmed these positions with the counterparty and recalculated the fair value of the positions held. We found that the fair values of these derivative financial instruments were supported by the confirmations and recalculations.

Key audit matter

Complex tax accounting and uncertain tax positions (Group)

Refer to Notes 2 and 12 in the Group financial statements. The nature of the Group's multinational and cross-border operations exposes it to complicated tax regulations. This requires management to exercise judgement in determining the appropriate amount of tax to provide in respect of tax obligations in a number of jurisdictions. In addition, certain financing arrangements that the Group has entered into, while not uncommon or unduly aggressive, have been previously subject to enquiry by tax authorities. Changes in management's estimates of the likely result of enquiries by tax authorities could materially affect the quantum of tax provisions recognised in the Group financial statements. At 31 March 2018 the Group had centrally held provisions for uncertain tax positions of £30 million (2017 – £34 million). There have also been changes in tax law in the US that have impacted the Group's current and deferred tax balances at 31 March 2018. The most significant impact has been in respect of the US Tax Cuts and Jobs Act ('US Tax Reform') which was substantively enacted before the year-end. Some of the changes are complex and there are a number of areas of uncertainty relating both to the manner in which the law will apply and to the accounting in certain areas.

Retirement benefit obligations and assets (Group)

Refer to Notes 2 and 30 in the Group financial statements. The Group has significant retirement benefit obligations in the UK and the US, including unfunded retirement medical plans in the US. At 31 March 2018 the present value of these obligations was $\pounds1,612$ million (2017 – $\pounds1,769$ million) offset by plan assets at fair value of $\pounds1,630$ million (2017 – $\pounds1,630$ million) in respect of funded schemes.

These retirement benefit obligations were determined based on a number of actuarial assumptions and calculations, which were subject to significant judgement and estimate. Changes in these assumptions can have a material impact on the quantum of obligations recorded in the consolidated statement of financial position.

During FY18 an additional lump sum payment of £56 million was made to reduce the deficit in the US pension scheme.

How our audit addressed the key audit matter

In conjunction with our UK, US, and international tax and transfer pricing specialists, we evaluated and challenged management's judgements in respect of estimates of tax exposures and contingencies, in order to assess the adequacy of the Group's tax provisions. This included obtaining a detailed understanding of the Group's key technical tax matters and the related risks, including business and legislative developments.

We recalculated management's valuation of its tax provisions and determined whether the calculations were in line with the Group's methodology and principles, and whether they had been applied on a basis consistent with previous years. We also examined management's analysis of its financing arrangements and considered recent correspondence with the tax authorities and third party tax advisors. From the evidence obtained, we concluded that the level of provisioning was acceptable.

Additionally, we assessed the appropriateness of judgements and estimates, as they pertain to taxation matters and concluded they were appropriate.

We have assessed management's treatment of changes arising from US Tax Reform with help from our UK and US tax specialists and consider the judgements made, including the classification of the impact of the changes as exceptional, to be appropriate.

We understood and evaluated the assumptions used by the Group's actuaries and management in calculating the retirement benefit obligations for the defined benefit pension plans in the UK and the US and the unfunded retirement medical scheme in the US.

In conjunction with our pension specialists, we challenged the actuarial assumptions by comparing these against benchmark ranges based on the market conditions and expectations at 31 March 2018. Based on our review of the assumptions, in each case we found that the actuarial assumptions used were reasonable and sat within our acceptable range and, where appropriate, were applied on a basis consistent with previous years.

In addition, we independently confirmed the pension assets held by the UK and US schemes with the third-party custodians and fund managers. We also performed an independent assessment of the asset valuations and concluded that they were appropriate.

We considered it appropriate to classify the additional lump sum payment as exceptional as it is non-recurring and material. Governance

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

Key audit matter

Goodwill and intangible asset impairment (Group)

Refer to Notes 2 and 19 in the Group financial statements. At 31 March 2018 the Group had a net balance of £204 million of goodwill (2017 – £212 million) spread across multiple geographies and relating to multiple cash generating units ('CGUs'). In addition, the Group had £156 million of intangible assets (2017 –£189 million) comprising patents and other intellectual property, capitalised development expenses and other acquired intangible assets.

The carrying values of goodwill and intangible assets are contingent on future cash flows and there is a risk that the assets will be impaired if these cash flows do not meet the Group's expectations. The impairment reviews performed by the Group contained a number of judgements and estimates including revenue growth, the success of market and capacity expansion, profit margin, cash conversion, terminal values and discount rates. Changes in these assumptions could lead to an impairment to the carrying value of intangible assets and goodwill. During the year, the Group had reevaluated the allocation of Goodwill to the CGUs and reduced the number of CGUs triggered by the Group reorganisation whereby the Food Systems business has been fully integrated into the Food & Beverage Solutions segment.

Investments in subsidiaries (Parent)

Refer to Notes 1 and 4 in the Parent Company financial statements. The Parent Company holds direct investments in Group subsidiaries. This is the entity's principal activity and therefore a key audit matter. At 31 March 2018, the Parent Company had investments in subsidiary undertakings of £1,037 million (2017 – £1,028 million).

We obtained the Group's annual impairment analyses and tested

How our audit addressed the key audit matter

We obtained the Group's annual impairment analyses and tested the reasonableness of key assumptions, including profit and cash flow growth or decline, terminal values and the selection of discount rates.

We performed our own independent sensitivity calculations to quantify downside changes to management's models required to result in impairment.

With the exception of Biovelop, there is no reasonably possible change in one or more of the key assumptions used in the impairment tests for goodwill and other intangible assets that would give rise to an impairment loss during the coming year. Our work surrounding the assessment of Biovelop involved analysing the validity of the key assumption for the valorisation of its co-products. Incorporating this into the model, it remains highly sensitive to a reasonably possible change in assumptions, and as such, a disclosure has been made within the Group's financial statements (Note 19), together with a sensitivity analysis performed.

We obtained the details of the Parent Company's investments in subsidiaries on the balance sheet and compared them to the Parent Company's share of the subsidiaries' net assets. As a result of our work, which leveraged the procedures performed over the goodwill and intangible asset impairment models described above, we determined that the impairment charges and reversals recognised during the year were appropriate and that the carrying values of the assets recognised on the balance sheet were supportable.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Parent Company, the accounting processes and controls, and the industry in which they operate.

The Group is structured across three reportable segments; Food & Beverage Solutions, Sucralose and Primary Products, with a central support function. The Group financial statements are a consolidation of the Group's reporting units, spread across the three reportable segments, which comprise the Group's operating businesses and centralised functions covering more than 250 individual components.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at the reporting units by us, as the Group engagement team, or component auditors from other PwC network firms operating under our instructions. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components, in order to be able to conclude whether sufficient appropriate audit evidence had been obtained, as a basis for our opinion on the Group financial statements as a whole. This involvement included oversight visits and review of working papers at the GSS in Poland, and the Group's two financially significant components in the US (the US Primary Products business and the US Food & Beverage Solutions business). We also attended the clearance meetings for these components. In addition, we met with management in Brazil, Sweden and the UK, and the non-PwC firm audit team for the Group's joint venture in Mexico, and reviewed the audit work they performed.

The Parent Company operates as a single entity. Work on the audit was performed by both the Group audit team and our component team at the GSS in Poland. All work was overseen by the Group audit team. Members of the Group audit team conducted a site visit to the GSS in Poland to discuss the work performed by those auditors.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	0 1 1 1 1 1	
	Group financial statements	Parent Company financial statements
Overall materiality	£14.7 million (2017 – £12.0 million).	£3·4 million (2017 – £1.6 million).
How we determined it	5% of profit before tax from continuing operations (£286 million) adding back the Group's share of tax of joint ventures and associates (£12 million) and exceptional items (£2 million).	5% of result before tax adding back the receipt of intercompany dividends.
Rationale for benchmark applied	The Group's principal measure of earnings is adjusted profit before tax from continuing operations, which excludes exceptional items, amortisation of acquired intangible assets and net retirement benefit interest from profit before tax. The Group adjusts for exceptional items as it believes that doing so is necessary to provide an understanding of financial performance. We have not used adjusted profit before tax, as defined above, as our benchmark since the amortisation of acquired intangible assets and net retirement benefit interest are recurring items.	The Company's principal measure of earnings is profit before tax.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £1 million and £11 million. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £750,000 (Group audit) (2017 – £500,000) and £340,000 (Parent Company audit) (2017 – £160,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group's and the Parent Company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Parent Company's ability to continue as a going concern.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Governance

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. *(CA06)*

In light of the knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. *(CA06)*

The Directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

We have nothing material to add or draw attention to regarding:

- The Directors' confirmation on page 39 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The Directors' explanation on page 39 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the 'Code'); and considering whether the statements are consistent with the knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit. *(Listing Rules)*

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the Directors, on page 91, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Parent Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Parent Company obtained in the course of performing our audit.
- The section of the Annual Report on page 68 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the Parent Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. *(CA06)*

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' Statement of Responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the Parent 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.

Other required reporting

Companies Act 2006 reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 24 January 1990 to audit the financial statements for the year ended 29 September 1990 and subsequent financial periods. The period of total uninterrupted engagement is 28 years, covering the years ended 29 September 1990 to 31 March 2018.

John Waters (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors

London

23 May 2018

Consolidated Income Statement

		Year e	Year ended 31 March	
	Notes	2018 £m	2017 £m	
Continuing operations				
Sales	5	2 710	2 753	
Operating profit	6	290	233	
Finance income	11	2	2	
Finance expense	11	(34)	(34)	
Share of profit after tax of joint ventures and associates	21	28	32	
Profit before tax		286	233	
Income tax (expense)/credit	12	(23)	22	
Profit for the year – continuing operations		263	255	
Profit for the year – discontinued operations	8	2	1	
Profit for the year – total operations		265	256	

Profit for the years presented from total operations is entirely attributable to owners of the Company.

Earnings per share		Pence	Pence
Continuing operations:	13		
- basic		57.0p	55.0p
- diluted		56.1p	54.2p
Total operations:	13		
- basic		57.4p	55.2p
– diluted		56.5p	54.4p
Profit before tax – continuing operations Adjusted for:		286	233
		286	233
Net (gain)/loss on exceptional items	7	(2)	19
Amortisation of acquired intangible assets	19	12	12
Net retirement benefit interest	11, 30	5	7
Adjusted profit before tax – continuing operations	4	301	271
Adjusted income tax expense – continuing operations	4, 12	(66)	(49)
Adjusted profit for the year – continuing operations	4	235	222

Consolidated Statement of Comprehensive Income

		Year er	ded 31 March
	Notes	2018 £m	2017 £m
Profit for the year		265	256
Other comprehensive income/(expense)			
Items that have been/may be reclassified to profit or loss:			
Fair value gain on cash flow hedges	23	-	1
Fair value (gain)/loss on cash flow hedges transferred to the income statement	23	(4)	4
Reclassified and reported in the income statement in respect of			
available-for-sale financial assets	23	-	(1)
Fair value gain on available-for-sale financial assets	23	3	-
(Loss)/gain on currency translation of foreign operations	23	(122)	185
Fair value gain/(loss) on net investment hedges	23	39	(69)
Share of other comprehensive (expense)/income of joint ventures and			
associates	21, 23	(9)	7
Amounts transferred to the income statement upon disposal of subsidiary	23, 34	-	(1)
Amounts transferred to the income statement upon disposal of associate	21, 23	(1)	-
Tax effect of the above items	12, 23	-	-
		(94)	126
Items that will not be reclassified to profit or loss:			
Re-measurement of retirement benefit plans:			
– actual return higher than interest on plan assets	30	2	179
 net actuarial gain/(loss) on retirement benefit obligations 	30	41	(106)
Tax effect of the above items	12	(33)	(30)
		10	43
Total other comprehensive (expense)/income		(84)	169
Total comprehensive income		181	425
Analysed by:			
– continuing operations		179	425
– discontinued operations		2	
Total comprehensive income		181	425

Total comprehensive income is entirely attributable to owners of the Company.

Strategic Report

Governance

Financial Statements Useful Information

Consolidated Statement of Financial Position

		2010	At 31 March
	Notes	2018 £m	2017 £m
ASSETS			
Non-current assets			
Goodwill and other intangible assets	19	360	401
Property, plant and equipment	20	965	1 061
Investments in joint ventures	21	85	92
Investments in associates	21	-	L
Available-for-sale financial assets	18	37	30
Derivative financial instruments	28	8	15
Deferred tax assets	12	7	22
Trade and other receivables	17	3	1
Retirement benefit surplus	30	178	120
· · · · · · · · · · · · · · · · · · ·		1 643	1 746
Current assets			
Inventories	15	419	441
Trade and other receivables	17	294	291
Current tax assets	12	1	1
Derivative financial instruments	28	24	31
Cash and cash equivalents	16	190	261
		928	1 025
TOTAL ASSETS		2 571	2 771
EQUITY			
Capital and reserves			
Share capital	22	117	117
Share premium	22	406	406
Capital redemption reserve		8	8
Other reserves	23	159	253
Retained earnings		677	548
Equity attributable to owners of the Company		1 367	1 332
TOTAL EQUITY		1 367	1 332
LIABILITIES			
Non-current liabilities			
Trade and other payables	24	10	10
Borrowings	25	554	604
Derivative financial instruments	28	21	37
Deferred tax liabilities	12	42	25
Retirement benefit deficit	30	160	259
Provisions for other liabilities and charges	32	15	17
5		802	952
Current liabilities			
Trade and other payables	24	312	315
Current tax liabilities	12	57	57
Borrowings and bank overdrafts	25	16	88
Derivative financial instruments	28	12	17
Provisions for other liabilities and charges	32	5	10
		402	487
TOTAL LIABILITIES		1 204	1 439
TOTAL EQUITY AND LIABILITIES		2 571	2 771
TOTAL EQUIT AND LIABILITIES		2 371	277

The notes on pages 105 to 168 form part of these financial statements. The consolidated financial statements on pages 100 to 168 were approved by the Board of Directors on 23 May 2018 and signed on its behalf by:

Nick Hampton

Director

Consolidated Statement of Cash Flows

		2018	ided 31 March 2017
	Notes	£m	£m
Cash flows from operating activities			
Profit before tax from continuing operations		286	233
Adjustments for:			
 depreciation of property, plant and equipment 	20	114	109
 amortisation of intangible assets 	19	40	40
 share-based payments 	31	15	21
 exceptional income statement items 	7	(4)	(5)
 net finance expense 	11	32	32
 share of profit after tax of joint ventures and associates 	21	(28)	(32)
Net retirement benefit obligations, comprising:		(94)	(36)
 Accelerated US defined benefit schemes contribution (exceptional cash flows) 	7	(56)	-
– Underlying funding		(38)	(36)
Changes in working capital and other non-cash movements	26	(36)	4
Cash generated from continuing operations		325	366
Net income tax paid, comprising:		(11)	(35)
– Cash tax benefit on accelerated contribution (exceptional cash flows)	7	20	-
 Net underlying income tax paid 		(31)	(35)
Interest paid		(27)	(30)
Cash used in discontinued operations	8	(1)	(3)
Net cash generated from operating activities		286	298
Cash flows from investing activities			
Purchase of property, plant and equipment		(111)	(127)
Purchase of intangible assets		(20)	(127)
Disposal of property, plant and equipment		(20)	(20)
Cash adjustment in respect of previous acquisitions		_	2
	34	-	3
Disposal of businesses, net of cash disposed		-	3
Disposal of associates Purchase of available-for-sale financial assets	34	5	-
	18	(8)	[4]
Disposal of available-for-sale financial assets		4	4
Interest received	01	2	2
Dividends received from joint ventures and associates	21	26	29
Net cash used in investing activities		(102)	(114)
Cash flows from financing activities			
Purchase of own shares to trust or treasury	22	(27)	(18)
Cash inflow from additional borrowings		4	66
Cash outflow from repayment of borrowings		(77)	(189)
Repayment of capital element of finance leases		(1)	(1)
Dividends paid to the owners of the Company	14	(131)	(130)
Net cash used in financing activities		(232)	(272)
	27	(48)	(88)
		(40)	(00)
Cash and cash equivalents		2/4	017
Balance at beginning of year	07	261	317
Net decrease in cash and cash equivalents	27	(48)	(88)
Currency translation differences	27	(23)	32
Balance at end of year	16	190	261

A reconciliation of the movement in cash and cash equivalents to the movement in net debt is presented in Note 27.

Governance

Consolidated Statement of Changes in Equity

	Share capital and share premium £m	Capital redemption reserve £m	Other reserves £m	Retained earnings £m	Attributable to the owners of the Company £m	Non- controlling interests (NCI) £m	Total equity £m
At 1 April 2016	523	8	127	370	1 028	1	1 029
Year ended 31 March 2017:							
Profit for the year – total operations	-	-	-	256	256	-	256
Other comprehensive income	-	-	126	43	169	-	169
Total comprehensive income	-	-	126	299	425	-	425
Share-based payments, net of tax	-	-	-	24	24	-	24
Purchase of own shares to trust or treasury	-	-	-	(18)	(18)	-	(18)
Derecognition of put option on NCI	-	-	-	3	3	-	3
Movement on NCI	-	-	-	-	-	(1)	(1)
Dividends paid (Note 14)	-	-	-	(130)	(130)	-	(130)
At 31 March 2017	523	8	253	548	1 332	-	1 332
Year ended 31 March 2018:							
Profit for the year – total operations	-	-	-	265	265	-	265
Other comprehensive (expense)/income	-	-	(94)	10	(84)	-	(84)
Total comprehensive (expense)/income	-	-	(94)	275	181	-	181
Share-based payments, net of tax	-	-	-	12	12	-	12
Purchase of own shares to trust or treasury	-	-	-	(27)	(27)	-	(27)
Dividends paid (Note 14)	-	-	-	(131)	(131)	-	(131)
At 31 March 2018	523	8	159	677	1 367	-	1 367

		Year ended 31 March	
Dividends on ordinary shares (pence per share)	Notes	2018 Pence	2017 Pence
In respect of the financial year:	14		
- interim		8.4	8.2
- final		20.3	19.8
		28.7	28.0
Paid in the financial year:	14		
 interim – in respect of the financial year 		8.4	8.2
 final – in respect of the previous financial year 		19.8	19.8
		28.2	28.0

1. Basis of preparation

Description of business

Tate & Lyle PLC (the Company) is a public limited company incorporated in the United Kingdom and registered in England. The Company's ordinary shares are listed on the London Stock Exchange.

The Company and its subsidiaries (together 'the Group') provide ingredients and solutions to the food, beverage and other industries. The Group operates from numerous production facilities around the world.

The Group's continuing operations comprise three reportable segments: Food & Beverage Solutions, Sucralose and Primary Products. Segment information is presented in Note 5.

Accounting period

The Group's annual financial statements are drawn up to 31 March. These financial statements cover the year ended 31 March 2018 with comparative financials for the year ended 31 March 2017.

Basis of accounting

The consolidated financial statements on pages 100 to 168 have been prepared in accordance with International Financial Reporting Standards (IFRS) and related interpretations as adopted for use in the European Union and those parts of the Companies Act 2006 that are applicable to companies reporting under IFRS.

The Directors are satisfied that the Group has adequate resources to continue to operate for a period not less than 12 months from the date of approval of the financial statements and that there are no material uncertainties around their assessment. Accordingly, the Directors continue to adopt the going concern basis of accounting.

The Group's principal accounting policies have been consistently applied throughout the year and are set out in Note 2 and Note 3.

Functional and presentation currency

The consolidated financial statements are presented in pounds sterling, which is also the Company's functional currency. All amounts are rounded to the nearest million, unless otherwise indicated.

Accounting standards adopted during the year

In the current year, the Group has adopted, with effect from 1 April 2017, new or revised accounting standards as set out below:

- IAS 7 Disclosure Initiative
- IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses
- Annual Improvements to IFRSs 2014-2016 cycle.

The adoption of these amendments has had no material effect on the Group's financial statements.

Use of alternative performance measures

The Group also presents alternative performance measures, including adjusted operating profit, adjusted profit before tax, adjusted earnings per share, adjusted operating cash flow and adjusted free cash flow, which are used for internal performance analysis and incentive compensation arrangements for employees. These measures are presented because they provide investors with additional information about the performance of the business which the Directors consider to be valuable. For the years presented, alternative performance measures exclude, where relevant:

- Exceptional items (excluded as they relate to events which are unlikely to recur, are outside the normal course of business and therefore merit separate disclosure in order to provide a better understanding of the Group's underlying financial performance)
- Amortisation of acquired intangible assets (costs associated with amounts recognised through acquisition accounting that impact earnings compared to organic investments)
- Net retirement benefit interest (accounting charges or credits which are not linked to the underlying performance of the business. The amounts excluded reflect the net interest cost of post-retirement benefit plans substantially closed to future accrual); and
- Tax on the above items and tax items that themselves meet these definitions. For tax items to be treated as exceptional, amounts must be material and their treatment as exceptional enable a better understanding of the Group's underlying financial performance.

Alternative performance measures reported by the Group are not defined terms under IFRS and may therefore not be comparable with similarly-titled measures reported by other companies.

Reconciliations of the alternative performance measures to the most directly comparable IFRS measures are presented in Note 4.

Following the improved funding status of the Group's pension schemes, the Group no longer intends to exclude net retirement benefit interest from its alternative performance measures from the beginning of the 2019 financial year as the size of this adjustment is no longer expected to be material.

Changes in constant currency

Where changes in constant currency are presented, they are calculated by retranslating current year results at prior year exchange rates. Reconciliations of the movement in constant currency have been included in the additional information within this document.

2. Principal accounting policies requiring significant judgements and estimates

In preparing these consolidated financial statements, management has made judgements and used estimates and assumptions in establishing the reported amounts of assets, liabilities, income and expense under the Group's accounting policies. Judgements are based on the best evidence available to management. Estimates are based on factors including historical experience and expectations of future events, corroborated with external information where possible. Judgements and estimates and their underlying assumptions are reviewed and updated on an ongoing basis, with any revisions being recognised prospectively. However, given the inherent uncertainty of such estimates, the actual results might differ significantly from the anticipated ones.

The accounting policies and information about the accounting estimates and judgements made in applying these accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are set out below.

Notes to the Consolidated Financial Statements continued

2. Principal accounting policies requiring significant judgements and estimates continued Fair value measurement

(This accounting policy applies principally to Available-for-sale financial assets; Derivatives and hedge accounting; Financial instruments – fair value and risk management; and Retirement benefit obligations – see Notes 18, 28, 29, and 30)

A number of the Group's accounting policies and disclosures require the measurement of fair value for either financial or nonfinancial assets and liabilities. Examples of the former include loans, interest rate swaps and commodity contracts; examples of the latter include intangible assets and property, plant and equipment acquired in a business combination.

Fair value is the amount of money, or other consideration, expected to be exchanged for an asset or a liability in an arm's length transaction. When measuring fair value, the Group takes into account the characteristics of the asset or liability and uses observable market data, such as prices quoted on a recognised exchange, to the greatest extent possible. Where such data is not available, the Group has an established framework in place that deals with setting, monitoring and evaluating non-observable inputs, including the respective classification of the fair value measurements. Such unobservable inputs are based on management's own assessment of market and other conditions currently prevailing or expected to prevail.

Fair value measurements are categorised into three different levels based on the degree to which the inputs used to arrive at the fair value of the assets and liabilities are observable and the significance of the inputs to the fair value measurement in its entirety, as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can assess at the measurement date. The prices of equity shares or bonds quoted on the London Stock Exchange are examples of Level 1 inputs
- Level 2 inputs are those, other than quoted prices included in Level 1, that are observable either directly or indirectly. Most interest rate swaps fall in this category as their prices are referenced to a published rate curve, but it is not price specific to the swap itself
- Level 3 inputs are unobservable 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. This would include expected future cash flows from budgets and forecasts the entity has made. Certain elements of the Group's commodity contract portfolio also fall into this category, as their values include significant management-derived assumptions.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level of input that is significant to the fair value measurement as a whole) at the end of the reporting period.

Key sources of estimation uncertainty

Corn and co-product inventories held in the US business are measured at net realisable value since they are considered to be agricultural produce after harvest. The Group uses financial instruments (mainly forward contracts) to manage price risk within its US business, by hedging the contracted amount of corn when any business division enters into a finished good sales contract. The elements of the Group's US net corn position are accounted for as follows:

- Contracts for the physical purchase of corn in respect of corresponding committed sales of finished goods are marked to market in accordance with IAS 39 with any gains or losses recognised in the income statement
- Contracts for the sale of corn and corn based products are marked to market in accordance with IAS 39 with any gains or losses recognised in the income statement
- Corn inventories are measured at net realisable value in accordance with IAS 2.3, with any gains or losses recognised in the income statement
- Financial instruments (futures and options) are carried at fair value with any gains or losses recognised immediately in the income statement.

Although the Group manages corn price risk by entering into offsetting 'back-to-back' corn positions, there is still underlying price risk on the basis cost that must be paid for delivery of the corn to its plants. This basis is the difference in price between that at which a farmer will sell and the price on the Chicago Mercantile Exchange (CME), and is typically driven by local supply, demand and logistics factors, requiring estimation for valuation purposes.

The production of finished goods from corn also results in the production of three co-products (corn gluten feed, corn gluten meal and corn oil). The price risk associated with these coproducts cannot readily be hedged as there are no actively traded markets for these commodities. Whilst the Group actively manages its overall co-product positions in the US, the Group can hold either a net long or short position for each co-product based on the volume of co-products made, bought (or short sold) and forward sold at any point in time. These positions are measured at fair value at each reporting date, with gains and losses recognised in the income statement.

Management exercises significant judgement in deriving these fair values, which involves estimating the basis and the price at which the Group will purchase or sell these co-product positions in the future. These inputs are classified as unobservable, and are derived by in-house experts, with reference to sources such as: the expected supply and demand for corn and substitute products, expectations of weather conditions, and historical published co-product pricing levels over a period of up to three months from the balance sheet date.

Whilst it is possible to model the sensitivity of profit to changes in any one of the key assumptions, it is important to note that, due to the complexity and interdependence of related assumptions, the overall (net) impact in reality is likely to be different.

The accounting for corn and co-product positions can create significant volatility in the Group's income statement, although the use of such contracts is critical to the business as it effectively limits the Group's exposure to fluctuating market prices.

Whilst it is not practical to quantify all elements included in fair value measurements, the Group discloses sensitivity analysis on the key areas of judgement (price of co-products and basis) and the carrying amounts impacted by estimation uncertainty in Note 29. Full details of the valuation technique are also included in Note 29.

Corn and co-product positions in Europe are measured and carried at the lower of cost and net realisable value, since the European business does not currently have the potential to hedge corn price risk on a similar basis to the US.
Taxation

(This accounting policy principally applies to Income taxes – see Note 12)

Taxable profit differs from accounting profit because it excludes certain items of income and expense that are recognised in the financial statements but are treated differently for tax purposes.

Current tax is the amount of tax expected to be payable or receivable on the taxable profit or loss for the current period. This amount is then amended for any adjustments in respect of prior periods. Current tax is calculated using tax rates that have been written into law ('enacted') or irrevocably announced/committed by the respective government ('substantively enacted') at the period-end date.

Current tax receivable (assets) and payable (liabilities) are offset only when there is a legal right to settle them net and the entity intends to do so. This is generally true when the taxes are levied by the same tax authority.

Because of the differences between accounting and taxable profits and losses reported in each period, temporary differences arise on the amount certain assets and liabilities are carried at for accounting purposes and their respective tax values. Deferred tax is the amount of tax payable or recoverable on these temporary differences.

Deferred tax liabilities arise where the carrying amount of an asset is higher than its tax value (more tax deduction has been taken). This can happen where the Group invests in capital assets, as governments often encourage investment by allowing tax depreciation to be recognised faster than accounting depreciation. This reduces the tax value of the asset relative to its accounting carrying amount. Deferred tax liabilities are generally provided on all taxable temporary differences. The periods over which such temporary differences reverse will vary depending on the life of the related asset or liability.

Deferred tax assets arise where the carrying amount of an asset is lower than the tax value (less tax benefit has been taken). This can happen where the Group has trading losses, which cannot be offset in the current period but can be carried forward. Deferred tax assets are recognised only where the Group considers it probable that it will be able to obtain the benefit of them in the future (for example, use such losses by offsetting them against future taxable profits).

Taxable temporary differences can also arise on investments in foreign subsidiaries and associates, and interests in joint ventures. Where the Group is able to control the reversal of these differences and it is probable that these will not reverse in the foreseeable future, then no deferred tax is provided.

Deferred tax is calculated using the enacted or substantively enacted rates that are expected to apply when the asset is realised or the liability is settled.

Similar to current taxes, deferred tax assets and liabilities are offset only when there is a legal right to settle them net and the entity intends to do so. This normally requires both assets and liabilities to have arisen in the same country.

Income tax expense reported in the financial statements comprises current tax as well as the effects of changes in deferred tax assets and liabilities. Tax expenses/credits are generally recognised in the same place as the items to which they relate. For example, the tax associated with a gain on disposal is recognised in the income statement, in line with the gain on disposal. Equally, the tax associated with pension obligation actuarial gains and losses is recognised in other comprehensive income, in line with the actuarial gains and losses.

Key sources of estimation uncertainty

The Group operates in a large number of countries around the world. Uncertainties exist in relation to the interpretation of complex tax legislation, changes in tax laws, and the amount and timing of future taxable income. In some jurisdictions, agreeing tax liabilities with local tax authorities can take several years. This could necessitate future adjustments to taxable income and expense already recorded.

At the period-end date, tax liabilities and assets are based on management's best judgements around the application of the tax regulations and management's estimate of the future amounts that will be settled. Management considers tax exposures individually, and arrives at judgements with support from experienced tax professionals and external advisors. There is, however, a risk that the Group's judgements are challenged by the tax authorities, resulting in a different tax payable or recoverable from the amounts that have been provided.

Deferred tax assets are recognised for unused tax losses only to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax that should be recognised, dependent on the anticipated timing and quantum of future taxable profit. This amount includes UK deferred tax assets based on the level of brought-forward losses it expects to utilise in the future. This amount is dependent on key judgements relating to the size, duration and interest rate of the Group's internal financing arrangements.

The main uncertainties impacting taxation arise from potential changes to legislation. Firstly, the OECD's Base Erosion and Profit Shifting (BEPS) project has been one of the most significant multilateral initiatives in recent years for modifying international tax rules. As these recommendations continue to evolve and are adopted into local tax legislation over the coming years, this may continue to impact the Group's effective tax rate. Secondly, on 22 December 2017 the United States enacted the Tax Cuts and Jobs Act ('US Tax Reforms'). As well as reducing the headline rate of corporation tax in the US, it introduced a number of incentives for companies to invest in the US and other changes to broaden the tax base in the US. Whilst guidance will continue to emerge, management has exercised judgement in the application of the US Tax Reforms which has had a material impact on the Group's statutory effective tax rate.

The Group's operating model involves cross-border supply of significant volumes of goods into numerous end markets, and the provision of services from one jurisdiction to another. There is a risk that different tax authorities could seek to assess higher profits (or lower costs) to activities being undertaken in their jurisdiction, potentially leading to higher total tax payable by the Group.

Retirement benefit plans

(This accounting policy principally applies to Retirement benefit obligations – see Note 30)

The Group operates both defined contribution and defined benefit pension plans principally in the UK and the US and unfunded retirement medical plans in the US.

2. Principal accounting policies requiring significant judgements and estimates continued Retirement benefit plans continued

a) Defined benefit plans

For accounting purposes a valuation of each of the defined benefit plans is carried out annually at 31 March using independent qualified actuaries. Benefit obligations are measured using the projected unit credit method and are discounted using the market yields on high-quality corporate bonds denominated in the same currency as, and of similar duration to, the benefit obligations. Plan assets are measured at their fair value at the period-end date. Where a plan holds a qualifying insurance policy, the fair value of the policy is deemed to be equivalent to the present value of the related benefit obligations.

A deficit or surplus is recognised on each plan, representing the difference between the present value of the benefit obligation and the fair value of the plan assets. Where a plan is in surplus, the surplus recognised is limited to the present value of any amounts that the Group expects to recover by way of refunds or a reduction in future contributions.

The costs of the defined benefit plan that are recognised in the income statement include the current service cost, any past service cost and the interest on the net deficit or surplus. Gains or losses on curtailments or settlements of the plans are recognised in the income statement in the period in which the curtailment or settlement occurs. Plan administration costs incurred by the Group are also recognised in the income statement.

Current service cost represents the increase in the present value of the benefit obligation due to benefits accrued during the period, less employee contributions. Past service cost represents the change in the present value of the benefit obligation that arises from benefit changes that are applied retrospectively to benefits accrued in previous years. Any past service cost is recognised in full in the period in which the benefit changes are made.

Interest on the net deficit or surplus is calculated by applying the discount rate that is used in measuring the present value of the benefit obligation to the deficit or surplus.

Re-measurements of the deficit or surplus are recognised in other comprehensive income. Re-measurements comprise differences between the actual return on plan assets (less asset management expenses) and the interest on the plan assets and actuarial gains and losses. Actuarial gains and losses represent the effect of changes in the actuarial assumptions made in measuring the present value of the benefit obligation and experience differences between those assumptions and actual outcomes. Actuarial gains and losses are recognised in full in the period in which they occur.

b) Defined contribution plans

Contributions made by the Group to defined contribution pension schemes are recognised in the income statement in the period in which they fall due.

Key sources of estimation uncertainty

At 31 March 2018, the present value of the benefit obligations of the plans was £1,612 million (2017 - £1,769 million), including £63 million (2017 - £76 million) in respect of the unfunded medical plans. The present value of the benefit obligations is based on actuarial estimates of the future benefits that will be payable to the members of the plans. As such, the benefit obligations are based on a number of assumptions, changes to which could have a material impact on the reported amounts.

The present value of the benefit obligations is most sensitive to the discount rate applied to the benefit obligations, assumed life expectancies, and expected future price inflation rates. Whilst the Group establishes the assumptions on a consistent basis reflecting advice from qualified actuaries, based on published indices and other actuarial data, management must apply judgement in selecting the most appropriate value from within an acceptable range.

Changes in the assumptions used in determining the present value of the benefit obligations will have an impact on the Group's income statement through their effect on the service cost and the interest on the net deficit or surplus in the plans. However, most of the impact of such changes, together with fluctuations in the actual return on the plan assets, will be reflected in other comprehensive income.

Impairment of non-financial assets

(This accounting policy principally applies to Goodwill and other intangible assets; and Property, plant and equipment – see Notes 19 and 20)

Property, plant and equipment and intangible assets are reviewed for impairment whenever any events or changes in circumstances indicate that their carrying amounts may not be recoverable.

If such an indication exists, then the recoverable amount of the asset is estimated. In addition, goodwill is tested for impairment annually.

An asset is impaired to the extent that its carrying amount exceeds its recoverable amount. An asset's recoverable amount represents the higher of the benefit which the entity expects to derive from the asset over its life, discounted to present value (value in use) and the net price for which the entity can sell the asset in the open market (fair value less costs of disposal). The discount rate used for the value in use calculation is a pre-tax rate that reflects the risks specific to the asset or groups of assets tested.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets which has cash inflows that are largely independent of the cash inflows from other assets or groups of assets. This could also be a single asset. Goodwill does not generate cash inflows independently and is, therefore, tested for impairment at the level of the Cash Generating Unit ('CGU') or group of CGUs to which it is allocated. Note 19 shows the allocation of material elements of goodwill to CGUs for impairment testing purposes. When goodwill is tested for impairment and the carrying amount of the CGU or group of CGUs to which it is allocated exceeds its recoverable amount, the impairment is allocated first to reduce the carrying amount of the goodwill and then pro-rata to the other non-financial assets belonging to the CGU or group of CGUs on the basis of their respective carrying amounts.

Impairment losses are recognised in the income statement. Impairment losses recognised in previous periods for assets other than goodwill are reversed if there has been a change in the estimates used to determine the asset's recoverable amount. Such reversals are limited to the carrying amount of the asset had no impairment been recognised in previous periods. Impairment losses recognised in respect of goodwill cannot be reversed.

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 present value ('value in use'). The 'fair value less costs of disposal' of an asset may be used where this results in an amount in excess of 'value in use'.

Key sources of estimation uncertainty

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 exclude benefits from major expansion projects requiring future capital expenditure where that expenditure has not been approved and committed on the dates the assets are tested except where a fair value less costs of disposal model is used. These estimates are particularly significant for Tate & Lyle Sweden AB where the amount of headroom is relatively small.

Future cash flows are discounted using a discount rate appropriate for the CGU being tested. The discount rate is impacted by estimates of interest rates, equity returns and market and countryrelated risks. The Group's weighted average cost of capital, which is used as the initial reference point for the discount rate before any asset-specific adjustments are made, is reviewed on a regular basis. If the cash flow or discount rate assumptions were to change because of market conditions, the recoverable amount could be different and could result in an asset impairment being increased or, excepting goodwill, reversed, in part or in full, at a future date.

Critical accounting judgement

In respect of Tate & Lyle Sweden AB (formerly 'Biovelop'), the Group's Oat Beta Glucan plant, the impairment test resulted in a low level of headroom compared to the carrying value. The recoverable amount is dependent on the ability to commercialise certain co-product streams which remain under development. Management has been required to exercise significant judgement in determining the value of future cash flows associated with these co-product sales.

3. Other principal accounting policies

The consolidated financial statements have been prepared under the historical cost convention, modified in respect of the revaluation to fair value of available-for-sale financial assets, derivative financial instruments, certain inventories, assets classified as held for sale, assets held by defined benefit pension plans and intangible and tangible assets acquired in a business combination.

Basis of consolidation

a) Business combinations

A business combination is a transaction or other event in which the Group obtains control over a business. Business combinations are accounted for using the acquisition method, the key elements of which are set out below.

Identifiable assets and liabilities of the acquired business are generally measured at their fair value at the acquisition date. Retirement benefit obligations and deferred tax assets and liabilities are measured in accordance with the Group's accounting policies.

Consideration transferred represents the sum of the fair values at the acquisition date of the assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control over the acquired business. Acquisition-related costs are charged to the income statement in the period in which they are incurred.

Any non-controlling interest in the acquired business is measured either at fair value or at the non-controlling interest's proportionate share of the identifiable assets and liabilities of the business. Put options written by the Group over non-controlling interests are initially recognised as a liability measured at the present value of the exercise price with a corresponding charge directly to equity. Subsequently, the liability is measured at the present value of the expected redemption amount and re-measured in accordance with IAS 39 (at amortised cost), with changes recognised in the income statement.

Goodwill arising in a business combination represents the excess of the sum of the consideration transferred, the amount of any noncontrolling interest in the acquired business and, where a business combination is achieved in stages, the fair value at the acquisition date of the Group's previously held equity interest, over the net total of the identifiable assets and liabilities of the acquired business at the acquisition date. Any re-measurement gain or loss on the previously held equity interest is recognised in the income statement. Any shortfall, or negative goodwill, is recognised immediately as a gain in the income statement.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for within equity. Any gain or loss upon loss of control is recognised in the income statement.

b) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which the Group obtains control. They are deconsolidated from the date that control ceases.

A non-controlling interest in a subsidiary represents the share of the net assets of the subsidiary that is attributable to the equity interest in the subsidiary that is not owned by the Group.

The Group's income and expenses, assets and liabilities and cash flows include those of each of its subsidiaries from the date on which the Company obtains control until such time as control is lost. Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated.

c) Equity accounted investments

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in financial and operating policy decisions but not to control or jointly control them.

A joint venture is an entity or a contractual arrangement under which the Group and other parties undertake activities that are subject to joint control, whereby the Group has rights to the net assets of the arrangement rather than to the arrangement's assets or obligations for its liabilities.

Interests in associates and joint ventures (together 'Equity accounted investments') are accounted for under the equity method. They are initially recognised at cost, which includes transaction costs. Subsequently, the Group's share of the profit or loss, other comprehensive income and net assets are shown on one line of the relevant primary financial statements, until the date on which significant influence or joint control ceases.

3. Other principal accounting policies continued

Basis of consolidation continued

c) Equity accounted investments continued

Losses of an equity accounted investment in excess of the Group's interest in the entity are not recognised, except to the extent that the Group has incurred obligations or made payments on behalf of the investment.

Unrealised profits or losses on transactions between the Group and its equity accounted investments are eliminated to the extent of the Group's interest. Losses are, however, recognised in full where they represent a reduction in the net realisable value of a current asset or an impairment loss.

Discontinued operations

(see Note 8)

An operation is classified as discontinued if it is a component of the Group that: (i) has been disposed of, or meets the criteria to be classified as held for sale; and (ii) represents a separate major line of business or geographic area of operations or will be disposed of as part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations.

The results, assets and liabilities and cash flows of discontinued operations are presented separately from those of continuing operations.

Discontinued operations comprised the following:

Eaststarch / Morocco

During the year ended 31 March 2018, the Group reached a settlement with the Moroccan tax authorities over historical tax matters relating to the Group's former corn wet mill in Casablanca, Morocco. This resulted in a net credit of £2 million.

Discontinued operations in the comparative year also related to the Group's Moroccan subsidiary.

Foreign currency translation

(This accounting policy applies to all transactions and net assets in foreign currencies)

At entity level, transactions in foreign currencies are translated into the entity's functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the period-end date. Currency translation differences arising at entity level are recognised in the income statement.

The consolidated financial statements are presented in pounds sterling. On consolidation, the results of foreign operations are translated into pounds sterling at the average rate of exchange for the period and their assets and liabilities are translated into pounds sterling at the exchange rate ruling at the period-end date. Currency translation differences arising on consolidation are recognised in other comprehensive income and taken to the currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated accordingly.

When a foreign operation is sold, the gain or loss on disposal recognised in the income statement is determined after taking into account the recycling of cumulative currency translation differences arising on consolidation of the operation subsequent to the adoption of IFRS.

In the cash flow statement, the cash flows of foreign operations are translated into pounds sterling at the average exchange rate for the period.

Revenue recognition

(This accounting policy relates to Notes 5 and 6)

a) Sales of goods and services

Revenue comprises the fair value of consideration receivable in the ordinary course of business, net of value added and sales taxes, rebates and discounts and after eliminating sales within the Group. 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 at which time, in exchange it obtains the right to consideration. Discounts mainly comprise volume-driven rebates. The Group accrues for discounts against agreed customer terms reflecting latest expectations of amounts likely to fall due under the terms of the customer contract, subsequently adjusted for actual performance.

Where amounts are paid to customers in advance in order to obtain commercial rights, the resultant asset is amortised against revenue in accordance with performance under the agreement.

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.

Exceptional items

(This accounting policy principally relates to Note 7)

Exceptional items comprise items of income, expense and cash flow, including tax items, that are: material in amount, relate to events which are unlikely to recur, are outside the normal course of business and therefore merit separate disclosure in order to provide a better understanding of the Group's underlying financial performance. Examples of events that give rise to the disclosure of material items of income, expense and cash flow 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 restructuring of components of the Group's operations.

For tax items to be treated as exceptional, amounts must be material and their treatment as exceptional enable a better understanding of the Group's underlying financial performance.

All material amounts relating to exceptional items in the Group's financial statements are classified on a consistent basis across accounting periods.

Goodwill and other intangible assets (see Note 19)

a) Goodwill

Goodwill arising in a business combination is recognised as an intangible asset and is allocated to the CGU or group of CGUs that is expected to benefit from the synergies of the business combination. Goodwill is not amortised but is tested for impairment annually.

Goodwill is carried at cost less any recognised impairment losses.

b) Intangible assets other than goodwill

Intangible assets other than goodwill are stated at cost less accumulated amortisation and any recognised impairment losses.

c) Intangible assets acquired in business combinations

An intangible resource acquired in a business combination is recognised as an intangible asset at its fair value at the date of acquisition, if it is separable from the acquired business or arises from contractual or legal rights. Acquired intangible assets, for example, patents and customer relationships, are amortised on a straight-line basis over the periods of their expected benefit to the Group, which range from three to 15 years.

d) Other intangible assets

Other intangible assets mainly comprise certain capitalised costs relating to product development, marketing, computer software and the global IS/IT system.

Costs incurred on the development, design and testing of new or improved products are capitalised only when the technical and commercial feasibility of the product has been established and prior to the product going into full production. Research and other related expenditures are charged to the income statement in the period in which they are incurred.

Other intangible assets are amortised on a straight-line basis over the periods of their expected benefit to the Group, which are in the range of three to ten years. Capitalised costs in respect of the core global IS/IT system are being amortised over a period of five to seven years.

Residual values and useful lives are reviewed at each period-end date and adjusted as appropriate, with any resulting changes recognised in the income statement prospectively.

Property, plant and equipment

(see Note 20)

Land and buildings mainly comprise manufacturing sites, application laboratories and administrative facilities. Plant and machinery mainly comprise equipment used in the manufacturing and operating process. Assets in 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 period 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
Plant and machinery	3 to 28 years

Residual values and useful lives are reviewed at each period-end date and adjusted as appropriate, with any resulting changes recognised in the income statement prospectively.

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

(see Notes 20, 25, 29 and 33)

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 lease 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 rate of interest.

Depreciation on assets held under finance leases is charged to the income statement, on a straight-line basis over the shorter of the lease term and their useful life.

All other leases are treated as operating leases. The total amount payable under the operating lease, including lease incentives and guaranteed lease increases, is spread over the lease period on a straight-line basis. Where termination or extension options are available to the Group, management considers whether it is reasonably certain of exercising these options in determining the lease period.

Inventories

(see Note 15)

Corn and co-product inventories held in the US business are measured at net realisable value since they are considered to be agricultural produce after harvest, in accordance with IAS 2.3. Gains and losses are recognised in the income statement.

All other inventories are carried at the lower of cost and net realisable value. 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 and is calculated using the 'first in/first out' or 'weighted average' 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.

Financial instruments

(see Notes 16, 17, 18, 24, 25, 28 and 29)

a) Trade receivables

Trade receivables are initially recognised at fair value, which is generally the same as the invoiced amount, and subsequently measured at amortised cost, or their recoverable amount. Trade receivables are predominantly short-term and so the effects of time-value of money are not considered material.

Where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable, the receivable is considered to be impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered to be objective evidence of impairment. The amount of the impairment, and related provision, is the difference between the receivable's original value and the present value of the estimated future cash flows, discounted at the original effective interest rate.

3. Other principal accounting policies continued

Financial instruments continued

a) Trade receivables continued

The impairment is recognised in the income statement immediately, and the provision is netted against the value of the receivable. When a trade receivable is deemed uncollectable, it is written off against the related provision.

Subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement in the period in which they are recovered.

b) Trade payables

Trade payables are predominantly short-term and are initially recognised at fair value, which is generally the invoice amount. The effects of time-value of money are not considered material.

c) 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.

d) Available-for-sale financial assets

Equity instruments held by the Group are generally available-forsale and are carried at fair value, with movements in fair value recognised in other comprehensive income. The Group does not trade equity instruments and does not manage them on a fair value basis. Where fair value cannot be reliably measured, the assets are carried 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 a security below its cost is considered as an indicator that the securities are impaired. Impairments are recognised in the income statement. Impairment losses recognised in profit or loss for an investment in an available-for-sale equity instrument are not reversed through profit or loss. However, if the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment is reversed through profit or loss.

e) Borrowings

Borrowings are initially measured at fair value, net of transaction costs incurred, which is generally the amount of proceeds received. Borrowings are subsequently measured at amortised cost using the effective interest rate method, whereby the net proceeds are gradually increased to the amount that will be ultimately settled using a constant rate of interest. This constant rate of return is used to calculate the amount recognised as interest expense in the income statement.

As explained under 'Hedge accounting' (see below), the carrying amount of a borrowing may be adjusted where it is a hedged liability in a fair value hedge.

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 period-end date.

Dividends on preference shares that are classified as a liability are recognised in the income statement as interest expense.

f) Derivative financial instruments

The Group uses derivative financial instruments to reduce its exposure to commodity price, currency exchange rate and interest rate movements. The Group does not hold or issue derivatives for speculative purposes.

All derivative financial instruments held by the Group are recognised as assets or liabilities measured at their fair values at the period-end date. As explained under 'Hedge accounting' below, unless and to the extent that a derivative is in a designated and effective cash flow or net investment hedging relationship, fair value gains and losses on derivatives are recognised in the income statement.

Derivative financial instruments that are not in a designated hedging relationship are classified as held for trading.

g) Embedded derivatives

Some contracts may include features that are similar to and expose the Group to the same risks as standalone derivatives. Where such an embedded derivative is not closely related to the host contract and where the host contract itself is not already recognised at fair value, the embedded derivative is separated from the host contract and accounted as a standalone derivative. The hedge accounting principles described below equally apply to embedded derivatives.

h) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position only where there is a legally enforceable right to offset them and the Group intends to either settle them on a net basis or realise the asset and settle the liability simultaneously.

Hedge accounting

(see Notes 28 and 29)

As described in Note 29, the Group uses derivatives to mitigate risk. In many cases, the changes in the fair value of the derivatives are recognised before the hedged risk affects the Group income statement. For example, when the Group takes out a forward foreign currency contract to fix the exchange rate on committed or highly probable future sales in a foreign currency, changes in the fair value of the forward foreign exchange contract will be recognised in the income statement immediately, whereas the future sale will not affect the income statement until it is made. This creates a mismatch in the timing of recognition for compensating gains and losses. Hedge accounting seeks to mitigate this mismatch by applying specific accounting rules, if strict criteria are met, to the items that create the exposure to risk and the items used to manage that risk.

A hedging relationship principally consists of two items: the hedged item and the hedging instrument. The hedged item is the transaction or balance that exposes the Group to a risk that can be identified and the hedging instrument is the transaction or balance that is used to manage the risk. In the above example, the contract to sell goods at a future date in a foreign currency gives rise to foreign currency transaction exposure for the Group. As exchange rates change, the eventual proceeds from the future sale when expressed in the entity's functional currency will also change, creating risk. This is the hedged item. In this example, the foreign currency exchange contract the Group takes out locks in a known functional currency value for its foreign currency cash receipt and therefore eliminates the volatility in cash flows on the sale. The forward currency exchange contract is the hedging instrument. For a hedging relationship to qualify for hedge accounting, it must be documented at inception together with the Group's risk management objective and strategy for initiating the hedge. The hedge must both be expected to be highly effective in offsetting the changes in cash flows or fair value attributed to the hedged risk and actually be highly effective in doing so. This relationship is demonstrated by matching the terms of hedging instruments very closely to the hedged items, or where the Group uses more complex arrangements, by the use of statistical methods that show the relationship between the hedging pairs.

There are three hedging models that apply to different types of transactions.

a) Cash flow hedges

Hedging relationships are classified as cash flow hedges where the hedging instrument hedges exposure to variability in cash flows that are attributable either to a particular risk associated with a recognised asset or liability (such as interest payments on variable rate debt), a highly probable forecast transaction (such as commodity purchases) or the foreign currency risk in a firm commitment (such as the purchase of an item of equipment).

Where a hedging relationship is classified as a cash flow hedge, to the extent that the hedge is effective, changes in the fair value of the hedging instrument are recognised in other comprehensive income rather than in the income statement. When the hedged item affects the income statement, the cumulative fair value gain or loss recognised in other comprehensive income is transferred to the income statement. When a hedged firm commitment results in the recognition of a non-current asset, the initial carrying amount of the asset is adjusted for the cumulative fair value gain or loss.

If the hedging instrument expires or is sold, or if the hedging relationship no longer meets the conditions for hedge accounting, the cumulative fair value gain or loss remains in equity until the forecast transaction is recognised in the income statement. If a hedged forecast transaction is no longer expected to occur, the cumulative fair value gain or loss is immediately transferred to the income statement.

b) Net investment hedges

A net investment hedge is the hedge of the currency exposure on the retranslation of the Group's net investment in a foreign operation.

Net investment hedges are accounted for similarly to cash flow hedges. Changes in the fair value of the hedging instrument are, to the extent that the hedge is effective, recognised in other comprehensive income.

In the event that the foreign operation is disposed of, the cumulative fair value gain or loss recognised in other comprehensive income is transferred to the income statement where it is included in the gain or loss on disposal of the foreign operation.

c) Fair value hedges

Hedging relationships are classified as fair value hedges where the hedging instrument hedges the exposure to changes in the fair value of a recognised asset or liability that is attributable to a particular risk (such as the fair value of fixed rate debt).

Where the hedging relationship is classified as a fair value hedge, the carrying amount of the hedged asset or liability is adjusted by the change in its fair value attributable to the hedged risk only and the resulting gain or loss is recognised in the income statement where, to the extent that the hedge is effective, it offsets the fair value gain or loss on the hedging instrument.

Share-based payments

(see Note 31)

The Company operates share-based compensation plans under which it grants awards over its ordinary shares to its own employees and to those of its subsidiaries. All of the awards granted under the existing plans are classified as equity-settled awards. The Group recognises a compensation expense based on the fair value of the awards measured at the grant date using the Black-Scholes option pricing model. Fair value is not subsequently re-measured unless relevant conditions attaching to the award are modified.

Fair value reflects any market performance conditions and all nonvesting conditions. Adjustments are made to the compensation expense to reflect actual and expected forfeitures due to failure to satisfy service conditions or non-market performance conditions.

The resulting compensation expense is recognised in the income statement on a straight-line basis over the vesting period and a corresponding credit is recognised in equity. In the event of the cancellation of an award, whether by the Group or a participating employee, the compensation expense that would have been recognised over the remainder of the vesting period is recognised immediately in the income statement.

Provisions and contingent liabilities (see Note 32)

A provision is a liability of uncertain timing or amount that is recognised when: 1) the Group has a present obligation (legal or constructive) as a result of a past event; 2) it is more likely than not that a payment will be required to settle the obligation; and 3) the amount can be reliably estimated.

Where a payment is not probable, or the amount of the obligation cannot be measured with sufficient certainty, a contingent liability is disclosed.

Contingent liabilities are also disclosed if a possible obligation arises from past events, but its existence will be confirmed only by the occurrence or non-occurrence of uncertain future events.

Provisions are determined by discounting the expected future payments using a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of any discount is recognised in the income statement within finance expense. The impact of discounting is not material to the Group.

Provision is made for restructuring costs when a detailed formal plan for the restructuring has been determined and the plan has been communicated to those affected by it. Gains from the expected disposal of assets are not taken into account in measuring restructuring provisions. Future operating losses are not provided for.

Provisions are recognised for onerous contracts to the extent that the benefits expected to be derived from a contract are lower than the unavoidable cost to the Group of meeting its obligations under the contract. Before establishing the amount of the provision, any impairment losses on assets associated with the contract are recognised.

3. Other principal accounting policies continued Assets held for sale

(see Note 8)

An asset or group of assets is classified as held for sale if its carrying amount will be principally recovered through a sale transaction rather than through continuing use in the business and the following conditions are met:

- it is available for immediate sale in its present condition
- management has committed to, and has initiated, a plan to sell the asset; and
- the sale is expected to complete within 12 months of the balance sheet date, and must be highly probable.

Assets that are classified as held for sale are measured at the lower of their carrying amount when they were classified as held for sale and their fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill and then, on a pro-rata basis, to the remaining assets and liabilities other than inventories, financial instruments, investment property, employee benefits and deferred tax assets, which continue to be measured in accordance with the relevant Group accounting policies.

Impairment on the initial recognition of held for sale assets, and gains or losses on subsequent re-measurement, are recognised in the income statement.

Once classified as held for sale, property, plant and equipment and intangible assets are no longer depreciated or amortised. Equity accounted investments are no longer equity accounted when classified as held for sale.

Accounting standards issued but not yet adopted

The following new standards have been issued and are relevant to the Group, but were not effective for the financial year beginning 1 April 2017, and have not been adopted early:

a) IFRS 15 Revenue from Contracts with Customers (effective for the year ending 31 March 2019)

The Group has undertaken a review of its commercial arrangements across all significant revenue streams and geographies including assessing the timing of revenue recognition as well as focusing on the accounting for principal and agency relationships, consignment stocks and discounts provided. As a result of the review, the Group has concluded that the adoption of IFRS 15 is not expected to have a material impact on reported revenue or revenue growth rates.

b) IFRS 9 Financial Instruments (effective for the year ending 31 March 2019)

The Group has reviewed the key areas of IFRS 9 and its activities in these areas to ensure full compliance upon adoption. The Group has concluded that the adoption of IFRS 9 will not have a material impact on its consolidated results or financial position.

The review focused on all three aspects of IFRS 9:

Classification and measurement

The Group expects to continue measuring at fair value all financial assets currently held at fair value. The Group intends to apply the option to present fair value changes in Other Comprehensive Income (OCI) for those equity shares currently held as available-for-sale (AFS) and which are intended to be held for the foreseeable future. All other assets held as AFS are expected to be measured at fair value through profit or loss. Any amounts held in OCI related to those other assets will be reclassified to retained earnings, the quantum of which is expected to be immaterial. Trade receivables and other receivables are held to collect the principal amount in line with the contractual arrangements. As such, the Group has concluded that they meet the criteria for amortised cost measurement under IFRS 9. This is consistent with the current basis of accounting.

Impairment

The Group will apply the simplified approach and record lifetime expected losses on all trade receivables. The loss allowance to be recognised is not expected to be material.

Hedge accounting

The Group determined that all existing hedge relationships that are currently designated in effective hedging relationships will continue to qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of IFRS 9 is not expected to have a significant impact on the Group's financial statements.

c) IFRS 16 Leases (effective for the year ending 31 March 2020)

The standard eliminates the classification of leases as either operating or finance leases and introduces a single accounting model, requiring the recognition of substantially all current operating lease commitments on the statement of financial position.

The Group is in the process of performing an impact assessment by assessing all existing leases against the guidance contained in IFRS 16. Material judgements and estimates are required in identifying and accounting for leases and determining the discount rate, as well as choosing the transition methodology. The Group is continuing to assess the impact of these judgements and estimates, and based on current information, expects a material increase in both property, plant and equipment and associated lease obligations. A quantification of the impact upon adoption will be included in the 31 March 2019 financial statements.

d) IFRIC 23 Uncertainty over Income Tax Treatments (effective for the year ending 31 March 2020, subject to EU endorsement) The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. The financial impact of this, together with any other implications of this interpretation, will be assessed during the 2019 financial year.

No other new standards, new interpretations or amendments to standards or interpretations have been published which are expected to have a significant impact on the Group's financial statements.

Governance

4. Reconciliation of alternative performance measures

Income statement measures

For the reasons set out in Note 1, the Group presents alternative performance measures including adjusted operating profit, adjusted profit before tax and adjusted earnings per share.

For the years presented, these alternative performance measures exclude, where relevant:

- exceptional items
- the amortisation of acquired intangible assets
- net retirement benefit interest
- tax on the above items and tax items that themselves meet these definitions.

Following the improved funding status of the Group's pension schemes, the Group no longer intends to exclude net retirement benefit interest from its alternative performance measures from the beginning of the 2019 financial year as the size of this adjustment is no longer expected to be material.

The following table shows the reconciliation of the key income statement alternative performance measures to the most directly comparable measures reported in accordance with IFRS:

		Year ended	31 March 2018		Year ended 3	1 March 2017
£m unless otherwise stated	IFRS reported	Adjusting items	Adjusted reported	IFRS reported	Adjusting items	Adjusted reported
Continuing operations						
Sales	2 710	-	2 710	2 753	-	2 753
Operating profit	290	10	300	233	31	264
Net finance expense	(32)	5	(27)	(32)	7	(25)
Share of profit after tax of joint ventures and associates	28	_	28	32	_	32
Profit before tax	286	15	301	233	38	271
Income tax (expense)/credit	(23)	(43)	(66)	22	(71)	[49]
Profit for the year	263	(28)	235	255	(33)	222
Basic earnings per share (pence)	57.0p	(6.1p)	50.9p	55.0p	(7.2p)	47.8p
Diluted earnings per share (pence)	56.1p	(6.0p)	50.1p	54.2p	(7.1p)	47.1p
Effective tax rate expense/(credit) %	8.1%		21.9%	(9.6%)		18.2%

The following table shows the reconciliation of the adjusting items impacting adjusted profit for the year in the current and comparative year:

		Year en	ded 31 March
	Notes	2018 £m	2017 £m
Continuing operations			
Exceptional (gain)/loss in operating profit	7	(2)	19
Amortisation of acquired intangible assets	19	12	12
Total excluded from adjusted operating profit		10	31
Net retirement benefit interest	11	5	7
Total excluded from adjusted profit before tax		15	38
Tax credit on adjusting items	12	(5)	(6)
Exceptional tax credits	7, 12	(38)	(65)
Total excluded from adjusted profit for the year		(28)	(33)

Cash flow alternative performance measures

The Group also presents two alternative cash flow measures which are defined as follows:

- a) Adjusted free cash flow represents cash generated from continuing operations, after net interest and tax paid, and capital expenditure and excluding the impact of exceptional items.
- b) Adjusted operating cash flow is defined as adjusted free cash flow from continuing operations, adding back net interest and tax paid, retirement cash contributions, and excluding derivative and margin call movements within working capital.

4. Reconciliation of alternative performance measures continued

Cash flow alternative performance measures continued

The following table shows the reconciliation of these cash flow alternative performance measures:

	Year er	nded 31 March
	2018 £m	2017 £m
Adjusted operating profit from continuing operations	300	264
Adjusted for:		
Depreciation and adjusted amortisation	142	137
Share-based payments charge	15	21
Changes in working capital and other non-cash movements	(36)	4
Net retirement benefit obligations	(94)	(36)
Less: accelerated US defined benefit schemes contribution (exceptional cash flows)	56	-
Net retirement benefit obligations: underlying funding	(38)	(36)
Capital expenditure	(131)	(153)
Net interest and tax paid	(36)	(63)
Less: cash tax benefit on accelerated contribution (exceptional cash flows)	(20)	-
Net interest and tax paid: underlying	(56)	(63)
Adjusted free cash flow	196	174
Add back: net interest and tax paid (excluding exceptional cash flows)	56	63
Add back: net retirement underlying cash contributions	44	42
Less: derivatives and margin call movements within changes in working capital	3	(6)
Adjusted operating cash flow	299	273

Other performance measures

The Group presents certain financial measures as defined in its external financial covenants as well as return on capital employed (ROCE) as Key Performance Indicators. Net debt to EBITDA and interest cover are defined under the Group's financial covenants and are required to be reported on a proportionate consolidation basis. For financial covenant purposes these ratios are calculated based on the accounting standards that applied for the 2014 financial year, with new accounting standards adopted by the Group subsequent to 1 April 2014 disregarded. Net debt is calculated using average currency exchange rates. Average invested operating capital represents the average at the beginning and end of the year of goodwill and other intangible assets, property, plant and equipment, working capital, provisions, non-debt derivatives and other assets. All ratios are calculated based on unrounded figures in £ million. The following tables present the calculation of these alternative measures:

			31 March
	Note	2018 £m	2017 £m
Calculation of net debt to EBITDA ratio – on a financial covenant basis			
Net debt	27	392	452
Further adjustments set out in financial covenants:			
to reflect use of average exchange rates in translating net debt and proportionate consolidation		25	(13)
Net debt – on a financial covenant basis		417	439
Adjusted operating profit		300	264
Further adjustments set out in financial covenants:			
to reflect proportionate consolidation		44	48
to exclude charges for share-based payments		15	21
to add back depreciation and adjusted amortisation		142	137
deduction for other finance costs		(2)	-
Pre-exceptional EBITDA – on a financial covenant basis		499	470
Net debt to EBITDA ratio (times)		0.8	0.9

4. Reconciliation of alternative performance measures continued

Other performance measures continued

	3	
	2018 £m	2017 £m
Calculation of interest cover ratio – on a financial covenant basis		
Adjusted operating profit	300	264
Further adjustments set out in financial covenants:		
to reflect proportionate consolidation	39	43
to exclude charges for share-based payments	15	21
deduction for other finance costs	(2)	-
Operating profit before exceptional items and amortisation of intangible assets		
– on a financial covenant basis	352	328
Adjusted net finance expense	27	25
Less: Other finance costs	(2)	-
Further adjustments set out in financial covenants:		
to reflect proportionate consolidation and other adjustments	(1)	(1)
Net finance expense – on a financial covenant basis	24	24
Interest cover ratio (times)	14.6	13.9

			31 March
	2018 £m	2017 £m	2016 £m
Calculation of return on capital employed			
Adjusted operating profit	300	264	
Add back amortisation on acquired intangible assets	(12)	(12)	
Profit before interest, tax and exceptional items from continuing operations for ROCE	288	252	
Goodwill and other intangible assets	360	401	390
Property, plant and equipment	965	1 061	926
Working capital, provisions and non-debt derivatives	385	394	323
Other	-	-	29
Invested operating capital of continuing operations	1 710	1 856	1 668
Average invested operating capital	1 783	1 762	
Return on capital employed (ROCE) %	16.2	14.3	

5. Segment information

Segment information is presented on a basis consistent with the information presented to the Board (the designated Chief Operating Decision Maker) for the purposes of allocating resources within the Group and assessing the performance of the Group's businesses. As described on page 37, continuing operations now comprise three reportable segments: Food & Beverage Solutions, Sucralose (which together made up the Speciality Food Ingredients segment in the prior year) and Primary Products (Bulk Ingredients segment in the prior year). This change was made to reflect the different economic characteristics of these products, and reflects the way in which information on the Group's performance is presented to the Board. Central, which comprises central costs including head office, treasury and re-insurance activities, does not meet the definition of an operating segment under IFRS 8 'Operating Segments' but is included in order to be consistent with the presentation of segment information presented to the Board. The segments are served by a single manufacturing network, and receive services from a number of global support functions. The segmental allocation of costs is performed using standard product costs to allocate all direct costs (including manufacturing facility-based depreciation) and allocation keys for all indirect costs (including share-based payments and amortisation) consistently applied over time.

5. Segment information continued

The Board uses adjusted operating profit as the measure of the profitability of the Group's businesses. Adjusted operating profit is, therefore, the measure of segment profit presented in the Group's segment disclosures. Adjusted operating profit represents operating profit before specific items that are considered to hinder comparison of the trading performance of the Group's businesses year on year. During the years presented, the items excluded from operating profit in arriving at adjusted operating profit were the amortisation of acquired intangible assets and exceptional items. The segmental classification of exceptional items is detailed in Note 7.

An analysis of total assets and total liabilities by operating segment is not presented to the Board but it does receive segmental analysis of net working capital (inventories, trade and other receivables, less trade and other payables). Accordingly, the amounts presented for segment assets and segment liabilities in the tables below represent those assets and liabilities that comprise elements of net working capital. The segmental split of working capital allocates raw material and co-product inventories, and associated payables, based on the segmental split of primary capacity. Other payables, work in progress and finished goods inventories and receivables are allocated based on the products to which they relate. The segment results were as follows:

a) Segment sales

			Year ended 31 March
	Note	2018 £m	2017* £m
Food & Beverage Solutions		850	834*
Sucralose		146	162*
Primary Products		1 714	1 757
Sales – continuing operations		2 710	2 753
Sales – discontinued operations	8	-	3
Sales – total operations		2 710	2 756

* Restated to reflect the change in reportable segments made in the 2018 financial year.

If the above segmental information were presented on a basis consistent with the prior year, Food & Beverage Solutions and Sucralose would be combined as Speciality Food Ingredients to show sales for the year ended 31 March 2018 of £996 million (2017 – £996 million). Primary Products was renamed from Bulk Ingredients in the year.

b) Segment results

Adjusted operating profit, as defined in Notes 1 and 4, is the measure of profitability of the Group's businesses used by the Board as it is considered to be the best measure to compare the results over time.

		Year ended 31 March	
	Notes	2018 £m	2017* £m
Food & Beverage Solutions		137	129*
Sucralose		55	52*
Primary Products		166	129
Central		(58)	[46]
Adjusted operating profit – continuing operations		300	264
Adjusting items:			
– exceptional items	7	2	(19)
 amortisation of acquired intangible assets 	19	(12)	(12)
Operating profit – continuing operations		290	233
Finance income	11	2	2
Finance expense	11	(34)	(34)
Share of profit after tax of joint ventures and associates	21	28	32
Profit before tax – continuing operations		286	233
Profit before tax – discontinued operations		-	1
Profit before tax – total operations		286	234

* Restated to reflect the change in reportable segments made in the 2018 financial year.

5. Segment information continued

	Year	ended 31 March
	2018 %	2017* £m
Adjusted operating margin		
Food & Beverage Solutions	16.1%	15.5%*
Sucralose	37.7%	32.1%*
Primary Products	9.7%	7.3%
Central	n/a	n/a
Total – continuing operations	11.1%	9.6%

* Restated to reflect the change in reportable segments made in the 2018 financial year.

If the above segmental information were presented on a basis consistent with the prior year, Food & Beverage Solutions and Sucralose would be combined as Speciality Food Ingredients to show adjusted operating profit for the year ended 31 March 2018 of £192 million (2017 – £181 million) and an adjusted operating margin of 19.3% (2017 – 18.2%). Primary Products was renamed from Bulk Ingredients in the year.

c) Segment assets/(liabilities)

Segment assets and segment liabilities include net working capital (inventories, trade and other receivables, less trade and other payables). An analysis of total assets and total liabilities by operating segment is not presented to the Board.

		At 31 Mar		
	Assets £m	Liabilities £m	Net £m	
Net working capital				
Food & Beverage Solutions	287	(133)	154	
Sucralose	62	(9)	53	
Primary Products	357	(145)	212	
Central	10	(35)	(25)	
Group working capital – continuing and total operations	716	(322)	394	
Other assets/(liabilities)	1 855	(882)	973	
Group assets/(liabilities)	2 571	(1 204)	1 367	

			At 31 March 2017*
	Assets £m	Liabilities £m	Net £m
Net working capital			
Food & Beverage Solutions	307*	(122)*	185*
Sucralose	64*	(7)*	57*
Primary Products	349	(146)	203
Central	13	(50)	(37)
Group working capital – continuing and total operations	733	(325)	408
Other assets/(liabilities)	2 038	(1 114)	924
Group assets/(liabilities)	2 771	(1 439)	1 332

* Restated to reflect the change in reportable segments made in the 2018 financial year.

If the above segmental information were presented on a basis consistent with the prior year, Food & Beverage Solutions and Sucralose would be combined as Speciality Food Ingredients to show net working capital assets of £349 million (2017 – £371 million) and net working capital liabilities of £142 million (2017 – £129 million). Primary Products was renamed from Bulk Ingredients in the year.

5. Segment information continued

d) Other information – depreciation

	Year ended 31 Mar	
	2018 £m	2017* £m
Food & Beverage Solutions	38	36*
Sucralose	9	9*
Primary Products	66	63
Central	1	1
Depreciation – continuing operations	114	109
Depreciation – total operations	114	109

* Restated to reflect the change in reportable segments made in the 2018 financial year.

If the above segmental information were presented on a basis consistent with the prior year, Food & Beverage Solutions and Sucralose would be combined as Speciality Food Ingredients to show depreciation of £47 million (2017 – £45 million). Primary Products was renamed from Bulk Ingredients in the year.

e) Other information – amortisation

	Year ended 31 Marc	
	2018 £m	2017* £m
Food & Beverage Solutions	30	30*
Sucralose	-	_*
Primary Products	9	9
Central	1	1
Amortisation – continuing operations	40	40
Amortisation – total operations	40	40

* Restated to reflect the change in reportable segments made in the 2018 financial year.

If the above segmental information were presented on a basis consistent with the prior year, Food & Beverage Solutions and Sucralose would be combined as Speciality Food Ingredients to show amortisation of £30 million (2017 – £30 million). Primary Products was renamed from Bulk Ingredients in the year.

f) Other information – share-based payments

	Year ended 31 March	
	2018 £m	2017* £m
Food & Beverage Solutions	3	6*
Sucralose	1	1*
Primary Products	4	6
Central	7	8
Share-based payments – continuing operations	15	21
Share-based payments – total operations	15	21

* Restated to reflect the change in reportable segments made in the 2018 financial year.

If the above segmental information were presented on a basis consistent with the prior year, Food & Beverage Solutions and Sucralose would be combined as Speciality Food Ingredients to show share-based payments of £4 million (2017 – £7 million). Primary Products was renamed from Bulk Ingredients in the year.

5. Segment information continued

g) Other information – capital investment

Capital investment comprises the cost of acquisition of businesses and capital expenditure on property, plant and equipment, intangible assets (including amounts accrued) and investments. Capital investment is allocated based on the product(s) to which the investment relates. Where capital expenditure relates to plant sustaining or cost reduction projects, the cost is allocated based on the segmental split of the product mix by plant.

		Year ended 31 March
	2018 £m	2017* £m
Food & Beverage Solutions	51	60*
Sucralose	4	6*
Primary Products	67	73
Central	19	19
Capital investment – continuing operations	141	158
Capital investment – total operations	141	158

* Restated to reflect the change in reportable segments made in the 2018 financial year.

If the above segmental information were presented on a basis consistent with the prior year, Food & Beverage Solutions and Sucralose would be combined as Speciality Food Ingredients to show capital investment of £55 million (2017 – £66 million). Primary Products was renamed from Bulk Ingredients in the year.

h) Geographical information – sales by destination

		Year	ended 31 March
	Note	2018 £m	2017 £m
United Kingdom		39	34
United States		1 902	2 057
Other European countries		312	306
Rest of the world	_	457	356
Sales – continuing operations		2 710	2 753
Sales – discontinued operations	8	-	3
Sales – total operations		2 710	2 756

i) Geographical information – sales by origin

			Year ended 31 March
	Note	2018 £m	2017 £m
United Kingdom		45	37
United States		2 128	2 173
Other European countries		342	335
Rest of the world		195	208
Sales – continuing operations		2 710	2 753
Sales – discontinued operations	8	-	3
Sales – total operations		2 710	2 756

j) Concentration of revenue

During the year ended 31 March 2018, no customer contributed more than 10% of the Group's external sales from continuing operations (2017 – no customer contributed more than 10%).

5. Segment information continued

k) Geographical information – location of non-current assets

The Parent Company is based in the United Kingdom. The location of non-current assets, other than financial instruments, deferred tax assets and retirement benefits are as follows:

		At 31 March
	2018 £m	2017 £m
United Kingdom	17	20
United States	965	1 088
Other European countries	331	343
Rest of the world	100	108
Non-current assets	1 413	1 559

6. Operating profit

Analysis of operating expenses by nature:

		Year e	nded 31 March
Continuing operations	Notes	2018 £m	2017 £m
External sales		2 710	2 753
Operating expenses			
Cost of inventories (included in cost of sales)		1 362	1 449
Staff costs (of which £151 million (2017 – £153 million) was included in cost of sales)	10	336	328
 Depreciation of property, plant and equipment: owned assets (of which £104 million (2017 – £99 million) was included in cost of sales) 	20	113	106
 leased assets (included in cost of sales) 	20	1	3
Exceptional (gain)/loss	7	(2)	19
Amortisation of intangible assets:			
 acquired intangible assets 	19	12	12
- other intangible assets	19	28	28
Operating lease rentals		35	32
Impairment of trade receivables	17	1	5
Impairment of intangible assets (non-exceptional items)	19	1	5
Other operating expenses		533	533
Total operating expenses		2 420	2 520
Operating profit		290	233

Research and development expenditure totalling £35 million (2017 – £37 million) was included within amounts above.

Exceptional items recognised in arriving at operating profit were as follows:

		Year e	
	Footnotes	2018 £m	2017 £m
Continuing operations			
Tate & Lyle Ventures gain on disposals	(a)	2	3
Business re-alignment – impairment, restructuring and other net costs	(b)	-	(5)
Asset impairments and related costs	(c)	-	(26)
US retirement benefit obligation settlement gain	(d)	-	9
Exceptional items – continuing operations		2	(19)

Business re-alignment – Eaststarch / Morocco disposals	(e)	-	1
Exceptional items – discontinued operations		-	1
Exceptional items – total operations		2	(18)

In addition, the following exceptional tax items were recognised in the current and comparative year:

		Year e	ended 31 March
	Footnotes	2018 £m	2017 £m
Continuing operations			
US tax adjustments	(f)	36	31
UK tax adjustments	(g)	2	34
Exceptional tax credit – continuing operations		38	65
Discontinued operations			
Moroccan tax matters	(h)	2	-
Exceptional tax credit – discontinued operations		2	-
Exceptional tax credit – total operations		40	65

Continuing operations – within operating profit

a) In the year ended 31 March 2018, the Group recognised a £2 million cash gain, in respect of the disposal of an investment held as part of its venture fund portfolio, previously classified as an available-for-sale financial asset. This gain was classified within central costs

In the year ended 31 March 2017, the Group recognised a £3 million cash gain, primarily in respect of deferred consideration received following disposal of part of its venture fund portfolio. This profit was classified within central costs.

- In the year ended 31 March 2018, the Group paid cash of £2 million to utilise remaining provisions in respect of the business bl re-alignment of Sucralose and its European operations, but recognised no charges in this respect during the year. In the year ended 31 March 2017, the Group recognised a net £5 million charge (£6 million of cash costs offset by a £1 million non-cash credit) in respect of the business re-alignment of Sucralose and its European operations. Cash payments in respect of this re-alignment were £21 million. The net £5 million charge was recognised within the Sucralose segment.
- In the year ended 31 March 2017, the Group recognised a net £13 million exceptional charge in respect of its Brazilian Food cl Systems business, Gemacom Tech Indústria E Comércio S.A. reflecting a partial impairment of goodwill offset by lower contingent consideration now expected to fall due. The net charge was recognised within the Food & Beverage Solutions segment. In the year ended 31 March 2017, the Group recognised a £7 million charge for the disposal of its equity interest in Jiangsu Tate & Lyle Howbetter Food Co., Ltd, its Food Systems subsidiary in China. Cash payments for costs totalled £3 million. This charge was recognised within the Food & Beverage Solutions segment. Also recognised in the year ended 31 March 2017 was a non-cash charge of £6 million in respect of the impairment of certain
- redundant assets at our Decatur facility in the US. The charge was recognised within the Primary Products segment. In the year ended 31 March 2017, the Group recognised a £9 million non-cash gain in respect of the settlement of certain d) elements of its US retirement benefit plan obligations. The exceptional gain was recognised within the Primary Products

segment (£6 million) and the Food & Beverage Solutions segment (£3 million). There was no net tax on continuing exceptional items in either the current or comparative year. Tax credits/charges on exceptional items are only recognised to the extent that gains/losses incurred are expected to result in tax recoverable/payable in the future.

7. Exceptional items continued

Discontinued operations - within operating profit

e) On 1 June 2016, the Group completed the sale of its corn wet mill in Casablanca, Morocco to ADM, receiving gross cash proceeds of £4 million. In the year ended 31 March 2017, following completion of this disposal, the Group recognised a £1 million exceptional gain resulting from the recycling of cumulative foreign exchange translation gains from reserves to the income statement. This non-cash gain was recognised within the Primary Products segment.

There was no tax on discontinued exceptional items in either the current or comparative year.

Continuing operations - exceptional taxation items

- f) In the year ended 31 March 2018, the Group recognised an exceptional tax credit of £36 million, principally reflecting the revaluation downwards of net US deferred tax liabilities following the reduction in the US federal corporation tax rate from 1 January 2018. US deferred tax liabilities primarily comprise amounts arising from accelerated tax depreciation on assets.
 In the year ended 31 March 2017, following the transfer at fair value of its sucralose intellectual property assets from the UK to the US, the Group recognised an exceptional deferred tax credit of £31 million, reflecting the anticipated future tax benefits.
- g) In the year ended 31 March 2018, two significant changes drove an exceptional net credit of £2 million resulting from the increase in UK deferred tax assets:
 - UK legislation to limit to 50% the utilisation of brought-forward losses was enacted during the second half of the 2018 financial year, resulting in a £16 million write down of the previous deferred tax asset recognised in relation to the Group's internal financing arrangements.
 - ii. Anticipated changes to the Group's internal financing arrangements, enabled by amendments to US tax legislation, led to the recognition of an increase in the deferred tax asset of £18 million.

In the year ended 31 March 2017, following changes in UK tax legislation arising from the OECD's Base Erosion and Profit Shifting project and changes to the internal financing arrangements we use to fund our international businesses, the Group recognised an exceptional deferred tax credit of £34 million, reflecting previously unrecognised tax losses in the UK, which, based on enacted legislation at the time, were expected to be utilised against future UK taxable profits.

Discontinued operations - exceptional taxation items

h) In the year ended 31 March 2018, the Group recognised an exceptional tax gain of £2 million following settlement with the Moroccan tax authorities of historical matters relating to the Group's former Moroccan subsidiary. The Group made a payment of £1 million in respect of this matter during the 2018 financial year. This subsidiary was sold, as part of a broader transaction, to ADM on 1 June 2016.

Exceptional cash flows

Net cash outflows on exceptional items were as follows:

	Yea	r ended 31 March
Footnotes	2018 £m	2017 £m
(b)	(2)	(21)
(c)	-	(3)
	(2)	(24)
_	(2)	19
	(4)	(5)
	(56)	
	20	-
(i)	(36)	-
	(b) (c)	2018 2018 Em Em (b) (2) (c) - (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2)

i) In the year ended 31 March 2018, the Group made an accelerated cash contribution of £56 million into the US defined benefit pension schemes against which the Group received a cash tax benefit of £20 million leading to an overall cash outflow of £36 million. This cash contribution was incremental to the ongoing annual scheme payments.

In addition, in the year ended 31 March 2018, there were exceptional cash flows relating to the sale of assets from the Group's venture fund portfolio totalling £2 million (2017 – £2 million) recognised within cash from investing activities.

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8. Discontinued operations

The discontinued operations of the Group are disclosed and discussed further in Note 3.

The results of the discontinued operations which have been included in the Consolidated income statement were as follows:

			real ended ST March
Discontinued operations – Eaststarch / Morocco	Notes	2018 £m	2017 £m
Sales	5	-	3
Operating profit including exceptional items		-	1
Profit for the year – discontinued operations		2	1
Basic and diluted earnings per share (pence) – discontinued operations	13	0.4p	0.2p

During the year ended 31 March 2018, the Group recognised an exceptional tax gain of £2 million following settlement with the Moroccan tax authorities of historical matters relating to the Group's former Moroccan subsidiary. The Group made a payment of £1 million in respect of this matter during the 2018 financial year. This subsidiary was sold, as part of a broader transaction, to ADM on 1 June 2016.

In the year ended 31 March 2017, the Group received gross cash proceeds of £4 million in relation to this sale to ADM and recognised a £1 million exceptional gain (see Note 7).

The results of the discontinued operations which have been included in the consolidated statement of cash flows were as follows:

	Ŷ	ear ended 31 March
Discontinued operations – Eaststarch / Morocco	2018 £m	2017 £m
Profit before tax from discontinued operations	-	1
Adjustment for:		
Exceptional items and changes in working capital	(1)	[4]
Cash used in discontinued operations	(1)	(3)

9. Auditors' remuneration

Fees payable to the Company's external auditors, PricewaterhouseCoopers LLP, and its associates were as follows:

		Year ended 31 March
	2018 £m	2017 Ém
Fees payable for the audit of the Company and consolidated financial statements	0.7	0.7
Fees payable for other services:		
– the audit of the Company's subsidiaries	1.6	1.7
– audit-related assurance services	0.1	0.1
– other non-audit services	-	0.1
	2.4	2.6
Fees in respect of the audit of the Group's pension schemes	0.1	0.1
Total	2.5	2.7

The audit and non-audit fees related to joint ventures payable to PricewaterhouseCoopers LLP and its associates, excluded from the table above, were £0.1 million (2017 – £0.1 million) and £nil (2017 – £nil) respectively.

10. Staff costs

Staff costs were as follows:

		Year ended 31 March
	2018 £m	2017 £m
Wages and salaries	282	275
Social security costs	25	22
Other pension costs:		
– defined benefit pension schemes	3	2
– defined contribution pension schemes	10	7
Retirement medical benefits	1	1
Share-based payments	15	21
Total	336	328

The average number of people employed by the Company and its subsidiaries, including part-time employees, is set out below:

	Year	Year ended 31 March	
By reportable segment	2018	2017*	
Continuing operations			
Food & Beverage Solutions	1 811	1 843*	
Sucralose**	90	88*	
Primary Products	1 754	1 731	
Central	534	489	
Total	4 189	4 151	

* Restated to reflect the change in reportable segments made in the 2018 financial year.

** The Food & Beverage Solutions division operates with a single commercial team. It is not practicable to split this team between the two segments comprising this division, and therefore the entire headcount of this team has been included within the Food & Beverage Solutions segment.

In the year ended 31 March 2018, there were no employees (2017 - average number of employees - 15) within discontinued operations.

At 31 March 2018, the Group employed 4,192 (2017 – 4,146) people all within continuing operations. The Group's three reportable segments are supported by Global Operations, which is responsible for running the Group's manufacturing facilities. The Group allocates the headcount of the Global Operations team to segments based on the split of primary capacity at each location. Central includes shared-service employees who perform activities for the whole Group, including the Food & Beverage Solutions, Sucralose and Primary Products segments.

Key management compensation

	Year ended 31 March	
	2018 £m	2017 £m
Salaries and short-term employee benefits	10	11
Retirement benefits	1	1
Share-based payments	6	9
Total	17	21

Key management is represented by the Executive Committee and the Company's Directors. Remuneration details of the Company's Directors are given in the Directors' Remuneration Report on pages 72 to 89. Members of the Executive Committee are identified on pages 16 and 17. The aggregate gains made by the Directors on the exercise of share options were £7 million (2017 – £4 million).

11. Finance income and expense

		Year er	ded 31 March
Continuing operations	Note	2018 £m	2017 £m
Net finance expense			
Interest payable on bank and other borrowings		(27)	(25)
Fair value hedges:			
– fair value loss on interest rate derivatives		(6)	(4)
 fair value adjustment of hedged borrowings 		6	4
Finance lease interest		(1)	(1)
Net retirement benefit interest	30	(5)	(7)
Unwinding of discount on liabilities		(1)	(1)
Finance expense		(34)	(34)
Finance income		2	2
Net finance expense		(32)	(32)
Reconciliation to adjusted net finance expense	Notes	£m	£m
Net finance expense		(32)	(32)
Net retirement benefit interest	30	5	7
Adjusted net finance expense – continuing operations	4	(27)	(25)

Finance expense is shown net of borrowing costs capitalised within property, plant and equipment of £nil (2017 – £2 million) at a capitalisation rate of 3.9% (2017 – 3.8%).

Interest payable on other borrowings includes £0.2 million (2017 – £0.2 million) of dividends in respect of the Group's 6.5% cumulative preference shares. Finance income and finance expense relate wholly to continuing operations.

12. Income taxes

Analysis of charge for the year – continuing operations

		ear ended 31 March
Continuing operations	2018 £m	2017 £m
Current tax:		
– United Kingdom	(9)	-
- Overseas	(45)	(23)
	(54)	(23)
Deferred tax:		
Credit for the year	31	45
Income tax (expense)/credit – continuing operations	(23)	22

For the years ended 31 March 2018 and 31 March 2017, there were no adjustments in respect of previous years for current or deferred tax.

Reconciliation to adjusted income tax expense	Notes	£m	£m
Income tax (expense)/credit		(23)	22
Taxation on exceptional items, amortisation of acquired intangibles and			
net retirement benefit interest		(5)	[6]
Exceptional US tax credit	7	(36)	(31)
Exceptional UK tax credit	7	(2)	(34)
Adjusted income tax expense – continuing operations	4	(66)	[49]

The Group's adjusted effective tax rate on continuing operations, calculated on the basis of the adjusted income tax expense of £66 million (2017 – £49 million) as a proportion of adjusted profit before tax of £301 million (2017 – £271 million) was 21.9% (2017 – 18.2%).

The Group's statutory effective tax rate on continuing operations, calculated on the basis of the reported income tax expense of £23 million (2017 – credit of £22 million) as a proportion of profit before tax of £286 million (2017 – £233 million) was 8.1% (2017 – credit of 9.6%).

12. Income taxes continued

In the year to 31 March 2018, the Group recognised exceptional tax gains totalling £38 million, comprising two items: firstly, a credit of £36 million predominantly reflecting the revaluation downwards of net US deferred tax liabilities following the reduction in the US federal tax rate; and secondly a net credit of £2 million following an increase in UK deferred tax assets. This resulted from: changes to UK legislation limiting to 50% the utilisation of brought-forward losses, resulting in a £16 million write down of the previous deferred tax asset; and anticipated changes to the Group's internal financing arrangements, enabled by amendments to US tax legislation, resulting in an increase of £18 million in the deferred tax asset. In the comparative year, the Group recognised tax credits totalling £65 million. Further details can be found in Note 7.

The Group's adjusted income tax charge of £66 million (2017 – £49 million) is stated before the exceptional tax credits above, and the tax impact of the adjustments made between reported and adjusted profit before tax (being adjustments for amortisation of acquired intangibles, exceptional items in operating profit and net retirement benefit interest). The adjusted effective tax rate increased as a result of changes to the UK tax legislation and consequent changes to our internal financing arrangements and an increase in profits from the US, a jurisdiction with higher rates of corporation tax during the year.

The standard rate of corporation tax in the UK reduced from 20% to 19% with effect from 1 April 2017 and is expected to reduce from 19% to 17% with effect from 1 April 2020. The Group tax charge in future years is expected to benefit modestly from US Tax Reforms, which came into effect from 1 January 2018. Further changes in tax legislation in the jurisdictions in which the Group operates could have a material impact on the Group's tax charge and/or the amount of deferred tax recognised in future accounting periods.

The Group recognised a tax charge in the UK in the year of £9 million (2017 – £nil), as current year taxable income exceeded costs, together with brought-forward losses. The remaining UK losses have been treated as partially recoverable in future periods, as reflected in the deferred tax asset booked for the year (see page 130).

At 31 March 2018, the carrying value of current tax assets totalled £1 million (2017 – £1 million) and the carrying value of the current tax liabilities totalled £57 million (2017 – £57 million).

An analysis of tax charged or credited on adjusting items and exceptional tax items within continuing operations is set out below:

		Year en	ded 31 March 2018	Year end	ded 31 March 2017
	Notes	Pre-tax £m	Tax (charge)/ credit £m	Pre-tax £m	Tax (charge)/ credit £m
Exceptional items					
Tate & Lyle Ventures disposal gain		2	-	3	-
Business re-alignment – impairment,					
restructuring and other net costs		-	-	(5)	1
Asset reversals/(impairments) and related costs		-	-	(26)	2
US retirement benefit obligation settlement gain		-	-	9	(3)
Exceptional items		2	-	(19)	-
Amortisation of acquired intangibles		(12)	3	(12)	3
Net retirement benefit interest		(5)	2	(7)	3
Adjusting items	4	(15)	5	(38)	6
Exceptional deferred tax items					
Exceptional US tax credit		-	36	_	31
Exceptional UK tax credit		-	2	_	34
Exceptional deferred tax items	4, 7	-	38	-	65
Total – continuing operations	4	(15)	43	(38)	71

12. Income taxes continued

Reconciliation of the effective tax rate

As the Group's head office and parent company are domiciled in the UK, the Group uses the UK corporation tax rate to reference its effective tax rate, notwithstanding that only a small proportion of the Group's business is in the UK. The tax on the Group's profit before tax differs from the standard rate of corporation tax in the UK as follows:

	Year er	nded 31 March
	2018 £m	2017 £m
Profit before tax	286	233
Less share of profit after tax of joint ventures and associates	(28)	(32)
Parent Company and subsidiaries' profit before tax	258	201
Corporation tax charge thereon at 19% (2017 – 20%)	(49)	(40)
Adjusted for the effects of:		
 non-deductible expenses and other permanent items 	(2)	-
– impairment of assets not deductible	-	(5)
– sale of investments not taxable	-	1
– manufacturing credits ¹	1	6
 losses not currently treated as being recoverable in future periods² 	(2)	(4)
- losses previously considered irrecoverable, now expected to be recoverable	-	3
– exceptional tax credits ³	38	65
– tax rates above the UK rate applied on overseas earnings ⁴	(9)	[4]
Total tax (charge)/credit – continuing operations	(23)	22

1 The Group benefits from certain tax incentives available to manufacturing companies.

2 The Group incurs expenses in jurisdictions where it does not currently expect to be able to recover these amounts against future taxable profits. This has the effect of increasing the Group's overall effective tax rate.

3 Changes in UK and US tax legislation led to exceptional tax credits totalling £38 million which included a £3 million current tax charge [See Note 7].

4 The Group is subject to tax rates in the jurisdictions in which it operates which are above the UK corporation tax rate (the Group's reference rate) leading to an increase in total tax charge. The Group's tax rate is favourably impacted by its internal financing arrangements which involve borrowing by its operations from the UK, the interest on which has the effect of reducing the amount of tax payable. This financing benefit was materially reduced following UK legislation changes.

Key factors impacting the sustainability of the effective tax rate:

1. Tax Reforms

US Tax Reforms, effective 1 January 2018, have reduced the US federal tax rate from 35% to 21%. Further changes to tax legislation, in the US or in other jurisdictions in which the Group operates, could materially impact the effective tax rate in the future.

The Group operates internal financing arrangements which involve borrowing by our operations from the UK, the interest on which has the effect of reducing the amount of tax payable. These arrangements could be affected by further tax reforms in future periods impacting the Group's effective tax rate.

2. The timing of recognising tax benefits from brought-forward losses in the UK

Legislative changes in the UK have been enacted which restrict the utilisation of brought-forward losses by 50% which has led to a significant taxation charge in the Group's income statement. The extent of UK taxable profits utilised in subsequent years may be subject to variability, impacting the Group's tax charge.

3. Material changes in the geographic mix of profits

The Group's effective tax rate is sensitive to the geographic mix of profits and reflects a combination of higher rates in certain jurisdictions such as the US, lower effective rates in the UK due to the availability of losses and rates that lie somewhere in between. If the geographic mix of profits were to change materially, through changes in the composition of the Group's business or changes in performance, our tax rate could change materially.

12. Income taxes continued

Key factors impacting the sustainability of the effective tax rate continued:

4. Resolution of tax judgements arising from current or future tax issues

At any one time, the Group can be subject to a number of challenges by tax authorities in the jurisdictions in which it operates. The outcome of these challenges is inherently uncertain, potentially resulting in a different tax charge from the amounts initially provided.

At 31 March 2018, the Group carried a central provision in current tax payables in respect of uncertain tax positions within its continuing operations totalling £29 million (2017 – £34 million). Based on all substantively enacted legislation, the Group believes that no reasonably possible change in assumptions would lead to a material change in this number.

Exceptional tax credits

In the year ended 31 March 2018, the Group recognised exceptional tax credits totalling £38 million (2017 – £65 million) in respect of recent changes to UK and US tax legislation and the Group's internal financing arrangements. Further details can be found in Note 7.

Deferred tax

Deferred tax is calculated on differences between the accounting value of assets and liabilities and their respective tax values.

The movements in deferred tax assets and liabilities during the year were as follows:

	Capital allowances in excess of depreciation £m	Retirement benefit obligations £m	Share- based payments £m	Tax losses £m	Other¹ £m	Total £m
At 1 April 2016	(134)	83	2	6	25	(18)
(Charged)/credited to the income statement						
underlying	(11)	(6)	2	-	(5)	(20)
exceptional	-	-	-	34	31	65
Charged to other comprehensive income	-	(30)	-	-	-	(30)
Credited directly to equity	-	-	3	-	-	3
Currency translation differences	(24)	17	-	-	4	(3)
At 31 March 2017	(169)	64	7	40	55	(3)
(Charged)/credited to the income statement						
underlying	(2)	4	-	(5)	(7)	(10)
exceptional	52	1	-	(4)	(8)	41
Charged to other comprehensive income	-	(60)	-	-	-	(60)
Charged directly to equity	-	-	(3)	-	-	(3)
Currency translation differences	18	(9)	-	(1)	(8)	-
At 31 March 2018	(101)	-	4	30	32	(35)

1 During the prior year the Group rationalised ownership of its Sucralose IP to align it with the underlying US manufacturing base. This resulted in the recognition of a deferred tax asset of £31 million. Other deferred tax items include temporary differences arising from accounting provisions, where the timing of the tax deduction is different from the timing of accounting recognition, and business combinations.

Deferred tax assets and liabilities are offset where there is a legally enforceable right of offset and there is an intention to net settle the balances. After taking these offsets into account, the net position of £35 million liability (2017 – £3 million liability) is presented as a £7 million deferred tax asset (2017 – £22 million asset) and a £42 million deferred tax liability (2017 – £25 million liability) in the Group's statement of financial position.

Other than changes as a result of US Tax Reforms (see previous page), changes in enacted tax rates had no effect on the amount of deferred tax charged to the income statement and other comprehensive income or equity. There was no impact from the imposition of new taxes. No deferred tax assets have been recognised in respect of tax losses of £556 million (2017 – £508 million) as there is uncertainty as to whether taxable profits against which these assets may be recovered, will be available. No unrelieved tax losses expired under current tax legislation in the year ended 31 March 2018.

The total deferred tax on unremitted earnings is £1 million (2017 – £3 million) of which £nil (2017 – £2 million) has been recognised. The Group has not recognised the full amount as it is able to control the timing of the reversal of certain of these temporary differences and it is not probable that they will reverse in the foreseeable future.

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12. Income taxes continued

Discontinued operations

An exceptional income tax credit of £2 million was recognised in the year ended 31 March 2018 (2017 – £nil) in respect of discontinued operations (see Note 8). This credit related to historical tax matters at the Moroccan facility, which the Group sold to ADM during the 2017 financial year.

Tax on other comprehensive income

The following table sets out the tax arising on components of other comprehensive income:

	Year ended 31 March	
	2018 £m	2017 £m
Retirement benefit obligations	(60)	(30)
Deferred tax credit relating to components of other comprehensive income	(60)	(30)
Retirement benefit obligations	27	
Current tax charge relating to components of other comprehensive income	27	-
Total tax on other comprehensive income	(33)	(30)

Tax on items recognised directly in equity

A deferred tax charge of £3 million, in relation to share-based payments, was recognised directly in equity (2017 - £3 million credit).

13. Earnings per share

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 an average of 6 million shares (2017 – 4 million shares) held by the Company and the Employee Benefit Trust to satisfy awards made under the Group's share-based incentive plans.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue assuming conversion of potentially dilutive ordinary shares, reflecting vesting assumptions on employee share plans, as well as the profit attributable to owners of the Company for any proceeds on such conversions. Potentially dilutive ordinary shares arise from awards made under the Group's share-based incentive plans. Where the vesting of these awards is contingent on satisfying a service or performance condition, the number of potentially dilutive ordinary shares is calculated based on the status of the condition at the end of the period. Potentially dilutive ordinary shares are dilutive only when the average market price of the Company's ordinary shares during the year exceeds their exercise price (options) or issue price (other awards). Otherwise, the effect of exercising such options or awards would be to increase the earnings per share rather than to dilute. The greater any such excess, the greater the dilutive effect. The average market price of the Company's ordinary shares during the year was 676p (2017 – 695p). The dilutive effect of share-based incentives was 7.7 million shares (2017 – 7.1 million shares).

		Year ended	31 March 2018		Year ended	31 March 2017
	Continuing operations	Discontinued operations	Total operations	Continuing operations	Discontinued operations	Total operations
Profit attributable to owners of the						
Company (£ million)	263	2	265	255	1	256
Weighted average number of ordinary shares						
(million) – basic	462.3	462.3	462.3	464.1	464.1	464.1
Basic earnings per share (pence)	57.0p	0.4p	57.4p	55.0p	0.2p	55.2p
Weighted average number of ordinary shares						
(million) – diluted	470.0	470.0	470.0	471.2	471.2	471.2
Diluted earnings per share (pence)	56.1p	0.4p	56.5p	54.2p	0.2p	54.4p

13. Earnings per share continued

Adjusted earnings per share

A reconciliation between profit attributable to owners of the Company from continuing operations and the equivalent adjusted metric, together with the resulting adjusted earnings per share metrics can be found below:

			Year ended 31 March
Continuing operations	Notes	2018 £m	2017 £m
Profit attributable to owners of the Company		263	255
Adjusting items:			
– exceptional (gain)/loss	7	(2)	19
- amortisation of acquired intangible assets	19	12	12
– net retirement benefit interest	11, 30	5	7
– tax effect of the above adjustments	12	(5)	(6)
– exceptional tax credits	7, 12	(38)	(65)
Adjusted profit attributable to owners of the Company	4	235	222
Adjusted basic earnings per share (pence) – continuing operations		50.9p	47.8p
Adjusted diluted earnings per share (pence) – continuing operations		50.1p	47.1p

14. Dividends on ordinary shares

Dividends on ordinary shares in respect of the financial year:

	Year ended 31 March	
	2018 Pence	2017 Pence
Per ordinary share:		
– interim dividend paid	8.4	8.2
– final dividend proposed	20.3	19.8
Total dividend	28.7	28.0

The Directors propose a final dividend for the financial year of 20.3p per ordinary share that, subject to approval by shareholders, will be paid on 1 August 2018 to shareholders who are on the Register of Members on 22 June 2018.

Dividends on ordinary shares paid in the financial year:

	Year ended 31 March	
	2018 £m	2017 £m
Final dividend paid relating to the prior financial year	92	92
Interim dividend paid relating to the financial year	39	38
Total dividend paid	131	130

Based on the number of ordinary shares outstanding at 31 March 2018 and the proposed amount, the final dividend for the financial year is expected to amount to £94 million.

15. Inventories

		At 31 March
	2018 £m	2017 £m
Raw materials and consumables	201	206
Work in progress	17	19
Finished goods	201	216
Total	419	441

Finished goods inventories of £1 million (2017 – £4 million) are carried at net realisable value, this being lower than cost. Agricultural produce after harvest of £103 million (2017 – £103 million) is carried at net realisable value. During the year ended 31 March 2018, the Group recognised a write down of inventories totalling £3 million (2017 – £6 million), which relates to the normal course of business and is included in the cost of inventories.

16. Cash and cash equivalents

		At 31 March
	2018 £m	2017 £m
Cash and cash equivalents	190	261
Total	190	261

The carrying amount of cash and cash equivalents was denominated in the following currencies:

		At 31 March
	2018 £m	2017 £m
US dollar	161	226
Euro	16	12
Sterling	4	2
Other	9	21
Total	190	261

17. Trade and other receivables

		At 31 March
	2018 £m	2017 £m
Trade receivables	280	264
Less provision for doubtful debts	(14)	(14)
Trade receivables – net	266	250
Prepayments and accrued income	16	15
Margin deposits	1	3
Other receivables	11	23
Total	294	291

The amounts above do not include non-current other receivables of £3 million (2017 – £1 million).

The carrying amount of trade and other receivables was denominated in the following currencies:

	At 31 March
	2018 2017 £m £m
US dollar	201 184
Euro	40 46
Sterling	14 12
Other	42 50
Total	297 292

During the year, the Group recognised impairments or write offs of receivables totalling £1 million (2017 – £5 million). At 31 March 2018, trade receivables of £18 million (2017 – £7 million) were past due but not impaired because they were considered to be collectible. The ageing analysis of these trade receivables was as follows:

	At 31 Marc	
	2018 £m	2017 £m
Up to 30 days past due	14	6
1–3 months past due	3	1
Over 3 months past due	1	
Total	18	7

Trade receivables are not generally interest-bearing but interest may be charged to customers on overdue amounts.

18. Available-for-sale financial assets

Available-for-sale financial assets comprise £37 million (2017 – £30 million) of unlisted securities. These available-for-sale financial assets are carried at cost where fair value cannot be reliably measured.

	Note	£m
At 1 April 2016		23
Year ended 31 March 2017:		
Additions		4
Disposals		[2]
Re-measurement of non-qualified deferred compensation arrangements	30	2
Currency translation differences		3
At 31 March 2017		30
Year ended 31 March 2018:		
Additions		8
Revaluations		3
Disposals		(2)
Impairment		(1)
Re-measurement of non-qualified deferred compensation arrangements	30	2
Currency translation differences		(3)
At 31 March 2018		37

The carrying value of available-for-sale financial assets was denominated in the following currencies:

	At 31 March
	2018 2017 £m £rr
US dollar	31 25
Sterling	2
Euro	4 3
Total	37 30

Presented in the statement of financial position as follows:

		At 31 March
	2018 £m	2017 £m
Non-current assets	37	30
Current assets	-	-
Total	37	30

19. Goodwill and other intangible assets

17. Oodwiit and other intangible asset	Goodwill £m	Patents and other IP £m	Other acquired intangibles £m	Total acquired intangibles £m	Other intangible assets £m	Total £m
Cost						
At 1 April 2017	229	41	166	436	254	690
Additions at cost	-	-	-	-	20	20
Currency translation differences	(11)	(1)	(1)	(13)	(20)	(33)
At 31 March 2018	218	40	165	423	254	677
Accumulated amortisation and impairment						
At 1 April 2017	17	37	112	166	123	289
Impairment charge	-	-	-	-	1	1
Amortisation charge	-	1	11	12	28	40
Currency translation differences	(3)	-	(3)	(6)	(7)	(13)
At 31 March 2018	14	38	120	172	145	317
Net book value at 31 March 2018	204	2	45	251	109	360
Cost						
At 1 April 2016	204	40	150	394	204	598
Re-measurement of acquisition	1	-	-	1	_	1
Additions at cost	-	-	-	-	26	26
Disposals and write offs	[2]	-	-	[2]	(1)	(3)
Currency translation differences	26	1	16	43	25	68
At 31 March 2017	229	41	166	436	254	690
Accumulated amortisation and impairment						
At 1 April 2016	-	35	91	126	82	208
Impairment charge	18	-	-	18	5	23
Disposals and write offs	(2)	-	-	(2)	-	(2)
Amortisation charge	-	2	10	12	28	40
Currency translation differences	1	-	11	12	8	20
At 31 March 2017	17	37	112	166	123	289
Net book value at 31 March 2017	212	4	54	270	131	401

Goodwill

The carrying amount of goodwill is allocated as follows:

		At 31 March
	2018 £m	2017 £m
Allocated by geographical area		
United States	72	74
Europe	109	-
	181	74
Allocated by reportable segment		
Food & Beverage Solutions	21	136
Primary Products	2	2
	23	138
Total	204	212

19. Goodwill and other intangible assets continued

(i) Impairment tests carried out during the year

The Group operates principally as an integrated manufacturing network in the United States and Europe, with a large amount of interdependency between plants servicing both the Food & Beverage Solutions and Primary Products segments. Goodwill is therefore tested for impairment on a geographical basis, except where it can be allocated to a specific CGU. During the year, the Group has integrated its Food Systems business into the core Speciality Food Ingredients business (now together Food & Beverage Solutions) to drive synergies in commercial strategy, commercial organisation and enabling infrastructure and organisation. As a result of this re-organisation, management considers that goodwill in relation to Food Systems businesses should no longer be tested separately but should be tested at a geographical level.

A description of the impairment tests conducted in relation to the most significant goodwill amounts are set out as follows. In each case, the recoverable amount was calculated based on value in use, with the exception of the European business, the Latin American Food & Beverage Solutions operations and Tate & Lyle Sweden AB. Value in use was calculated based on budgets and plans covering the next five years that have been reviewed by the Board. Cash flows were projected during the five-year period based on budgeted operating profit and management's expectations of market developments. Beyond the five-year plan, cash flows were generally assumed to grow at the long-term growth rate for the relevant geographical markets based on forecasts included in industry reports. Cash flows were discounted using pre-tax rates that are based on the Group's weighted average cost of capital adjusted, where appropriate, to reflect differences between the risk profile of the geographical areas or CGUs concerned and that of the Group as a whole.

Goodwill allocated by geographical area

United States

Goodwill allocated to the US operations of £72 million (2017 – £74 million which related to single ingredient operations only) relates predominantly to the Staley acquisition in 1988. The key assumptions in the model are derived from the Group's Annual Operating Plan for 2019 and Board-reviewed five-year plan, which includes mid-single digit volume growth in Food & Beverage Solutions and flat volumes in Primary Products. Operating profit is assumed to increase by low-single digits for both Food & Beverage Solutions and Primary Products, based on management's long-term expectations. Based on the risk profile of the assets tested, cash flows were discounted using a pretax rate of 8.9% (2017 – 8.8%). Significant headroom exists and management concluded that no impairment is required.

Europe

Goodwill of £109 million is allocated to the European operations. At 31 March 2017, goodwill totalled £106 million being £63 million relating to the European Food Systems CGU incorporating G.C. Hahn and Company and Cesalpinia Foods and £43 million relating to the Tate & Lyle Boleraz s.r.o. CGU. Both CGUs were tested separately in 2017. The key assumptions in the model are derived from the Group's Annual Operating Plan for 2019 and Board-reviewed five-year plan which assumes expansion beyond normal maintenance capital expenditure. Accordingly, the recoverable amount was determined based on fair value less costs of disposal. The fair value was determined based on a discounted cash flow model using a post-tax discount rate and cash inflows and outflows from future expansion. Cash flows from 2019 onwards are expected to grow at a double-digit compound annual rate over the subsequent four years reflecting the growth derived from the expansion. Cash flows were discounted using a post-tax rate of 7.1%. Management concluded that no impairment is required.

Goodwill allocated by reportable segment

Food & Beverage Solutions

Goodwill of £6 million is allocated to the Latin American Food & Beverage Solutions operations (2017 – £7 million) relating to Tate & Lyle Gemacom Tech Indústria E Comércio S.A. which was tested separately in 2017. The impairment model assumes expansion beyond normal maintenance capital expenditure and the recoverable amount therefore was calculated based on fair value less costs of disposal. The fair value was determined based on a discounted cash flow model using a post-tax discount rate and cash inflows and outflows from future expansion. The model assumes a return to profitability over the first two years with volume and contribution margin growth in low-double digits over the five years. The long-term growth rate is assumed to be 5% thereafter, reflecting the growth expectations for this market. Cash flows were discounted using a post-tax rate of 11.7% (2017 – 12% post-tax). Management concluded that no impairment is required.

In 2017, management recognised an impairment charge of £16 million within other expenses as an exceptional item in relation to the Gemacom CGU. Refer to Note 7 for further details.

Goodwill of £9 million (2017 – £10 million) allocated to the Food & Beverage Solutions segment relates to the acquisition of Tate & Lyle Sweden AB (formerly 'Biovelop'), the Oat Beta Glucan plant, in the 2014 financial year. The key assumptions in the model are derived from the Group's Annual Operating Plan for 2019, and the model projects material operating profit growth as commercialisation of a key co-product stream is achieved. Management concluded, based on the fair value less cost of disposal model used, that no impairment is required. Cash flows were discounted using a post-tax rate of 7.0% (2017 – 7.1%). Long-term growth rate is assumed to be 1% (2017 – 0%) thereafter, reflecting the future growth potential of the market. However, this calculation resulted in a low level of headroom compared with the carrying value. The amount of headroom was particularly sensitive to the discount rate, the pricing of the PrOateinTM main product and sales volumes and prices of co-products. Reasonably possible changes in each of these assumptions individually, being changes in excess of an increase in the discount rate of 6bps, a reduction in pricing of PrOateinTM sold of 100bps, a reduction in volumes of co-products sold in years two to five of 90bps or a reduction in pricing of co-products sold of 100bps would lead to an impairment. Management considers the value of co-product revenues within the model to be an area of significant judgement. Refer to Note 2 for further details.

There are no other individually material elements of goodwill allocated to the Food & Beverage Solutions, Sucralose or Primary Products reportable segments.

19. Goodwill and other intangible assets continued

(ii) Possibility of impairment in the near future

Management considers that, with the exception of Tate & Lyle Sweden AB, there is no reasonably possible change in one or more of the key assumptions used in the impairment tests for goodwill and other intangible assets that would give rise to an impairment loss during the coming year.

20. Property, plant and equipment

20. 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 2017	569	2 433	77	3 079
Additions at cost	5	4	104	113
Transfers on completion	43	111	(154)	-
Disposals and write offs	(4)	(18)	(1)	(23)
Currency translation differences	(57)	(252)	-	(309)
At 31 March 2018	556	2 278	26	2 860
Accumulated depreciation and impairment				
At 1 April 2017	289	1 729	-	2 018
Depreciation charge	14	100	-	114
Disposals and write offs	(3)	(17)	-	(20)
Currency translation differences	(30)	(187)	-	(217)
At 31 March 2018	270	1 625	-	1 895
Net book value at 31 March 2018	286	653	26	965
Including assets held under finance leases	-	8	-	8
Cost				
At 1 April 2016	485	2 142	222	2 849
Additions at cost	1	5	122	128
Transfers on completion	43	199	(242)	-
Disposals and write offs ¹	(30)	(249)	(25)	(304)
Currency translation differences	70	336	-	406
At 31 March 2017	569	2 433	77	3 079
Accumulated depreciation and impairment				
At 1 April 2016	265	1 633	25	1 923
Depreciation charge	14	95	-	109
Impairment charge	3	4	-	7
Disposals and write offs ¹	(30)	(247)	(25)	(302)
Currency translation differences	37	244		281
At 31 March 2017	289	1 729	-	2 018
Net book value at 31 March 2017	280	704	77	1 061
Including assets held under finance leases		10		10

1 In the year ended 31 March 2017, the formerly impaired assets at the Singapore plant were decommissioned and removed from the fixed asset register.

Impairment reviews

Management conducted impairment reviews of property, plant and equipment during the year and concluded that there were no impairments. During the prior year, the Group recognised an impairment charge of £6 million in respect of the impairment of certain redundant assets at the Decatur facility in the US (see Note 7). As part of the impairment and deconsolidation of the Group's equity interest in Jiangsu Tate & Lyle Howbetter Food Co., Ltd, the Group recognised a £1 million charge (see Note 7).

21. Equity accounted investments

The amounts recognised in the Consolidated income statement are as follows:

	Yea	r ended 31 March
	2018 £m	2017 £m
Joint ventures – continuing operations	28	32
Total operations	28	32

The amounts recognised in the Consolidated statement of financial position are as follows:

		At 31 March
	2018 £m	2017 £m
Associates	-	4
Joint ventures	85	92

Associates

On 2 November 2017, the Group completed the sale of its 33.3% share in an associated undertaking, the Tapioca Development Corporation. This was the Group's only associate and was accounted for under the equity method. The associate had share capital consisting solely of ordinary shares, which were held directly by the Group, and the country of incorporation or registration is also its principal place of business. Tapioca Development Corporation is a private company, based in Thailand, and there is no quoted market price available for its shares.

This sale resulted in cash proceeds of £5 million and resulted in a profit on disposal of £2 million, after recycling of cumulative foreign exchange translation gains of £1 million from reserves to the income statement upon disposal.

In the opinion of the Directors, this former associate was not considered to be material to the Group and there are no contingent liabilities relating to the Group's previously held interest in the associate.

The investment in the associate as at 31 March 2018 was £nil (2017 – £4 million). During the years ended 31 March 2018 and 31 March 2017, other than the gain on disposal, the Group recognised no net profit in its consolidated income statement and received no dividends from its associate.

Joint ventures

In the opinion of the Directors, the Group's material joint ventures, which are accounted for under the equity method, are Almidones Mexicanos SA (Almex) and DuPont Tate & Lyle Bio Products Company, LLC (Bio-PDO) (see Note 38). The joint ventures have share capital consisting solely of ordinary shares, which are held directly by the Group (and its joint venture partners) and are private companies. No quoted market price is available for their shares. There are no contingent liabilities relating to the Group's interest in the joint ventures.

The movements in the carrying value of the Group's investment in joint ventures are summarised as follows:

Investments in joint ventures	Note	£m
At 1 April 2017		92
Share of profit after tax of joint ventures – total operations		28
Other comprehensive expense (including exchange)	23	(9)
Dividends paid		(26)
At 31 March 2018		85
	Note	£m
At 1 April 2016		82
Share of profit after tax of joint ventures – total operations		32
Other comprehensive income (including exchange)	23	7
Dividends		(29)
At 31 March 2017		92

Set out below is the summarised financial information for each material joint venture accounted for using the equity method.

The information reflects the amounts presented in the financial statements of the joint ventures (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the joint ventures to make it consistent with the Group's accounting policies.

21. Equity accounted investments continued

Income Statement

		Year ended 3		
	Almex £m	Bio-PDO £m	Other £m	Total £m
Sales	627	97	-	724
Depreciation and amortisation	(2)	(7)	-	(9)
Other expense	(564)	(71)	-	(635)
Profit before tax	61	19	-	80
Income tax expense	(17)	(7)	-	(24)
Profit for the year from total operations	44	12	-	56
Other comprehensive expense	(12)	(4)	(1)	(17)
Total comprehensive income	32	8	(1)	39
Dividends	(53)	-	-	(53)

			Year ended	31 March 2017
	Almex £m	Bio-PDO £m	Other £m	Total £m
Sales	618	90	-	708
Depreciation and amortisation	(2)	[7]	-	(9)
Other expense	(546)	(65)	-	(611)
Profit before tax	70	18	-	88
Income tax expense	(20)	(4)	-	(24)
Profit for the year from total operations	50	14	-	64
Other comprehensive income	5	10	(1)	14
Total comprehensive income	55	24	(1)	78
Dividends	(33)	(24)	-	(57)

Statement of Financial Position

				At 31 March 2018
	Almex £m	Bio-PDO £m	Other £m	Total £m
Assets				
Non-current assets	43	46	-	89
Cash and cash equivalents	2	27	-	29
Other current assets	161	20	-	181
	206	93	-	299
Liabilities				
Other non-current liabilities	4	-	-	4
Current borrowings	47	-	-	47
Other current liabilities	57	21	-	78
	108	21	-	129
Net assets	98	72	-	170

Strategic Report

21. Equity accounted investments continued

Statement of Financial Position

				At 31 March 2017
	Almex £m	Bio-PDO £m	Other Ém	Total Ém
Assets				
Non-current assets	45	53	1	99
Cash and cash equivalents	7	10	-	17
Other current assets	155	14		169
	207	77	1	285
Liabilities				
Other non-current liabilities	4	-	-	4
Current borrowings	22	-	-	22
Other current liabilities	62	13	-	75
	88	13	-	101
Net assets	119	64	1	184

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in joint ventures:

Reconciliation of summarised financial information

	Almex £m	Bio-PDO £m	Other £m	Total £m
Opening net assets at 1 April 2017	119	64	1	184
Profit for the year from total operations	44	12	-	56
Other comprehensive expense	(12)	(4)	(1)	(17)
Dividends	(53)	-	-	(53)
Closing net assets at 31 March 2018	98	72	-	170
Interest in joint venture (%)	50%	50%	50%	
Interest in joint venture at share	49	36	-	85
Carrying value at 31 March 2018	49	36	-	85
	Almex Em	Bio-PDO £m	Other £m	Total £m
Opening net assets at 1 April 2016	97	64	2	163
Profit for the year from total operations	50	14	-	64
Other comprehensive income/(expense)	5	10	(1)	14
Dividends	(33)	[24]	-	(57)
Closing net assets at 31 March 2017	119	64	1	184
Interest in joint venture (%)	50%	50%	50%	
Interest in joint venture at share	59	32	1	92
Carrying value at 31 March 2017	59	32	1	92

22. Share capital and share premium

	Ordinary share capital £m	Share premium £m	Total £m
At 31 March 2018 and 31 March 2017	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 ended 31 March 2018		Year ended 31 March 2017	
	Number of shares*	Cost £m	Number of shares*	Cost £m
At 1 April	468 256 866	117	468 235 944	117
Allotted under share option schemes	52 068	-	20 922	-
At 31 March	468 308 934	117	468 256 866	117

* The nominal value of each share is 25 pence.

Own shares

Own shares represent the Company's ordinary shares that are acquired to meet the Group's expected obligations under share-based incentive arrangements (see Note 31). Own shares are held either by the Company in treasury or by an Employee Benefit Trust (EBT) that was established by the Company.

Movements in own shares held were as follows:

	Year ended 31 March 2018		Year ended 31 March 2017	
	Number of shares	Cost £m	Number of shares	Cost £m
At 1 April	5 529 597	37	4 161 942	28
Purchased in the market:				
– into treasury	-	-	2 000 000	14
– into the EBT	3 900 000	27	541 110	4
Transferred to EBT*	-	-	15 572	-
Transferred to employees:				
– from treasury	(1 010 461)	(6)	(230 619)	[2]
– from the EBT	(1 068 438)	(6)	(958 408)	[7]
At 31 March	7 350 698	52	5 529 597	37

* Shares held for the benefit of untraceable shareholders and bearer warrant holders transferred to the trust at nil cost.

			At 31 March 2018			At 31 March 2017
	Number of shares	Market value £m	% of outstanding share capital	Number of shares	Market value £m	% of outstanding share capital
Treasury shares	2 562 392	14	0.6	3 572 853	27	0.8
Shares held in the EBT	4 788 306	26	1.0	1 956 744	15	0.4
Total	7 350 698	40	1.6	5 529 597	42	1.2

23. Other reserves

	Hedging reserve £m	Currency translation reserve £m	Other reserves £m	Total Ém
At 1 April 2016	(2)	30	99	127
Other comprehensive income/(expense):				
Cash flow hedges:				
– fair value gain in the year	1	-	-	1
 reclassified and reported in the income statement in the year 	4	_	_	4
Available-for-sale financial assets:				
 reclassified and reported in the income statement in the year 	-	_	(1)	(1)
Currency translation differences:				
– gain on currency translation of foreign operations	-	185	-	185
 fair value loss on net investment hedges 	-	(69)	-	(69)
Share of other comprehensive income of joint ventures	-	7	-	7
Items transferred to income statement on disposal of subsidiary		[1]	_	[1]
At 31 March 2017	3	152	98	253
Other comprehensive (expense)/income:				
Cash flow hedges:				
 reclassified and reported in the income statement in the year 	(4)	-	-	(4)
Available-for-sale financial assets:				
– fair value gain in the year	-	-	3	3
Currency translation differences:				
– loss on currency translation of foreign operations	-	(122)	-	(122)
– fair value gain on net investment hedges	-	39	-	39
Share of other comprehensive expense of joint ventures	-	(9)	-	(9)
Items transferred to income statement on disposal of associate	-	(1)	-	(1)
At 31 March 2018	(1)	59	101	159

For the years ended 31 March 2018 and 31 March 2017, there was no tax effect on the above movements in reserves.

24. Trade and other payables

		At 31 March
	2018 £m	2017 £m
Current payables		
Trade payables	192	185
Social security	7	6
Accruals and deferred income	91	107
Other payables	22	17
Total	312	315

The above amounts do not include non-current other payables of £10 million (2017 – £10 million).
24. Trade and other payables continued

The carrying amount of trade and other payables was denominated in the following currencies:

		At 31 March	
	201 £r		
US Dollar	22	242	
Euro	4	3 22	
Sterling	2	7 32	
Other	3	29	
Total	32	2 325	

25. Borrowings Non-current borrowings

		At 31 March
	2018 £m	2017 £m
2,394,000 6.5% cumulative preference shares of £1 each	2	2
Industrial Revenue Bonds 2023–2036 (US\$70,100,000)	50	56
US Private Placement 2023-2027 (US\$400,000,000)	285	319
6.75% Guaranteed Notes 2019 (£200,000,000)	207	212
Total loan notes	544	589
Other bank loans	-	1
Total other bank loans	-	1
Other borrowings		
Obligations under finance leases	10	14
Total obligations under lease obligations	10	14
Total non-current borrowings	554	604

Current borrowings

		At 31 March
	2018 £m	2017 £m
US commercial paper	-	70
Short-term loans	13	16
Unsecured bank overdrafts	1	1
Total loan notes and overdrafts	14	87
Other borrowings		
Obligations under finance leases	2	1
Total current borrowings	16	88

Included within borrowings are £150 million (2017 – £150 million) of borrowings subject to fair value hedges, the amortised cost of which has been increased by £7 million (2017 – £13 million) in the tables above.

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default. There are no other securities on borrowings.

Governance

At 31 March

25. Borrowings continued

Current borrowings continued

Taking into account the Group's interest rate and cross currency swap contracts, the effective interest rates of its borrowings are as follows:

	Year e	ended 31 March
	2018	2017
\$25m 3.83% US Private Placement Notes 2023	3.8%	3.8%
\$180m 4.06% US Private Placement Notes 2025	4.1%	4.1%
\$100m 4.16% US Private Placement Notes 2027	4.2%	4.2%
\$95m US Private Placement FRN ¹ 2023	3.1%	2.4%
2,394,000 6.5% cumulative preference shares of £1 each	6.5%	6.5%
Industrial Revenue Bonds 2023–2036 (US\$70,100,000)	1.1%	0.7%
6.75% Guaranteed Notes 2019 (£200,000,000)	5.4%	5.2%

1 Floating rate note based on US six-month LIBOR + 1.47%.

Short-term loans and overdrafts

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 revolving credit facility with a core of highly rated banks which matures between July 2020 and July 2021. At 31 March 2018, the facility had a value of £570 million (2017 – £638 million) and was undrawn. The facility incurs commitment fees at market rates prevailing when the facility was arranged. The lenders have the right, but not the obligation, to cancel their commitments in the event of specified events of default. In addition, the Group has substantial uncommitted facilities.

Finance lease commitments

Amounts payable under finance lease commitments are as follows:

				At 31 March	
		2018	2017		
	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	3	2	1	1	
Between one and five years	10	9	12	10	
After five years	1	1	5	4	
Total	14	12	18	15	
Less future finance charges	(2)		(3)		
Present value of minimum lease payments	12		15		

26. Change in working capital and other non-cash movements

	Year ended 31 Ma		
Continuing operations	2018 £m	2017 £m	
(Increase)/decrease in inventories	(8)	13	
(Increase)/decrease in receivables	(41)	35	
Increase/(decrease) in payables	19	[47]	
Increase in derivative financial instruments (excluding debt-related derivatives)	(6)	[4]	
Decrease in provisions for other liabilities and charges	(2)	[2]	
Change in working capital	(38)	(5)	
Other non-cash movements	2	9	
Change in working capital and other non-cash movements	(36)	4	

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27. Net debt

Reconciliation of the decrease in cash and cash equivalents to the movement in net debt:

	Year	ended 31 March
	2018 £m	2017 £m
Net decrease in cash and cash equivalents	(48)	(88)
Net decrease in borrowings*	74	124
Decrease in net debt resulting from cash flows	26	36
Fair value and other movements	(1)	3
Currency translation differences	35	(57)
Decrease/(increase) in net debt in the year	60	(18)
Net debt at beginning of the year	(452)	(434)
Net debt at end of year	(392)	(452)

* Net change in borrowings includes repayments of capital elements of finance leases of £1 million (2017 - £1 million).

Movements in the Group's net debt were as follows:

		Borrowing	s and finance leases		
	Cash and cash equivalents £m	Current £m	Non-current £m	Debt-related derivatives £m	Total £m
At 1 April 2016	317	(200)	(556)	5	(434)
(Increase)/decrease resulting from cash flows	(88)	124	-	-	36
Fair value and other movements	-	4	2	(3)	3
Reclassification	-	[2]	2	-	-
Currency translation differences	32	(14)	(52)	(23)	(57)
At 31 March 2017	261	(88)	(604)	(21)	(452)
(Increase)/decrease resulting from cash flows	(48)	74	-	-	26
Fair value and other movements	-	(2)	6	(5)	(1)
Reclassification	-	(3)	3	-	-
Currency translation differences	(23)	3	41	14	35
At 31 March 2018	190	(16)	(554)	(12)	(392)

At 31 March 2018, total liabilities arising from financing activities were £582 million (2017 – £713 million).

Debt-related derivative financial instruments represent the net fair value of currency and interest rate swaps that are used to manage the currency and interest rate profile of the Group's net debt. At 31 March 2018, the net fair value of these derivatives comprised assets of £10 million (2017 – £17 million) and liabilities of £22 million (2017 – £38 million).

Net debt is denominated in the following currencies:

		At 31 March
	2018 £m	2017 £m
US dollar	(276)	(347)
Euro	(36)	(41)
Sterling	(56)	[46]
Other	(24)	(18)
Total	(392)	(452)

28. Derivatives and hedge accounting

	At 31 March 2018			At 31 March 2017	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m	
Non-current derivative financial instruments used to manage the Group's net debt profile					
Currency swaps	1	(21)	2	(37)	
iterest rate swaps	7	-	13	-	
	8	(21)	15	(37)	
Current derivative financial instruments used to manage the Group's net debt profile					
Currency swaps	-	(1)	-	(1)	
Interest rate swaps	2	-	2	-	
	2	(1)	2	(1)	
Total derivative financial instruments used to manage the Group's net debt profile	10	(22)	17	(38)	
Other current derivative financial instruments					
Commodity pricing contracts:					
– cash flow hedges	-	(2)	3	(1)	
– held for trading	22	(9)	26	(15)	
Total other derivative financial instruments	22	(11)	29	(16)	
Total derivative financial instruments	32	(33)	46	(54)	
Presented in the statement of financial position as follows:					
Non-current derivative financial instruments	8	(21)	15	(37)	
Current derivative financial instruments	24	(12)	31	(17)	
	32	(33)	46	(54)	

The ineffectiveness recognised in profit or loss in the current period arising from net investment hedges was £1 million gain (2017 – £nil). The ineffectiveness recognised in profit or loss in the current and prior periods arising from fair value and cash flow hedges was not material.

Cash flow hedges

The Group employs commodity pricing contracts to hedge cash flow risk associated with forecast transactions. Gains and losses recognised in the hedging reserve in equity (see Note 23) on commodity pricing contracts at 31 March 2018 are expected to be reclassified to the income statement at various future dates.

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 2018 were \pounds 150 million (2017 – \pounds 150 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 US and Europe. The notional principal amounts of the outstanding currency swap contracts applied in net investment hedging relationships as of 31 March 2018 were £169 million (2017 – £182 million). Within net investment hedging gains/losses, a fair value gain of £14 million (2017 – £21 million loss) on translation of the currency swap contracts to pounds sterling at the period-end date was recognised in the currency translation reserve in shareholders' equity (see Note 23).

In addition, at 31 March 2018, of the Group's liabilities, a total of £163 million (2017 – £188 million) are designated as hedges of the net investments in foreign operations.

29. Financial instruments – fair value and risk management

Financial instruments by category

Set out below is a comparison by category of carrying values and fair values of all the Group's financial assets and financial liabilities as at 31 March 2018 and 31 March 2017.

						At	31 March 2018
	Notes	Amortised cost/cash £m	Derivatives in a hedging relationship £m	Derivatives held for trading £m	Available-for- sale financial assets £m	Total carrying value £m	Fair value £m
Available-for-sale financial assets	18	-	-	-	37	37	37
Trade and other receivables	17	281	-	-	-	281	281
Cash and cash equivalents	16	190	-	-	-	190	190
Derivative financial instruments – assets	28	-	10	22	_	32	32
Borrowings	25	(570)	-	-	-	(570)	(576)
Derivative financial instruments – liabilities	28	-	(24)	(9)	_	(33)	(33)
Trade and other payables	24	(315)	-	-	-	(315)	(315)
Total		(414)	(14)	13	37	(378)	(384)

						P	at 31 March 2017
	Notes	Amortised cost/cash £m	Derivatives in a hedging relationship £m	Derivatives held for trading £m	Available-for- sale financial assets £m	Total carrying value £m	Fair value £m
Available-for-sale financial assets	18	-	-	-	30	30	30
Trade and other receivables	17	277	-	-	-	277	277
Cash and cash equivalents	16	261	-	-	-	261	261
Derivative financial instruments – assets	28	_	20	26	_	46	46
Borrowings	25	(692)	-	-	-	[692]	(712)
Derivative financial instruments – liabilities	28	_	(39)	(15)	_	(54)	(54)
Trade and other payables	24	(319)	-	-	-	(319)	(319)
Total		(473)	(19)	11	30	(451)	(471)

Trade and other receivables presented above excludes £16 million (2017 – £15 million) relating to prepayments. Trade and other payables presented above excludes £7 million (2017 – £6 million) relating to social security.

Borrowings with a carrying value of £207 million (2017 – £212 million) relate to listed bonds with a fair value of £217 million (2017 – £229 million) according to quoted market prices and are categorised as Level 1 for fair value measurement. Borrowings with a carrying value of £285 million (2017 – £319 million) relate to US Private Placement Notes with a fair value of £281 million (2017 – £322 million) according to broker dealer quotations and are categorised as Level 3 for fair value measurement. The remaining borrowings have a fair value measured by discounted estimated cash flows with an applicable market quoted yield and are categorised as Level 2 for fair value measurement.

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29. Financial instruments - fair value and risk management continued

Fair value hierarchy

The following tables illustrate the Group's financial assets and liabilities measured at fair value at 31 March 2018 and 31 March 2017 (refer to Note 2 for a description of the three levels of fair value measurement):

		At 31 March 2			
	Notes	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets at fair value					
Available-for-sale financial assets	18	_	_	37	37
Derivative financial instruments:					
- currency swaps	28	_	1	_	1
– interest rate swaps	28	_	9	_	9
- commodity pricing contracts	28	5	6	11	22
Assets at fair value		5	16	48	69
Liabilities at fair value					
Derivative financial instruments:	00		(00)		(00)
- currency swaps	28	-	(22)	-	(22)
- commodity pricing contracts	28	(5)	(1)	(5)	(11)
Liabilities at fair value		(5)	(23)	(5)	(33)
				At	31 March 2017
	Notes	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets at fair value					
Available-for-sale financial assets	18	-	-	30	30
Derivative financial instruments:					
– currency swaps	28	-	2	_	2
– interest rate swaps	28	_	15	-	15
– commodity pricing contracts	28	7	1	21	29
Assets at fair value		7	18	51	76
Liabilities at fair value					
Derivative financial instruments:					
- currency swaps	28	_	(38)	_	(38)
 commodity pricing contracts 	28	(6)	(30)	(3)	(30)
Liabilities at fair value		(6)	(45)	(3)	(10)
		(0)	(40)	(0)	(34)

29. Financial instruments - fair value and risk management continued

Financial instruments measured at fair value

The following table shows the methodology used to measure Level 3 fair values. The table isolates the unobservable inputs; however, the full impact on the Group's income statement is described within the price risk management section.

Туре	Valuation technique	Significant unobservable inputs	Sensitivity of the fair value measurement in reasonable changes to inputs		
Written commodity contract Based on the Group's own assessment of the commodity, supply and demand, as well as expected pricing.		 Price of co-product positions (refer to fair value measurement section in Note 2). Basis (refer to fair value 	 1. 10% increase/(decrease) in the price of the co-products would result in a net increase/(decrease) in fair value of £3 million (2017 – £nil) in respect of Level 3 financial instruments. 		
expected pricing.	measurement section in Note 2).	2. 10% increase/(decrease) in the cost of basis would result in a net increase/ (decrease) in fair value of £2 million (2017 – £2 million) in respect of Level 3 financial instruments.			
In addition to the above, the Gro	up's available-for-sale financial	assets are sensitive to a numl	per of market and non-market factors.		

The following table reconciles the movement in the Group's net financial instruments classified in Level 3 of the fair value hierarchy:

	Commodity pricing contracts – assets £m	Commodity pricing contracts – liabilities £m	Available-for- sale financial assets £m	Other financial liability £m	Total £m
At 1 April 2016	38	[4]	23	(2)	55
Total gains/(losses):					
– in operating profit	21	(3)	-	3	21
– in other comprehensive income	-	-	3	(1)	2
Re-measurement of non-qualified deferred					
compensation arrangements	-	_	2	-	2
Purchases	-	_	4	-	4
Settlements	(38)	4	[2]	-	(36)
At 31 March 2017	21	(3)	30	-	48
Total gains/(losses):					
– in operating profit	11	(5)	(1)	-	5
Re-measurement of non-qualified deferred					
compensation arrangements	-	-	2	-	2
Purchases	-	-	8	-	8
Settlements	(21)	3	(2)	-	(20)
At 31 March 2018	11	(5)	37	-	43

Management of financial risk

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

The Chief Financial Officer retains 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 directed by its board. 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 US and Europe. These functions are controlled by divisional management who are responsible for ratifying general strategy and overseeing performance on a monthly basis. The performance of the commodity trading function is monitored against its ability to match the Group's needs for raw materials with purchase contracts, as well as the Group's output of co-products with sales contracts. Commodity price contracts are categorised as being held either for trading or for hedging price exposures. The Group applies a limited level of hedge accounting to its economic price exposure hedges.

29. Financial instruments - fair value and risk management continued

Market risks

Foreign exchange management

The Group operates internationally and is exposed to foreign exchange risks arising from commercial transactions (transaction exposure), and from recognised assets, liabilities and investments in foreign 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, although exceptions can be approved by the Chief Financial Officer. The amounts deferred in equity from derivative financial instruments designated as cash flow hedges are released to the income statement or statement of financial position and offset against the movement in underlying transactions only when the forecast transactions affect the income statement or statement of financial position respectively.

Translation exposure

The Group manages the foreign exchange exposure to net investments in overseas operations, particularly in the US and Europe, by borrowing principally in US dollars, which provide a partial match for the Group's major foreign currency assets. The Group also manages some of its foreign exchange exposure to net investments in foreign operations through the use of currency swap contracts and other liabilities. The amount deferred in equity from the hedging instruments designated as net investment hedges is offset against the foreign currency translation effect of the net investment in foreign operations, and is released to the income statement upon disposal of those investments.

The following table illustrates only the Group's sensitivity to the fluctuation of the Group's major currencies against sterling on its income statement and other components of equity, assuming that each exchange rate moves in isolation. The income statement impact is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives. The equity impact for foreign exchange sensitivity relates to derivative and non-derivative financial instruments hedging the Group's net investments in its European and US operations.

		At 31 March 2018		At 31 March 2017		
	Income statement -/+ £m	Equity -/+ £m	Income statement -/+ £m	Equity -/+ Ém		
Sterling/US dollar 10% change	1	27	_	31		
Sterling/euro 10% change	1	5	1	5		

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 is fixed for more than one year and that no interest rates are fixed for more than 12 years. At 31 March 2018, the longest term of any fixed rate debt held by the Group was until October 2027 (2017 – October 2027). The proportion of net debt managed by the Group's treasury function at 31 March 2018 that was fixed or capped for more than one year was 68% (2017 – 65%).

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 2018 assuming that other variables remain unchanged.

As at 31 March 2018, if interest rates increased by 100 basis points, Group profit before tax would decrease by £2 million (2017 – £2 million). If interest rates decreased by 100 basis points, or less where applicable, Group profit before tax would increase by £1 million (2017 – £1 million increase).

Price risk management

The Group participates mainly in four markets: food and beverage; industrial ingredients; pharmaceutical and personal care; and animal feed. Food and beverage and industrial ingredients markets are the most significant. All ingredients are produced from renewable crops, predominantly corn.

The Group is exposed to movements in the future prices of commodities in those domestic and international markets where the Group buys and sells corn (and related co-products) 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. Some of the contracts are used to hedge co-product pricing, for which there is no active market. The pricing is established by the Group, based on a number of inputs, as discussed on page 106. Due to the seasonality of corn production, at certain points in time throughout the year, the exposure to commodity pricing contracts may be higher.

As at 31 March 2018, a 50% increase/decrease in the price of corn will result in a decrease/increase to the income statement of £3 million (2017 – £3 million) and related decrease/increase in other components of equity of £1 million (2017 – £nil).

29. Financial instruments - fair value and risk management continued

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 substantially with investment grade counterparties approved by the Board.

The Board has 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. 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' financial information such as liquidity and turnover ratio, are required to evaluate customers' credit worthiness.

Analysis of maximum credit exposure

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's trade receivables are short term in nature and are largely comprised of amounts receivable from business customers. Concentrations of credit risk with respect to trade receivables are limited, with our customer base including large, unrelated and internationally dispersed customers.

The Group considers its maximum exposure to credit risk at the year-end date is the carrying value of each class of financial assets as disclosed under financial instruments by category on page 147.

Analysis of amounts set-off

The Group does not offset financial assets and liabilities in its statement of financial position as the Group has no intention to net settle, except as described below.

Derivative assets and liabilities of £9 million (2017 – £17 million) could be offset under an enforceable master netting agreement. Amounts which do not meet the criteria for offsetting in the statement of financial position but could be settled net in certain circumstances principally relate to derivative transactions under International Swaps and Derivatives Association (ISDA) agreements where each party has the option to settle amounts on a net basis in the event of default of the other party.

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 2018 are listed in Note 25.

At the year end, the Group held cash and cash equivalents of £190 million (2017 – £261 million) and had committed undrawn facilities of £570 million (2017 – £638 million). 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 Group has a core committed bank facility of US\$800 million, of which US\$80 million matures in 2020 and US\$720 million in 2021. This facility is unsecured and contains financial covenants for the Group that the 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. Refer to Note 4 for the calculation of these measures for financial covenant purposes. 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 periods, 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 taking into account the total of undrawn committed facilities, no more than 10% of gross debt matures within 12 months and at least 35% matures beyond 2.5 years. At 31 March 2018, after taking account of undrawn committed facilities, the Group was compliant with the policy. The average maturity of the Group's gross debt was 5.4 years (2017 – 6.2 years), taking account of undrawn committed facilities.

29. Financial instruments - fair value and risk management continued

The table below analyses the undiscounted cash flows related to the Group's non-derivative financial liabilities and derivative assets and liabilities.

			At 31 March 2018
Liquidity analysis	< 1 year £m	1 – 5 years £m	> 5 years £m
Borrowings including finance leases	(8)	(210)	(339)
Interest on borrowings	(25)	(63)	(38)
Trade and other payables	(305)	(10)	-
Derivative contracts:			
– receipts	113	166	-
– payments	(110)	(183)	-
Commodity pricing contracts	1	-	-

	At 31 March 20					
Liquidity analysis	< 1 year £m	1 – 5 years £m	> 5 years £m			
Borrowings including finance leases	[79]	(212)	(383)			
Interest on borrowings	(26)	(79)	(54)			
Trade and other payables	(315)	(10)	-			
Derivative contracts:						
– receipts	107	179	-			
– payments	(105)	(206)	-			
Commodity pricing contracts	3	(1)	-			

Included in borrowings are £2,394,000 of 6.5% cumulative preference shares. Only one year's worth of interest payable on these shares is included in the less than one year category.

Derivative contracts include currency swaps, forward exchange contracts and interest rate swaps. Commodity pricing contracts included above represent options and futures. Commodity pricing contracts classified within Level 2 and Level 3 of fair value measurement are not included in the liquidity analysis above as they are not settled for cash.

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

Capital risk management

The Group's primary objectives in managing its capital are to safeguard the business as a going concern; to maintain the dividend policy; to maintain sufficient financial flexibility to undertake its investment plans; and to retain an investment-grade credit rating which enables access to debt capital markets. 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 PLC has contractual relationships with Moody's and Standard & Poor's (S&P) for the provision of credit ratings. At 31 March 2018, the long-term credit rating from Moody's was Baa2 (stable outlook) (2017 – Baa2) and from S&P was BBB (stable outlook) (2017 – BBB).

The Group regards its total capital as follows:

			At 31 March
	Note	2018 £m	2017 £m
Net debt	27	392	452
Equity attributable to owners of the Company		1 367	1 332
Total capital		1 759	1 784

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 were:

			year ended 31 March
	Note	2018 Times	2017 Times
Net debt/EBITDA	4	0.8	0.9
Interest cover	4	14.6	13.9

30. Retirement benefit obligations

a) Plan information

(i) Pensions

The Group operates a number of defined benefit pension plans, principally in the UK and the US. Generally, the pension benefits provided under these plans are determined based on the pensionable salary and period of pensionable service of the individual members. Most of the plans are funded and the plan assets held separately from those of the Group in funds that are under the control of trustees. The extent of the powers of the trustees, in particular in respect of funding and investment strategy, varies and is dependent on local regulations and the rules of each plan.

Payments made by the Group to the plans principally comprise funding contributions agreed with the trustees that are determined in accordance with local regulations to ensure that appropriate funding levels are maintained and funding deficits are eliminated over a reasonable period of time. All of the significant defined benefit pension plans operated by the Group are closed to new entrants and to future accrual.

The Group operates defined contribution pension plans in a number of countries. Contributions payable by the Group to these plans during the year amounted to £10 million (2017 – £7 million).

(ii) Other benefits

The Group's subsidiaries in the US provide unfunded retirement medical plans to the majority of their employees. Such plans provide financial assistance in meeting various costs including medical, dental and prescription drugs. Employees are required to contribute to the cost of benefits received under the plans. The Group meets the remaining costs of providing these benefits in the period in which they are incurred.

b) Movement in net defined benefit asset/(liability)

(i) Analysis of net defined benefit asset/(liability)

	At 31 March 2018				At 31 March 2017		
	Pensions £m	Medical benefits £m	Total £m	Pensions £m	Medical benefits £m	Total £m	
Benefit obligations:							
Funded plans	(1 493)	-	(1 493)	(1 630)	-	(1 630)	
Unfunded plans	(56)	(63)	(119)	(63)	(76)	(139)	
	(1 549)	(63)	(1 612)	(1 693)	(76)	(1 769)	
Fair value of plan assets	1 630	-	1 630	1 630	-	1 630	
Net surplus/(deficit)	81	(63)	18	(63)	(76)	(139)	
Presented in the statement of financial position as:							
Retirement benefit surplus	178	-	178	120	-	120	
Retirement benefit deficit	(97)	(63)	(160)	(183)	(76)	(259)	
	81	(63)	18	(63)	(76)	(139)	

Net defined benefit asset/(liability) reconciliation:

	Pensions £m	Medical benefits £m	Total £m
At 1 April 2016	[142]	(66)	(208)
Year ended 31 March 2017			
 net increase in the benefit obligation 	(125)	(10)	(135)
– net increase in the fair value of plan assets	204	-	204
At 31 March 2017	(63)	(76)	(139)
Year ended 31 March 2018			
 net decrease in the benefit obligation 	144	13	157
– net change in the fair value of plan assets	-	-	-
At 31 March 2018	81	(63)	18

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30. Retirement benefit obligations continued

(ii) Analysis of movements in the benefit obligation

	Pension benefits					
	UK £m	US £m	Other £m	Total £m	Medical benefits £m	Total £m
At 1 April 2016	(985)	(568)	(15)	(1 568)	(66)	(1 634)
Year ended 31 March 2017						
Service cost – current	-	-	(2)	(2)	(1)	(3)
Plan administration costs	(3)	-	-	(3)	-	(3)
Interest on benefit obligation	(33)	(23)	-	(56)	[2]	(58)
Actuarial gains/(losses):						
– changes in financial assumptions	(177)	16	-	(161)	(2)	(163)
– changes in demographic assumptions	53	10	-	63	1	64
 experience against assumptions 	12	(19)	-	(7)	-	(7)
Net actuarial (loss)/gain	(112)	7	-	(105)	(1)	(106)
Benefits paid	51	69	-	120	4	124
Settlement gain (see Note 7)	-	9	-	9	-	9
Re-measurement of non-qualified deferred						
compensation arrangements (see Note 18)	-	-	(2)	(2)	-	[2]
Currency translation differences	(2)	(83)	(1)	(86)	(10)	(96)
Increase in the benefit obligation	(99)	(21)	(5)	(125)	(10)	(135)
At 31 March 2017	(1 084)	(589)	(20)	(1 693)	(76)	(1 769)
Year ended 31 March 2018						
Service cost – current	-	-	(3)	(3)	(1)	(4)
Interest on benefit obligation	(26)	(21)	-	(47)	(2)	(49)
Actuarial gains/(losses):						
– changes in financial assumptions	25	-	-	25	-	25
– changes in demographic assumptions	23	4	-	27	-	27
– experience against assumptions	(8)	(6)	-	(14)	3	(11)
Net actuarial gain/(loss)	40	(2)	-	38	3	41
Benefits paid	60	31	-	91	5	96
Re-measurement of non-qualified deferred						
compensation arrangements (see Note 18)	-	-	(2)	(2)	-	(2)
Currency translation differences	2	63	2	67	8	75
Decrease/(increase) in the benefit obligation	76	71	(3)	144	13	157
At 31 March 2018	(1 008)	(518)	(23)	(1 549)	(63)	(1 612)

At 31 March 2018, the benefits payment expected by the plans over the next ten years were as follows:

	Pension benefits					
	UK £m	US £m	Other £m	Total £m	Medical benefits £m	Total £m
Benefit payments:						
– within 12 months	41	31	-	72	4	76
– between 1 to 2 years	41	32	-	73	4	77
– between 3 to 5 years	125	97	-	222	14	236
– between 6 to 10 years	216	162	-	378	21	399
Total expected benefit payments						
over the next ten years	423	322	-	745	43	788

30. Retirement benefit obligations continued

In the UK, scheme members can elect to forego a portion of their future pension benefits, in return for a lump sum payment, or a transfer out to other arrangements. These amounts are excluded from future benefit projections.

The £157 million improvement was driven by a reduction in the deficit of the US schemes largely as a result of foreign exchange movements from the weakening of the US dollar and by cash contributions. In addition to regular cash contributions of £44 million in the year, the Group made an accelerated gross cash contribution to the US schemes of £56 million, in light of an opportunity to fund the schemes while taking advantage of a higher US tax deduction.

The pension benefits paid in respect of US plans were higher in the financial year ended 31 March 2017 compared to the current financial year due to the settlement made by some deferred members during the prior year which resulted in the recognition of a £9 million exceptional gain (see Note 7d).

At 31 March 2018, the weighted average duration of the significant defined benefit obligations was as follows:

	Duration
Pension plans:	
– UK	16 years
– US	11 years
Medical benefits	10 years

Assumptions

For accounting purposes, the benefit obligation of each plan has been calculated in accordance with IAS 19 based on data gathered for the most recent actuarial valuation and by applying assumptions made by the Group on the advice of independent actuaries. Note that for the UK defined benefit pension plan these 'best estimate' IAS 19 assumptions are different to the more prudent assumptions used for funding valuation purposes. For the US defined benefit pension plan, the funding valuation assumptions are identical to the IAS 19 assumptions.

The principal assumptions used in calculating the benefit obligation were as follows:

		At 31 March 2018		At 31 March 2017
	UK	US	UK	US
Inflation rate	2.2%/3.2%	2.5%	2.3%/3.3%	2.5%
Expected rate of salary increases	n/a	3.5%	n/a	3.5%
Expected rate of pension increases:				
– deferred pensions	2.2%	n/a	2.3%	n/a
– pensions in payment	3.1%	n/a	3.1%	n/a
Discount rate	2.6%	4.0%	2.4%	4.0%

Assumptions regarding future mortality rates of members of the Group's pension plans are based on published statistics and take into account the profile of the plan members. On this basis, the average life expectancies assumed for members of the plans are as follows:

	At 31 March 2018			At 31 March 2017
	UK	US	UK	US
Male aged 65 now	21.4 years	20.8 years	21.6 years	20.9 years
Male aged 65 in 20 years' time	23.2 years	22.4 years	23.7 years	22.5 years
Female aged 65 now	23.5 years	22.7 years	23.8 years	22.9 years
Female aged 65 in 20 years' time	25.3 years	24.3 years	26.1 years	24.5 years

Shorter longevity assumptions are used for members who retire on grounds of ill health.

30. Retirement benefit obligations continued

Medical benefits

Principal assumptions used in calculating the benefit obligation are medical cost inflation and the discount rate applied to the expected benefit payments. The Group has assumed medical cost inflation at 7.5% per annum (2017 – 8.0%), grading down to 5% by 2023, and used a discount rate of 3.9% (2017 – 3.9%).

At 31 March 2018, the sensitivity of the net surplus/(deficit) on the plans to changes in the principal assumptions was as follows (assuming in each case that the other assumptions are unchanged):

		Increase/(decrease) in obligation		
	Change in assumptions +/-	Increase in surplus/(deficit)	Decrease in surplus/(deficit)	
Pension plans				
Inflation rate*	50 bp	58	(55)	
Life expectancy	1 year	68	(70)	
Discount rate	50 bp	(102)	115	
Medical benefits				
Medical cost inflation	50 bp	2	(2)	
Discount rate	50 bp	(3)	3	

* Inflation rate sensitivity covers the inflation assumption, expected rate of salary increases assumption and expected rate of pensions in payment increases assumption.

(iii) Analysis of movements in the plan assets

	UK £m	US £m	Total £m
At 1 April 2016	1 018	408	1 426
Year ended 31 March 2017			
Interest on plan assets	34	17	51
Actual return higher than interest on plan assets	164	15	179
Employer's contributions	22	16	38
Benefits paid	(51)	(69)	(120)
Currency translation differences	_	56	56
Increase in fair value of plan assets	169	35	204
At 31 March 2017	1 187	443	1 630
Year ended 31 March 2018			
Interest on plan assets	28	16	44
Actual return (lower)/higher than interest on plan assets	(9)	11	2
Employer's contributions	22	69	91
Plan administration costs	(1)	(1)	(2)
Benefits paid	(60)	(27)	(87)
Currency translation differences	-	(48)	(48)
(Decrease)/increase in fair value of plan assets	(20)	20	-
At 31 March 2018	1 167	463	1 630

30. Retirement benefit obligations continued

Analysis of plan assets

	Year ended 31 March 2018				Year	ended 31 March 2017
	UK £m	US £m	Total £m	UK £m	US £m	Total Ém
Equities – quoted	79	-	79	150	110	260
Corporate bonds – quoted	162	331	493	138	254	392
Government bonds – quoted	811	128	939	795	53	848
Investment funds – quoted	205	-	205	182	-	182
Derivatives – quoted	(383)	-	(383)	(395)	-	(395)
Cash	15	-	15	20	-	20
Property – unquoted	-	-	-	-	22	22
Investment funds – unquoted	1	-	1	1	-	1
Derivatives – unquoted	15	-	15	18	-	18
Insurance policies – unquoted	262	4	266	278	4	282
	1 167	463	1 630	1 187	443	1 630

The fair value of the insurance policies is deemed to be equivalent to the present value of the related benefit obligation.

The Group also paid an additional £5 million (2017 – £4 million) into the US unfunded retirement medical plans and £4 million (2017 – £4 million) into the US unfunded pension plans to meet the cost of providing benefits in the financial year.

Plan assets do not include any direct investments in securities issued by the Group or any property occupied by or other assets used by the Group. Assets are classified as quoted only if they have a quoted market price in an active market as defined by IFRS 13 Fair Value Measurement. All other assets are classified as unquoted.

Where a plan is in surplus, the surplus recognised is limited to the present value of any amounts that the Group expects to recover by way of refunds or a reduction in future contributions. The Group considers that it has an unconditional right to the surplus relating to the UK plan as the scheme rules state that any surplus should be returned to the Group in the event that there are no members left in the pension scheme.

c) Mitigation of risk

The defined benefit pension plans expose the Group to actuarial risks such as interest rate, longevity, inflation and investment risk.

The Group encourages the trustees of the plans to adopt an investment policy that seeks to mitigate these risks, which involves investing a significant proportion of the plan assets in liability-driven investment portfolios that mitigate interest rate, inflation and investment risks. The Group seeks to ensure that, as far as practicable, the investment portfolios of the funded plans are invested in long-term fixed interest securities with maturities and in currencies that match the expected future benefit payments as they fall due.

At 31 March 2018, £266 million (2017 – £282 million) of the benefit obligation was fully matched by qualifying insurance policies that also mitigate longevity and investment risks. The UK plans also maintain a portfolio of return-seeking investments, principally in the form of equities and investment funds, whilst the US funded plans are principally comprised of fixed interest securities since all equity and real estate assets were sold following the accelerated contribution payment.

In the UK, interest rate derivatives are used to achieve close matching where matching fixed-interest securities are not available in the market. At 31 March 2018 the ratio of non-insured liabilities under the main UK plan which had been hedged for both interest rate and inflation rate risks was 87%. For interest rate purposes it is the economic liability risk which is hedged rather than the IAS 19 accounting liability risk, i.e. the hedging is linked to movements in government bond yields rather than high quality AA corporate bond yields. The economic liability risk is hedged in this way as it impacts the funding position which, in turn, drives the Company's cash contribution requirements. Most of the inflation risk for the Group arises in the UK since deferred pensions and pensions in payment in the US do not attract inflation increases. Inflation risk is mitigated by holding index-linked government bonds and corporate bonds and, in the UK, inflation derivatives.

d) Funding of the plans

As required by local regulations, actuarial valuations of the US pension plans are carried out each year and those of the UK pension plans are carried out at least every three years. The main UK scheme triennial valuation as at 31 March 2016 was concluded during the prior year, with agreed core funding contributions maintained at £12 million per year, and the Group also committing to extend the supplementary contributions payable into the secured funding account of £6 million per year until 31 March 2023. This funding is payable to the trustees on certain triggering events such as underperformance of the Scheme's investments or a deterioration in the strength of the Group's financial covenant. The Group will continue to fund the UK plan administration costs.

During the year ending 31 March 2019, the Group expects to contribute approximately £26 million to its defined benefit pension plans and to pay approximately £4 million in relation to retirement medical benefits.

Governance

31. Share-based payments

The Company operates share-based incentive arrangements for the executive directors, senior executives and other eligible employees under which awards and options are granted over the Company's ordinary shares. All of the arrangements under which awards and options were outstanding during the 2018 and 2017 financial years are classified as equity-settled. During the year, the compensation expense recognised in profit or loss in respect of share-based incentives was £15 million (2017 – £21 million). Other than the Sharesave Plan, all option awards have a nil exercise price. The following arrangements existed during the period:

a) Performance Share Plan

The Group's principal ongoing share-based incentive arrangement is the Performance Share Plan (PSP). Participation in the PSP is restricted to the executive directors and other senior executives. Awards made under the PSP normally vest provided the participant remains in the Group's employment until the end of the performance period, and are subject to the satisfaction of performance conditions.

The conditions applicable to PSP awards made from 1 April 2016 relate to the achievement of the Group adjusted return on capital employed (ROCE) and adjusted profit targets. Up to 50% of each award vests dependent on the Group's adjusted ROCE from continuing operations reaching specified levels at the end of the performance period. Up to 25% of each award vests dependent on the compound annual growth in the Group's adjusted profit before tax with the remaining 25% from compound annual growth of the Food & Beverage Solutions adjusted operating profit.

The conditions applicable to PSP awards made prior to 31 March 2016 relate to the achievement of earnings per share (EPS) and ROCE targets. Up to 50% of each award vests dependent on the compound annual growth rate of the Group's adjusted diluted EPS from continuing operations reaching specified levels over the performance period. Up to 50% of each award vests dependent on the Group's adjusted ROCE from continuing operations reaching specified levels at the end of the performance period.

The performance period is the period of three financial years beginning with the financial year in which the award is granted.

b) Group Bonus Plan – deferred element

Bonuses earned under the Group Bonus Plan (GBP) are normally paid in cash up to 100% of the base salary of the participating executive. Any excess above 100% of base salary is paid in the form of deferred shares that are released after two years subject to the executive remaining in the Group's employment. During the vesting period, payments in lieu of dividends are made in relation to the deferred shares.

c) Sharesave Plan

Options are granted from time to time under the Company's Sharesave Plan, which is open to all employees in the UK. It offers eligible employees the option to buy shares in the Company after a period of three or five years funded from the proceeds of a savings contract to which they contribute on a monthly basis. The exercise price reflects a discount to market value of up to 20%.

d) Restricted Share Awards

The Company has made a Restricted Share Award (RSA) to a number of eligible employees. Awards made normally vest provided the participant remains in the Group's employment during the performance period and other conditions, specific to the individual awards, are met.

e) Conditional Share Award

During the prior year, the Company made a Conditional Share Award (CSA) to eligible employees. Up to 50% of each award vested dependent on adjusted Group profit after tax on continuing operations for the year ended 31 March 2017. Up to 50% of each award vested dependent on the Group's adjusted ROCE from continuing operations as at 31 March 2017. The award vested as soon as practicable after 31 March 2017, although, some employees were subject to an additional retention period ending 31 March 2018. The vesting level of the awards may be reduced in other circumstances specified at award.

Further information for these awards made in relation to executive directors (a, b and c only) are set out in the Directors' Remuneration Report on pages 72 to 89.

Movements in the year

Movements in the awards outstanding during the year were as follows:

	2018			2017
	Awards (number)	Weighted average exercise price (pence)	Awards (number)	Weighted average exercise price (pence)
Outstanding at 1 April	12 435 492	10p	10 607 961	10p
Granted	4 262 759	15p	5 875 352	6р
Exercised	(2 130 967)	13р	(1 209 949)	10p
Lapsed	(3 453 377)	5p	(2 837 872)	5p
Outstanding at 31 March	11 113 907	13p	12 435 492	10p
Exercisable at 31 March	485 268	17p	603 939	Зр

The weighted average market price of the Company's ordinary shares on the dates on which awards were exercised during the year was 704p [2017 – 684p].

31. Share-based payments continued

Awards granted in the year

During the year, PSP awards were granted over 3,807,789 shares (2017 – 4,177,420 shares), RSAs were granted over 124,011 shares (2017 – nil), no CSAs were granted (2017 – 1,474,000 shares), the deferred element of GBP awards were granted over 216,727 shares (2017 – 161,503 shares) and Sharesave options were granted over 114,232 shares (2017 – 62,429 shares). The compensation expense recognised in relation to these awards is based on the fair value of the awards at their respective grant dates. The weighted average fair values of the awards granted during the year and the principal assumptions made in measuring those fair values were as follows:

	Year ended 31 March 2018				Year e	nded 31 March 2017
	PSP	Sharesave	CSA	PSP	Sharesave	CSA
Fair value at grant date	627p	133р	n/a	662p	102p	582p
Exercise price	-	555p	-	-	597p	-
Principal assumptions:						
Share price on grant date	687p	684p	n/a	722p	667p	621p
Expected life of the awards	3 years	3.3/5.3 years	n/a	3 years	3.3/5.3 years	0.9/1.9 years
Risk-free interest rate	-	0.62%/0.86%	-	-	0.37%/0.76%	-
Dividend yield on the Company's shares	4.08%	4.12%	n/a	3.87%	4.20%	4.51%
Volatility of the Company's shares	n/a	25%	n/a	n/a	25%	n/a

In addition, 216,727 deferred shares issued under the Group Bonus Plan during the year have an expected life of 2.0 years with a fair value at the grant date of 795p (2017 – 614p). RSAs of 124,011 (2017 – nil) were granted, with employment related conditions and expected life of the award, specific to each individual grant.

The fair value of the awards was measured using the Black-Scholes option pricing formula, taking into account factors such as non-transferability, exercise restrictions and behavioural considerations.

Expected volatility was based on the historical volatility of the market price of the Company's shares over the expected life of the awards.

Awards outstanding at the end of the year

The range of exercise prices and the weighted average remaining contractual life of the awards outstanding at the end of the year were as follows:

		At 31 March 2018		At 31 March 2017
Exercise price	Awards (number)	Weighted average contractual life (months)	Awards (number)	Weighted average contractual life (months)
Nil	10 853 697	46.7	12 207 008	44.9
400p to 799p	260 210	33.8	228 484	32.1
Total	11 113 907	46.4	12 435 492	44.7

Governance

32. Provisions and contingent liabilities

Provisions

	Insurance provisions £m	Restructuring and closure provisions £m	Other provisions £m	Total £m
At 1 April 2016	12	14	10	36
Year ended 31 March 2017				
Provided in the year	1	3	3	7
Released in the year	(1)	(1)	-	[2]
Utilised in the year	(5)	(14)	-	(19)
Exchange and other movements	2	1	2	5
At 31 March 2017	9	3	15	27
Year ended 31 March 2018				
Provided in the year	2	-	1	3
Released in the year	-	-	(1)	(1)
Utilised in the year	(3)	(2)	(1)	(6)
Exchange and other movements	(1)	(1)	(1)	(3)
At 31 March 2018	7	-	13	20

		At 31 March
	2018 £m	2017 £m
Provisions are expected to be utilised as follows:		
– within one year	5	10
– after more than one year	15	17
Total	20	27

Provisions primarily relate to Group legal matters, previously disposed businesses and insurance provisions representing amounts provided by the Group's captive insurance subsidiary in respect of the expected level of insurance claims. All provisions are expected to be utilised within five years.

The difference between the carrying value and the discounted present value was not material in either year.

Contingent liabilities

Passaic River

The Group remains subject to a legal case arising from the notification in 2007 by the U.S. Environmental Protection Agency (USEPA) that it, along with approximately 70+ others, is a potentially responsible party (PRP) for a 17 mile section of the northern New Jersey Passaic River, a major 'Superfund' site. In March 2016, the USEPA issued its Record of Decision (ROD) on the likely cost for the remediation of the lower eight-mile section of the river (the most contaminated). Whilst the Group will continue to vigorously defend itself in this matter, in light of the publication of the ROD, the Group has maintained a provision of £6 million in respect of this. The Group continues to be unable to estimate a reasonably possible range of loss in respect of the remaining nine-mile section of the river and therefore has not recognised a provision for this section.

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. While there is always uncertainty as to the outcome of any claim or litigation, it is not expected that the claims and litigation existing at 31 March 2018 will have a material adverse effect on the Group's financial position.

33. Commitments

Capital commitments		
		At 31 March
	2018 £m	2017 £m
Total commitments for the purchase of property, plant and equipment	26	25

In addition, commitments in respect of retirement benefit obligations are detailed in Note 30.

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 year-end date, the Group has outstanding commitments under non-cancellable operating leases which fall due as follows:

		At 31 March
	2018 £m	2017 £m
Within one year	35	34
Between one year and five years	106	116
After five years	133	168
Total	274	318

34. Acquisitions and disposals

Completion of Tapioca Development Corporation disposal in the 2018 financial year

On 2 November 2017, the Group completed the sale of its 33.3% share in an associated undertaking, the Tapioca Development Corporation. This sale resulted in cash proceeds of £5 million and resulted in a profit on disposal of £2 million, after recycling of cumulative foreign exchange translation gains of £1 million from reserves to the income statement upon disposal.

Completion of Moroccan disposal in the 2017 financial year

On 1 June 2016, the Group completed the sale of its corn wet mill in Casablanca, Morocco to ADM, receiving gross cash proceeds of £4 million, a net £3 million after cash disposed. In the year ended 31 March 2017, the Group recognised a £1 million exceptional gain resulting from the recycling of cumulative foreign exchange translation gains from reserves to the income statement upon disposal of the investment. Refer to Note 7 for details on the settlement reached with the Moroccan tax authorities in respect of historical tax matters relating to this entity.

Completion of Howbetter disposal in the 2017 financial year

On 23 December 2016, the Group completed the disposal of Jiangsu Tate & Lyle Howbetter Food Co., Ltd, its Food Systems subsidiary in China, recognising a £7 million operating exceptional charge (within other expenses) in respect of impairing and deconsolidating the entity prior to disposal, and the associated costs of exiting (see Note 7).

35. Events after the balance sheet date

On 23 May 2018, the Group entered into an agreement to acquire a 15% equity holding in Sweet Green Fields, one of the largest privately held, fully integrated global stevia ingredient companies. Under the terms of the agreement, the Group has an option to acquire the remaining 85% share in due course.

36. Related party disclosure

Identity of related parties

The Group has related party relationships with its joint ventures and associates, the Group's pension schemes and with key management, being its Directors and executive officers. No related party transaction with close family members of the Group's key management occurred in the current or comparative year.

Subsidiaries, joint ventures and associates

Transactions entered into by the Company, Tate & Lyle PLC, 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. Transactions and balances with and between joint ventures are as shown below. There are no such transactions with associates.

In the year ended 31 March 2018, the Group disposed of its 33.3% interest in Tapioca Development Corporation, a company based in Thailand, its only associate. See Notes 21 and 34.

In the year ended 31 March 2017, the Group disposed of, and therefore ceased to have related party transactions with two of its subsidiaries. The Group disposed of its equity interest in Jiangsu Tate & Lyle Howbetter Food Co., Ltd, its Food Systems business in China. The Group also completed the disposal of its interest in its corn wet mill in Casablanca, Morocco.

There were no other material changes in related parties or in the nature of related party transactions during the year.

	Year end	ed 31 March
	2018 £m	2017 £m
Sales of goods and services		
– to joint ventures	147	133
Purchases of goods and services		
– from joint ventures	-	-
		At 31 March
	2018 £m	2017 £m
Receivables		
– due from joint ventures	20	24
Payables		
– due to joint ventures	_	_

The Group had no material related party transactions containing unusual commercial terms in the current or prior year.

Key management compensation is disclosed in Note 10. There were no other related party transactions with key management.

37. Currency exchange rates

The principal exchange rates used to translate the results, assets and liabilities and cash flows of the Group's foreign operations into pounds sterling were as follows:

	Year ended 31 Mar
Average rate	2018 20 £1 = £1
US dollar	1.33 1.3
Euro	1.13 1.7
	At 31 Mar
Year-end rate	2018 20 £1 = £1
US dollar	1.40
Euro	1.14 1.1

38. Full listing of subsidiaries, joint ventures and associates Subsidiaries based in the United Kingdom¹

	Type of business	Percentage of ordinary shares attributable to Tate & Lyle PLC	Percentage of preference shares attributable to Tate & Lyle PLC	Registered address
Astaxanthin Manufacturing Limited	Dormant	100	-	1 Kingsway, London WC2B 6AT, United Kingdom
Cesalpinia (UK) Limited	Dormant	100	-	1 Kingsway, London WC2B 6AT, United Kingdom
G.C. Hahn and Company Limited	Food & Beverage Solutions production	100	-	1 Kingsway, London WC2B 6AT, United Kingdom
Hahntech International Limited	Dormant	100	-	1 Kingsway, London WC2B 6AT, United Kingdom
Harvey Steel Sugars Limited ²	Dormant	100	-	1 Kingsway, London WC2B 6AT, United Kingdom
Histonpark Limited	Dormant	100	-	1 Kingsway, London WC2B 6AT, United Kingdom
Robinson Milling Systems (Tewkesbury) Limited	Dormant	100	100	1 Kingsway, London WC2B 6AT, United Kingdom
T.L.S.S. Pension Nominees Limited	Dormant	100	-	1 Kingsway, London WC2B 6AT, United Kingdom
Tate & Lyle Export Holdings Limited ²	Holding company	100	-	1 Kingsway, London WC2B 6AT, United Kingdom
Tate & Lyle Group Services Limited	Holding company	100	-	1 Kingsway, London WC2B 6AT, United Kingdom
Tate & Lyle Holdings Americas Limited	Holding company	100	-	1 Kingsway, London WC2B 6AT, United Kingdom
Tate & Lyle Holdings Limited	Holding company	100	100	1 Kingsway, London WC2B 6AT, United Kingdom
Tate & Lyle Industrial Holdings Limited ²	Dormant	100	-	1 Kingsway, London WC2B 6AT, United Kingdom
Tate & Lyle Industries Limited	Holding company	100	-	1 Kingsway, London WC2B 6AT, United Kingdom
Tate & Lyle International Finance PLC ²	In-house treasury company	100	-	1 Kingsway, London WC2B 6AT, United Kingdom
Tate & Lyle Investments (Gulf States) Limited	Dormant	100	-	1 Kingsway, London WC2B 6AT, United Kingdom
Tate & Lyle Investments America Limited	Holding company	100	100	1 Kingsway, London WC2B 6AT, United Kingdom
Tate & Lyle Investments Brazil Limited	Holding company	100	-	1 Kingsway, London WC2B 6AT, United Kingdom
Tate & Lyle Investments Limited ²	Holding company	100	100	1 Kingsway, London WC2B 6AT, United Kingdom
Tate & Lyle L.P.	Investment partnership	100	-	1209 North Orange Street, Wilmington, Delaware 19801, United States
Tate & Lyle Overseas Limited	Dormant	100	-	1 Kingsway, London WC2B 6AT, United Kingdom
Tate & Lyle Pension Trust Limited ²	Pension company	100	-	1 Kingsway, London WC2B 6AT, United Kingdom
Tate & Lyle Share Shop Limited ²	Non-trading	100	-	1 Kingsway, London WC2B 6AT, United Kingdom
Tate & Lyle Technology Limited ²	Holding company	100	-	1 Kingsway, London WC2B 6AT, United Kingdom
Tate & Lyle UK Limited ²	Non-trading	100	-	1 Kingsway, London WC2B 6AT, United Kingdom
Tate & Lyle Ventures II LP	Investment partnership	100	-	1 Kingsway, London WC2B 6AT, United Kingdom
Tate & Lyle Ventures Limited ²	Holding company	100	-	1 Kingsway, London WC2B 6AT, United Kingdom
Tate & Lyle Ventures LP	Investment partnership	100	_	1 Kingsway, London WC2B 6AT, United Kingdom

1 Registered in England and Wales, except Tate & Lyle L.P. which is registered in Delaware, USA.

2 Direct subsidiaries of Tate & Lyle PLC.

38. Full listing of subsidiaries, joint ventures and associates continued **Subsidiaries operating overseas**

Country of incorporation or registration	Company	Type of business	Percentage of ordinary shares attributable to Tate & Lyle PLC	Percentage of preference shares attributable to Tate & Lyle PLC	Registered address
Argentina	Tate & Lyle Argentina SA ¹	Food & Beverage Solutions distribution and sales support	100	-	San Martín 140, 14th Floor, City of Buenos Aires, Argentina
Australia	Tate & Lyle ANZ Pty Limited	Food & Beverage Solutions production and distribution	100	-	Building 2, 1425 Boundary Road, Wacol QLD 4076, Australia
Belgium	Tate & Lyle Services (Belgium) N.V.²	Internal service provider and sales support	100	-	Industrielaan 4 box 10/1, 9320 Aalst, Belgium
Bermuda	Tate & Lyle Management & Finance Limited	Reinsurance	100	-	Canon's Court, 22 Victoria Street, Hamilton, Bermuda
Brazil	Tate & Lyle Brasil S.A. ¹	Citric acid production and Food & Beverage Solutions distribution	100	-	Santa Rosa do Viterbo, State of São Paulo, Fazenda Amália, São Paulo, 14270-000, Brazil
	G.C. Hahn & Co. do Brasil Estabilizantes e Tecnologia para Alimentos Ltda.1	Dormant	100	-	Rua Sapetuba Nº 211, CEP:- 005510-001- Vila Pirajussara, Estado de São Paulo, Brazil
	Tate & Lyle Gemacom Tech Indústria e Comércio S.A.¹	Food & Beverage Solutions production and support	93	-	No. 380, Distrito Industrial, City of Juiz de Fora, State of Minas Gerais at Rua B, 36092-050, Brazil
Canada	Tate & Lyle Ingredients Canada Limited	Food & Beverage Solutions sales support	100	-	Suite 400, Phoenix Square, 371 Queen Street, Fredericton NB E3B 4Y9, Canada
Chile	Tate & Lyle Chile Commercial Ltda	Food & Beverage Solutions distribution and sales support	100	-	Isidora Goyenechea 2800, Piso 43, Las Condes, Santiago, Chile
China	Tate & Lyle Trading (Shanghai) Co. Ltd¹	Food & Beverage Solutions distribution and sales support	100	-	16F, Building C, Headquarters Park Phase 2, 1582 Gumei Road, Shanghai, 200233, China
	G.C. Hahn & Co. Food Stabiliser Business (Shanghai) Ltd¹	Food & Beverage Solutions sales	100	-	16F, Building C, Headquarters Park Phase 2, 1582 Gumei Road, Shanghai, 200233, China
	Tate & Lyle Food Ingredients (Nantong) Company Limited ¹	Polydextrose production	100	-	New & Hi-Tech Industrial Development District, Rudong county, Nantong city, China 226400
Colombia	Tate & Lyle Colombia S.A.S. ¹	Food & Beverage Solutions distribution and sales support	100	-	Calle 11 #100-121 Of 309, Cali, Colombia
Croatia	G.C. Hahn & Co. d.o.o. Za distribuciju stabilizacionih sistema	Food & Beverage Solutions sales	100	-	Donji Banovec 15, Koprivnica, 48000, Croatia
Czech Republic	G.C. Hahn & Co. stabilizacni technika, s.r.o.	Food & Beverage Solutions sales	100	-	Ostravská 169, 339 01 Klatovy IV, Czech Republic
Egypt	Tate & Lyle Egypt LLC	Dormant	100	-	87 Street 9, Maadi , Cairo, Egypt
France	G.C. Hahn & Cie. SARL	Food & Beverage Solutions sales	100	-	76, rue du Maréchal Lyautey, 78100 Saint Germain En Laye, France
	Tate & Lyle Ingredients France S.A.S.	Research and development centre and Food & Beverage Solutions sales support	100	-	2 Avenue de L'Horizon, 59650 Villeneuve-D'Ascq, France

38. Full listing of subsidiaries, joint ventures and associates continued **Subsidiaries operating overseas** continued

Country of incorporation or registration	Company	Type of business	Percentage of ordinary shares attributable to Tate & Lyle PLC	Percentage of preference shares attributable to Tate & Lyle PLC	Registered address
Germany	G.C. Hahn & Co. Stabilisierungstechnik GmbH	Food & Beverage Solutions research and development and sales support	100		Roggenhorster Strasse 31, 23556, Lübeck, Germany
	G.C. Hahn & Co. Cooperationsgesellschaft mbH	Holding company	100	_	Roggenhorster Strasse 31, 23556, Lübeck, Germany
	Tate & Lyle Germany GmbH	Food & Beverage Solutions sales support	100	-	Roggenhorster Strasse 31, 23556, Lübeck, Germany
Gibraltar	Tate & Lyle Insurance (Gibraltar) Limited	Reinsurance	100	-	Suite 913, Europort, Gibraltar
Greece	Tate & Lyle Greece A.E.	Food & Beverage Solutions sales support	95	-	54248 Thessaloniki, K. Papadaki 69, Greece
India	Tate & Lyle Investments (India) Private Ltd	Dormant	100	-	C-367, Defense Colony, New Delhi, 110 024, India
Israel	Tate & Lyle Israel Limited	Dormant	100	-	16 Hatidhar st Ra'annana, Raanana, 4088, Israel
	Gamtal Foods Ltd	Dormant	65	-	7 Anatot, Tel Aviv Jaffa, 6908007, Israel
Italy	Tate & Lyle Italia S.P.A.	Food & Beverage Solutions production and sales support	100	-	Via Verdi, 1-Ossona, Milano, Italy
Japan	Tate & Lyle Japan KK	Food & Beverage Solutions distribution	100	-	2F Oak Minami-Azabu Building, 3-19-23 Minami-Azabu, Minato-ku, Tokyo, Japan
Lithuania	UAB G.C. Hahn & Co.	Food & Beverage Solutions sales	100	-	E. Simkunaites Str. 10, Vilnius, LT04130, Lithuania
Mexico	Tate & Lyle México, S. de R.L. de C.V.1	Food & Beverage Solutions distribution and sales support	100	_	piso 2, Av. Universidad 749, Col del Valle Sur, Ciudad de Mexico , 03100, México
	Mexama, S.A. de C.V. ¹	Non-trading	65	-	Calle lago de tequesquitengo , No 111 Col. Cuahutemoc C.P. 62430 , Morelos, México
	Talo Services de Mexico, S.C.¹	Internal service provider	100	-	piso 2, Av. Universidad 749, Col del Valle Sur, Ciudad de Mexico , 03100, México
Morocco	T&L Casablanca S.A.R.L.	Food & Beverage Solutions sales support	100	-	22, Rue du Parc, Casa Théâtre Centre, Anfa, Casablanca, Morocco
Netherlands	Nederlandse Glucose Industrie B.V.	Holding company	100	100	1541 KA, Koog aan de Zaan, Lagedijk 5, The Netherlands
	Tate & Lyle Netherlands B.V.	Primary Products and Food & Beverage Solutions production	100	-	1541 KA, Koog aan de Zaan, Lagedijk 5, The Netherlands
Poland	G.C. Hahn & Co. Technika stabilizowania Sp.z o.o.	Food & Beverage Solutions sales	100	-	Sterlinga 8A, 91425, Łódź, Poland
	Tate & Lyle Global Shared Services Sp.z o.o.	Internal service provider	100	-	Sterlinga 8A, 91425, Łódź, Poland
	Tate & Lyle Poland Sp.z o.o.	Dormant	100	-	Sterlinga 8A, 91425, Łódź, Poland

Governance

38. Full listing of subsidiaries, joint ventures and associates continued

Subsidiaries operating overseas continued

Country of incorporation or registration	Company	Type of business	Percentage of ordinary shares attributable to Tate & Lyle PLC	Percentage of preference shares attributable to Tate & Lyle PLC	Registered address
Russian Federation	Tate & Lyle CIS LLC ¹	Food & Beverage Solutions sales	100	-	Leninskaya Sloboda,26, Area 2, Room 100, 115280, Moscow, Russian Federation
Singapore	Tate & Lyle Asia Pacific Pte. Ltd.	Food & Beverage Solutions sales and ASPAC regional head office	100	-	3 Biopolis Drive, #05-11 Synapse, Singapore 138623
	Tate & Lyle Singapore Pte Ltd	Sucralose production (now decommissioned)	100	-	One Marina Boulevard #28-00 Singapore 018989
	Tate & Lyle Singapore Holdings Pte Ltd	Holding company	100	-	One Marina Boulevard #28-00 Singapore 018989
Slovakia	Tate & Lyle Boleraz s.r.o.	Primary Products and Food & Beverage Solutions production	100	-	Boleraz 114, 91908 Boleraz, Slovakia
	Tate & Lyle Slovakia, s.r.o.	Internal service provider	100	-	Boleraz 114, 91908 Boleraz, Slovakia
South Africa	Tate and Lyle South Africa Proprietary Limited	Food & Beverage Solutions production and distribution	100	-	1 Gravel Drive, Kya Sands Business Park, Kya Sands, 2163, South Africa
Spain	G.C. Hahn Estabilizantes y Tecnologia para Alimentos	Food & Beverage Solutions sales	100	-	Av. Valencia, 15, 46171, Casinos Valencia, Spain
	Ebromyl S.L.	Dormant	100	-	Paseo Independencia, 6- PLT 3, 50004, Zaragoza, Zaragoza, Spain
	Talan Iberica SA	Dormant	100	-	28 Raimundo Fernández Villaverde, 28003, Madrid, Spain
Sweden	Tate & Lyle Sweden AB	Oat protein and Beta Glucan production	100	-	Älvåsvägen 1, 610 20, Kimstad, Sweden
Turkey	Tate and Lyle Turkey Gıda Hizmetleri Anonim Şirketi	Food & Beverage Solutions sales support	100	_	Esentepe Mah., Büyükdere Cad. , 193 Plaza Kat: 2 193 / 235A14 Şişli, İstanbul, Turkey
Ukraine	PII G.C. Hahn & Co. Kiev ¹	Food & Beverage Solutions sales	100	-	Mala Olexandriwka, Zentralna-Str. 2-B, Borispol, 08320KIEW, UKRAINE
United Arab Emirates	Tate & Lyle DMCC	Food & Beverage Solutions sales support	100	_	Cluster X, Tower X3, Office n. 3805., Jumeira Lake Towers, Dubai, United Arab Emirates
USA	Staley Holdings LLC	Holding company	100	-	1209 North Orange Street, Wilmington, Delaware 19801, United States
	Tate & Lyle Custom Ingredients LLC	Food & Beverage Solutions production	100	-	1209 North Orange Street, Wilmington, Delaware 19801, United States
	Tate & Lyle Finance LLC	In-house finance	100	-	1209 North Orange Street, Wilmington, Delaware 19801, United States
	TLHUS, Inc.	Holding company	100	-	1209 North Orange Street, Wilmington, Delaware 19801, United States
	Tate & Lyle Ingredients Americas LLC	Primary Products and Food & Beverage Solutions production	100	-	1209 North Orange Street, Wilmington, Delaware 19801, United States
	Tate & Lyle Sucralose LLC	Sucralose production	100	-	1209 North Orange Street, Wilmington, Delaware 19801, United States
	TLI Holding LLC	In-house finance	100	-	1209 North Orange Street, Wilmington, Delaware 19801, United States

38. Full listing of subsidiaries, joint ventures and associates continued

Subsidiaries operating overseas continued

Country of incorporation or registration	Company	Type of business	Percentage of ordinary shares attributable to Tate & Lyle PLC	Percentage of preference shares attributable to Tate & Lyle PLC	Registered address
	Tate & Lyle Domestic International Sales Corporation	Internal service provider	100	-	1209 North Orange Street, Wilmington, Delaware 19801, United States
	Tate & Lyle Grain, Inc.	Grain products	100	-	1209 North Orange Street, Wilmington, Delaware 19801, United States
	Tate & Lyle Malic Acid LLC	Dormant	100	-	1209 North Orange Street, Wilmington, Delaware 19801, United States
	Tate & Lyle Sugar Holdings, Inc.	Holding company	100	-	1209 North Orange Street, Wilmington, Delaware 19801, United States
	Tate & Lyle Americas LLC	Internal service provider	100	-	1209 North Orange Street, Wilmington, Delaware 19801, United States
	Tate & Lyle Citric Acid LLC	Citric acid production	100	-	1209 North Orange Street, Wilmington, Delaware 19801, United States
	Staley International Inc.	Cereal sweeteners and starches	100	-	208 So. LaSalle Street, Suite 814, Chicago, IL 560604, United States
	G. C. Hahn USA LLC	Dormant	100	-	1209 North Orange Street, Wilmington, Delaware 19801, United States

1 Non-coterminous year-end.

2 Direct subsidiaries of Tate & Lyle PLC.

38. Full listing of subsidiaries, joint ventures and associates continued

Joint ventures

Country of incorporation or registration	Company	Type of business	Percentage of ordinary shares attributable to Tate & Lyle PLC	Percentage of preference shares attributable to Tate & Lyle PLC	Registered address
Mexico	Almidones Mexicanos S.A. de C.V.1	Primary Products and Food & Beverage Solutions production	50	_	Calle 26 No. 2756, Zona Industrial, Guadalajara, Jal., 44940, Mexico
	Promotora de Productos y Mercados Mexicanos, S.A. de C.V.1	Primary Products and Food & Beverage Solutions production	50	-	Calle 26 No. 2756, Zona Industrial, Guadalajara, Jal., 44940, Mexico
	Estacion de Transferencia Coatzacoalcos, S.A. de C.V. ¹	Primary Products and Food & Beverage Solutions production	50	-	Calle 26 No. 2756, Zona Industrial, Guadalajara, Jal., 44940, Mexico
USA	DuPont Tate & Lyle Bio Products Company, LLC	Industrial ingredients	50	-	1209 North Orange Street, Wilmington, Delaware 19801, United States

1 Non-coterminous year-end.

The results, assets and liabilities and cash flows of those entities whose financial years are not coterminous with that of the Group are consolidated or equity accounted in the Group's financial statements on the basis of management accounts for the year to 31 March.

Parent Company Balance Sheet

			At 31 March
	Notes	2018 £m	2017 £m
ASSETS			
Fixed assets			
Tangible fixed assets	2	3	2
Intangible assets	3	2	3
Investments in subsidiary undertakings	4	1 037	1 028
Investments in associates	5	-	4
Total		1 042	1 037
Current assets			
Debtors	6	1 480	1 554
Cash at bank		-	-
		1 480	1 554
Creditors – amounts falling due within one year	7	(1 208)	(1 314
Net current assets		272	240
Total assets less current liabilities		1 314	1 277
Creditors – amounts falling due after more than one year	8	(2)	(2
Net assets		1 312	1 275
Capital and reserves			
Called up share capital	11	117	117
Share premium account		406	406
Capital redemption reserve		8	8
Retained earnings		781	744
Total shareholders' funds		1 312	1 275

The Company recognised profit for the year of £180 million (2017 – £298 million).

The Parent Company's financial statements on pages 169 to 176 were approved by the Board of Directors on 23 May 2018 and signed on its behalf by:

Nick Hampton

Director The notes on pages 171 to 176 form part of these financial statements.

Tate & Lyle PLC Registered number: 76535 Governance

Parent Company Statement of Changes in Equity

	Called up share capital £m	Share premium account £m	Capital redemption reserves £m	Retained earnings £m	Total equity £m
At 1 April 2016	117	406	8	579	1 110
Year ended 31 March 2017:					
Profit for the year	-	-	-	298	298
Purchase of own shares	-	-	-	(18)	(18)
Share-based payments	-	_	-	15	15
Dividends paid	-	_	-	(130)	(130)
At 31 March 2017	117	406	8	744	1 275
Year ended 31 March 2018:					
Profit for the year	-	-	-	180	180
Purchase of own shares	-	-	-	(27)	(27)
Share-based payments	-	-	-	15	15
Dividends paid	-	-	-	(131)	(131)
At 31 March 2018	117	406	8	781	1 312

At 31 March 2018, the Company had realised profits available for distribution in excess of £650 million (2017 - in excess of £625 million).

Notes to the Parent Company Financial Statements

1. Principal accounting policies

Basis of preparation

Tate & Lyle PLC (the Company) is a public limited company incorporated in the United Kingdom and registered in England. The Company's ordinary shares are listed on the London Stock Exchange.

The Company's financial statements are prepared under the historical cost convention in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and with UK accounting presentation as at 31 March 2018, with comparative figures as at 31 March 2017.

For the reasons set out on page 105, the Company's financial statements are prepared on a going concern basis.

As permitted by Section 408 of the Companies Act 2006, the Company's profit and loss account is not presented in these financial statements. Profit and loss account disclosures are presented in Note 13.

The results of the Company are included in the preceding Group financial statements.

The following disclosure exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18(a) of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of IFRS 2 Share-Based Payments
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement
- the requirements of paragraphs 10(d) (statement of cash flows), 10(f) (statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively), 38(A to D) (comparative information), 40(A to D) (presentation of third balance sheet), 111 (statement of cash flows) and 134 to 136 (capital management) of IAS 1 Presentation of Financial Statements.

The Company intends to maintain these disclosure exemptions in future years.

Judgements and key sources of uncertainty

Estimating fair value for share-based transactions requires determination of the most appropriate valuation model which depends on the terms and conditions of each individual grant. This estimation also requires determination of the most appropriate inputs to the valuation model.

Investments

Subsidiaries are all entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in financial and operating policy decisions but not to control or jointly control them.

Investments in subsidiary undertakings and in associates represent interests that are directly owned by the Company and are stated at cost less amounts written off for any permanent diminution in value.

Amounts owed by or to subsidiary undertakings

Amounts owed by or to subsidiary undertakings are stated at amortised cost using the effective interest method. Amounts owed by subsidiary undertakings are written off where deemed unrecoverable.

Leases

Operating lease payments are charged to the profit and loss account on a straight-line basis over the lease term.

Retirement benefits

The Company participates in a defined benefit pension scheme in which certain of its subsidiaries also participate. The Company, which is not the principal employer, cannot identify its share of the underlying assets and liabilities of the scheme. Accordingly, as permitted by IAS 19 Employee Benefits, the Company accounts for the scheme as a defined contribution scheme and charges its contributions to the scheme to the profit and loss account in the periods in which they fall due.

Deferred tax

Deferred tax is recognised in respect of all temporary differences that have originated but which have not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less, or to receive more tax. Deferred tax assets are recognised to the extent that they are regarded as recoverable. Assets are regarded as recoverable when it is regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Foreign currency translation

Transactions denominated in foreign currencies are translated into pounds sterling at the exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into pounds sterling at the exchange rate ruling on the balance sheet date. Currency translation differences are credited or charged to the profit and loss account. Non-monetary assets denominated in foreign currencies and carried at historical cost are translated using the exchange rate ruling on the date of transaction. Strategic Report

Governance

Notes to the Parent Company Financial Statements continued

1. Principal accounting policies continued

Share-based payments

As described in Note 31 to the consolidated financial statements, the Company operates share-based incentive plans under which it grants awards over its ordinary shares to its own employees and to those of its subsidiary undertakings. All of the awards granted under the existing plans are classified as equity-settled awards.

For awards granted to its own employees, the Company recognises an expense that is based on the fair value of the awards measured at the grant date using the Black-Scholes option pricing formula. Fair value reflects any market performance conditions and all nonvesting conditions. Adjustments are made to the compensation expense to reflect actual and expected forfeitures due to failure to satisfy service conditions or non-market performance conditions. Generally, the expense is recognised in the profit and loss account on a straight-line basis over the vesting period and a corresponding credit is recognised in the profit and loss account reserve. For awards granted to employees of its subsidiary undertakings, the Company recognises a capital contribution to the subsidiary and a corresponding credit to equity calculated on the same basis as the expense that it recognises for awards to its own employees.

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.

Guarantees

From time to time, the Company provides guarantees to third parties in respect of the indebtedness of its subsidiary undertakings and joint ventures. The Directors consider these guarantees to be insurance arrangements and, therefore, the Company recognises a liability in respect of such guarantees only in the event that it becomes probable that the guarantee will be called upon and the Company will be required to make a payment to the third party. Commitments in respect of retirement benefit obligations are detailed in Note 14.

Own shares

Own shares represent the Company's ordinary shares that are held by the Company in treasury or by a sponsored Employee Benefit Trust that are used to satisfy awards made under the Company's share-based incentive plans. When own shares are acquired, the cost of purchase in the market is deducted from the profit and loss account reserve. Gains or losses on the subsequent transfer or sale of own shares are also recognised in the profit and loss account reserve.

Dividends

Dividends on the Company's ordinary shares are recognised when they have been appropriately authorised and are no longer at the Company's discretion. Accordingly, interim dividends are recognised when they are paid and final dividends are recognised when they are declared following approval by shareholders at the Company's AGM. Dividends are recognised as an appropriation of shareholders' funds. Details of dividends paid and proposed are set out in Note 12.

Dividend income received from subsidiary companies is recognised when the right to receive the payment is established.

2. Tangible fixed assets

	Plant and achinery £m
Cost	
At 1 April 2017	5
Additions	1
Disposals	-
At 31 March 2018	6
Accumulated depreciation	
At 1 April 2017	3
Depreciation charge	-
Disposals	-
At 31 March 2018	3
Net book value at 31 March 2017	2
Net book value at 31 March 2018	3

3. Intangible assets

	assets £m
Cost	
At 1 April 2017	5
Additions	
At 31 March 2018	5
Accumulated amortisation	
At 1 April 2017	2
Amortisation charge	1
At 31 March 2018	3
Net book value at 31 March 2017	3
Net book value at 31 March 2018	2

4. Investments in subsidiary undertakings

	£m
Cost	
At 1 April 2017	1 587
Additions	8
At 31 March 2018	1 595
Impairment	
At 1 April 2017	559
Reversal of impairment	[1]
At 31 March 2018	558
Net book value at 31 March 2017	1 028
Net book value at 31 March 2018	1 037

5. Investments in associates

On 2 November 2017, the Company disposed of its 33.3% interest in the ordinary shares in Tapioca Development Corporation, a company incorporated in Thailand.

Other intangible

Notes to the Parent Company Financial Statements continued

6. Debtors

		At 31 March
	2018 £m	2017 £m
Due within one year		
Current tax	8	-
Amounts owed by subsidiary undertakings	1 469	1 551
Other debtors	3	3
Total	1 480	1 554

The effective interest rate applicable to amounts owed by subsidiary undertakings at 31 March 2018 is 2.1% (2017 – 1.8%). Amounts owed by subsidiary undertakings are receivable on demand. There is no security for non-trading amounts.

7. Creditors – amounts falling due within one year

		At 31 March
	2018 £m	2017 £m
Amounts owed to subsidiary undertakings	1 187	1 292
Other creditors	5	6
Accruals and deferred income	16	16
Total	1 208	1 314

The effective interest rate applicable to amounts owed to subsidiary undertakings at 31 March 2018 was 2.5% (2017 – 2.3%). Amounts owed to subsidiary undertakings are repayable on demand. There is no security for non-trading amounts.

8. Creditors – amounts falling due after more than one year

		At 31 March
	2018 £m	2017 £m
Total	2	2

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.

9. Contingent liabilities

At 31 March 2018, the Company had given guarantees in respect of committed financing of certain of its subsidiaries and joint ventures totalling £1,196 million (2017 – £2,117 million), against which amounts drawn totalled £571 million (2017 – £700 million). The Company had given guarantees in respect of operating lease commitments of certain of its subsidiaries and joint ventures totalling £234 million (2017 – £288 million). The Company provides other guarantees in the normal course of business. The Company has assessed the probability of material loss under these guarantees as remote.

In addition, commitments in respect of retirement benefit obligations are detailed in Note 14.

10. Financial commitments

Operating lease rentals payable during the year were £1 million (2017 – £1 million), all in respect of land and buildings. At 31 March 2018, the Company has outstanding commitments under non-cancellable operating leases which fall due as follows:

		At 31 March
	2018 £m	2017 £m
Within one year	2	1
Between one year and five years	7	6
After five years	5	6
Total	14	13

At 31 March 2018 and 31 March 2017, the Company had no outstanding capital commitments.

11. Share capital and share premium

Allotted, called up and fully paid equity share capital

		2018		2017
	Number of shares	Cost £m	Number of shares	Cost £m
At 1 April	468 256 866	117	468 235 944	117
Allotted under share option schemes	52 068	-	20 922	-
At 31 March	468 308 934	117	468 256 866	117

See Note 22 in the consolidated financial statements for details of treasury shares and shares held in the Employee Benefit Trust.

12. Dividends on ordinary shares

Dividends on ordinary shares in respect of the financial year:

		Year ended 31 March
	2018 pence	2017 pence
Per ordinary share:		
– interim dividend paid	8.4	8.2
– final dividend proposed	20.3	19.8
Total dividend	28.7	28.0

The Directors propose a final dividend for the financial year of 20.3p per ordinary share that, subject to approval by shareholders, will be paid on 1 August 2018 to shareholders who are on the Register of Members on 22 June 2018.

Dividends on ordinary shares paid in the year:

		Year ended 31 March
	2018 £m	
Final dividend paid relating to the prior year	92	92
Interim dividend paid relating to the year	39	38
Total dividend paid	131	130

Based on the number of ordinary shares outstanding at 31 March 2018 and the proposed amount, the final dividend for the financial year is expected to amount to £94 million.

13. Profit and loss account disclosures

The Company recognised a profit for the year of £180 million (2017 – £298 million).

Fees payable to the Company's external auditors, PricewaterhouseCoopers LLP, for the audit of the Company's financial statements amounted to £0.1 million (2017 – £0.1 million).

The Company employed an average of 168 people (including Directors) during the year (2017 – 149). Staff costs are shown below:

		Year ended 31 March
	2018 £m	2017 £m
Wages and salaries	27	26
Social security costs	5	5
Other pension costs	2	2
Share-based incentives	7	8
Total	41	41

Directors' emoluments disclosures are provided in the Directors' Remuneration Report on pages 72 to 89 and in Note 10 of the consolidated financial statements.

No deferred tax assets have been recognised in respect of tax losses of £341 million as there is uncertainty as to whether taxable profits against which these assets may be recovered will be available.

Notes to the Parent Company Financial Statements continued

14. Retirement benefit obligations

Plan information

The Company participates in a defined benefit plan together with another subsidiary company, Tate & Lyle Industries Ltd. Payments made by contributing companies principally comprise funding contributions agreed with the trustees that are determined to ensure that appropriate funding levels are maintained and funding deficits are eliminated over a reasonable period of time. The plan is closed to new entrants and future accruals. The Company has 332 pensioners and deferred pensioners out of a total membership of circa 5,600 (excluding dependent beneficiaries).

The Company also operates a defined contribution pension plan. Contributions payable by the Company to the plan during the year amounted to £2 million (2017 – £2 million).

The Company has provided a full liability guarantee in respect of the pension obligations of Tate & Lyle Industries Ltd, the other participating employer. Whilst there is no agreed allocation of deficit or surplus, the trustees have discretion to distribute any surplus on winding up as they consider appropriate, after increase of benefits consistent with Inland Revenue Limits which applied up to 5 April 2006.

Funding commitments of the plan

As required by UK regulations, actuarial valuations are carried out at least every three years. The main UK scheme triennial valuation as at 31 March 2016 was concluded during the prior year, with agreed core funding contributions maintained at £12 million per year, and supplementary contributions payable into the secured funding account of £6 million per year until 31 March 2023. The deficit or surplus in the plan impacts the future contributions which are determined with reference to the triennial actuarial valuations.

For further details on the defined benefit plan see Note 30 in the consolidated financial statements.

Group Five-year Summary

		0015	2017	0017	At 31 March
	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m
Employment of capital					
Goodwill and intangible assets	307	340	390	401	360
Property, plant and equipment	732	750	926	1 061	965
Other assets	28	33	23	30	37
Working capital (including provisions and non-debt					
derivatives)	351	339	323	394	385
Net pension (deficit)/surplus	(220)	[227]	(208)	(139)	18
Net assets held for sale (excluding cash included in net debt)	-	-	5	-	-
Net operating assets	1 198	1 235	1 459	1 747	1 765
Investment in joint ventures and associates	312	327	85	96	85
Net debt	(385)	(555)	(434)	(452)	(392)
Net tax liability	(75)	(71)	(81)	(59)	(91)
Total net assets	1 050	936	1 029	1 332	1 367
Capital employed					
Called up share capital	117	117	117	117	117
Reserves	932	818	911	1 215	1 250
	1 049	935	1 028	1 332	1 367
Non-controlling interests	1	1	1	-	-
	1 050	936	1 029	1 332	1 367
	2014	2015	2016	Year end 2017	led 31 March 2018
	£m	£m	£m	£m	£m
Results summary					
Continuing operations					
Sales	2 737	2 341	2 355	2 753	2 710
Adjusted operating profit	274	184	188	264	300
Amortisation of acquired intangible assets	(10)	[9]	(11)	(12)	(12)
Exceptional items	[14]	(142)	(50)	(19)	2
Operating profit	250	33	127	233	290
Adjusted net finance expense	(27)	(23)	(23)	(25)	(27)
Net retirement benefit interest expense	(8)	(8)	(6)	(7)	(5)
Net finance expense	(35)	(31)	(29)	(32)	(32)
Share of profit after tax of joint ventures and associates	22	23	28	32	28
Profit before tax	237	25	126	233	286
Income tax (expense)/credit	(32)	(21)	(5)	22	(23)
Profit for the year from continuing operations	205	4	121	255	263
Profit for the year from discontinued operations	68	26	42	1	2
		_	-	-	-
					-
Non-controlling interests Profit for the year attributable to owners of the Company	273	30	163	256	265
Non-controlling interests	273	30	163	256	265

Governance

Group Five-year Summary continued

				Year e	nded 31 March
Per share information	2014	2015	2016	2017	2018
Earnings per share continuing operations:					
– basic (pence)	44.2p	0.9p	26.1p	55.0p	57.0p
– diluted (pence)	43.6p	0.8p	25.9p	54.2p	56.1p
Earnings per share total operations:					
– basic (pence)	58.8p	6.6p	35.1p	55.2p	57.4p
– adjusted basic (pence)	56.5p	38.0p	34.9p	47.9p	50.9p
Earnings per share total operations:					
– diluted (pence)	58.0p	6.5p	34.8p	54.4p	56.5p
– adjusted diluted (pence)	55.7p	37.7p	34.7p	47.1p	50.1p
Dividends per ordinary share (pence)	27.6p	28.0p	28.0p	28.0p	28.7p
Closing share price at 31 March (pence)	667.5p	597.5p	578.0p	764.5p	544.6p
Closing market capitalisation at 31 March (£million)	3 125	2 798	2 706	3 580	2 550
Business ratios					
Interest cover (times) ¹	11.6x	10.7x	10.7x	13.9x	14.6x
Operating profit before exceptional items and amortisation					
of intangible assets divided by net finance expense					
Net debt to EBITDA (times) ¹	0.8x	1.3x	1.2x	0.9x	0.8x
Net debt divided by pre-exceptional EBITDA					
Gearing	37%	59%	42%	34%	29 %
Net debt as a percentage of total net assets ²					
Adjusted operating margin	10.0%	7.8%	7.9%	9.6%	11.1%
Adjusted operating profit as a percentage of sales ²					
Return on net operating assets	21.7%	14.4%	13.1%	15.7%	16.4%
Profit before interest, tax and exceptional items as a					
percentage of average net operating assets ²					
Dividend cover (times)					
Basic earnings per share divided by dividends per share ²	2.1x	0.2x	1.3x	2.0x	2.0x
Adjusted basic earnings per share divided by dividends					
per share ²	2.0x	1.4x	1.2x	1.7x	1.8x

1 Interest cover and net debt to EBITDA have been calculated using the same basis as set out in the Group's external financial covenants. (see Note 4 of the attached consolidated financial statements).

2 These metrics have been calculated using the results of both continuing and discontinued operations.

Additional Information

Calculation of changes in constant currency

Where changes in constant currency are presented in this statement, they are calculated by retranslating current year results at prior year exchange rates. The following table provides a reconciliation between the 2018 performance at actual exchange rates and at constant currency exchange rates. Absolute numbers presented in the tables are rounded for presentational purposes, whereas the growth percentages are calculated on unrounded numbers.

Adjusted performance Continuing operations	2018 £m	FX £m	2018 at constant currency £m	Underlying growth £m	2017* £m	Change %	Change in constant currency %
Sales	2 710	20	2 730	(23)	2 753	(2%)	(1%)
Food & Beverage Solutions	137	2	139	10	129*	5%	8%
Sucralose	55	-	55	3	52*	6%	5%
Primary Products	166	2	168	39	129	28%	30%
Central	(58)	-	(58)	(12)	[46]	(22%)	
Adjusted operating profit	300	4	304	40	264	14%	15%
Adjusted net finance expense	(27)	-	(27)	(2)	(25)	(8%)	
Share of profit after tax of joint							
ventures and associates	28	-	28	(4)	32	(14%)	(14%)
Adjusted profit before tax	301	4	305	34	271	11%	13%
Adjusted income tax expense	(66)	(2)	(68)	(19)	[49]	(34%)	(37%)
Adjusted profit after tax	235	2	237	15	222	6%	7%
Adjusted diluted EPS (pence)	50.1p	0.4p	50.5p	3.4p	47.1p	6%	7%

* Restated to reflect the change in reportable segments made in the 2018 financial year.

If the above segmental information were presented on a basis consistent with the prior year, Food & Beverage Solutions and Sucralose would be combined as Speciality Food Ingredients to show adjusted operating profit for the year ended 31 March 2018 of £192 million (2017 – £181 million). Primary Products was renamed from Bulk Ingredients in the year.

Information for Investors

Shareholder enquiries

Ordinary shares

Equiniti Limited

Information on how to manage your shareholdings can be found at www.shareview.co.uk. The website also provides answers to commonly asked shareholder questions and has links to downloadable forms, guidance notes and Company history fact sheets. You can also send your enquiry via secure email from the Shareview website.

Telephone enquiries

0371 384 2063 (for UK calls)¹ +44 (0)121 415 0235 (for calls from outside the UK)

 Lines open 8.30am to 5.30pm (UK time), Monday to Friday (excluding public holidays in England and Wales).

Written enquiries

Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

American Depositary Shares (ADSs)

The Bank of New York Mellon

The Company's shares trade in the US 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 under the ticker symbol TATYY.

Telephone and email enquiries

+1 888 269 2377 (for US calls)

+1 201 680 6825 (for calls from outside the US) shrrelations@cpushareownerservices.com

Written enquiries

BNY Mellon Shareowner Services PO Box 505000 Louisville, KY 40233-5000 USA

Tate & Lyle website 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.

Financial calendar

2018 Annual General Meeting	26 July 2018
Announcement of half-year results for the six months to 30 September 2018	8 Nov 2018 ¹
Announcement of full-year results for the year ending 31 March 2019	23 May 2019 ¹
2019 Annual General Meeting	25 July 2019 ¹

Dividends paid on ordinary shares during the year ended 31 March 2018

Payment date	Dividend description	Dividend per share
1 August 2017	Final 2017	19.8p
5 Jan 2018	Interim 2018	8.4p

Dividend calendar for dividends on ordinary shares

	2018 final	2019 interim	2019 final
Announced	24 May 2018	8 November 2018 ¹	23 May 20191
Payment date	1 August 2018 ²	4 January 2019 ¹	31 July 2019 ^{1, 2}

1 Provisional date.

2 Subject to approval of shareholders.

Dividends paid on 6.5% cumulative preference shares

Paid each 31 March and 30 September.

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 share of £1 each	201.00p
Equivalent value per ordinary share of 25p	50.25p
6.5% cumulative preference share	43.50p

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 the impact of the documents on the environment.

Shareholders who wish to receive email notification should register online at www.shareview.co.uk, using their shareholder reference number that is on either their share certificate or other correspondence.

Dividend payments

Dividend reinvestment plan

The Company operates a Dividend Reinvestment Plan (DRIP) which enables shareholders to use their cash dividend to buy additional shares in Tate & Lyle PLC. Further information can be obtained from Equiniti.

Direct into your bank account

We encourage shareholders to have their dividends paid directly into their bank or building society account; dividend confirmations are then mailed to shareholders separately. This method avoids the risk of dividend cheques being delayed or lost in the post. If you live outside the UK, Equiniti also offers an overseas payment service whereby your dividend is converted into your local currency. Further information on mandating your dividend payments and the overseas payment service can be obtained from Equiniti.

Beware of share fraud

Shareholders should be very wary of any unsolicited calls or correspondence offering to buy or sell shares at a discounted price. These calls are typically from fraudsters operating 'boiler rooms'. Boiler rooms use increasingly sophisticated means to approach investors and often leave their victims out of pocket. If you are concerned that you may have been targeted by fraudsters please contact the Financial Conduct Authority (FCA) Consumer Helpline on 0800 111 6768.

Α

Acidulants

Ingredients such as citric acid that are used to add a 'sour' taste to food and soft drinks and to act as a preservative.

Adjusted free cash flow

Adjusted free cash flow represents cash generated from continuing operations excluding the impact of exceptional items, less net interest paid, less income tax paid, less capital expenditure.

Adjusted operating cash flow

Adjusted operating cash flow is defined as adjusted free cash flow from continuing operations, adding back net interest and tax paid, retirement cash contributions, and excluding derivative and margin call movements within working capital.

Adjusted operating profit (PBITEA)

Operating profit (as defined separately), adjusted for amortisation of acquired intangible assets and net exceptional items.

Adjusted profit before tax (PBTEA)

Profit before tax (as defined separately), adjusted for amortisation of acquired intangible assets, net exceptional items and net retirement benefit interest.

В

Bio-PD0™

Multi-purpose monomer propanediol made from corn (as opposed to being made from a petrochemical source). Used in cosmetics, detergents, carpets and textiles.

С

Carbon dioxide equivalent (CO2e)

One metric tonne of carbon dioxide or an amount of any other greenhouse gas with an equivalent global warming potential, calculated consistently with international carbon reporting practices.

CLARIA® Functional Clean-Label Starches

A line of clean-label starches with neutral taste and colour comparable to normal modified starches that is versatile across a broad range of applications and sophisticated processes.

'Clean label'

A term used in the food and beverage industry generally to refer to shorter or simpler ingredient lists or less processed ingredients that appeal more to some consumers than those containing complex ingredients. Interpretations may vary.

Commodities

Commodities include US ethanol and co-products.

Constant currency

Where changes in constant currency are presented, they are calculated by retranslating current year results at prior year exchange rates. Reconciliation between the 2018 performance at actual exchange rates and at constant currency exchange rates have been included in the additional information on page 179.

Continuing operations

Operations of the Group excluding any discontinued operations (as defined separately).

Co-products

Corn gluten feed, corn gluten meal and corn oil.

Corn gluten feed

The largest Tate & Lyle co-product, used in animal feed for dairy and beef cattle.

D

Discontinued operations

An operation is classified as discontinued if it is a component of the Group that: (i) has been disposed of, or meets the criteria to be classified as held for sale; and (ii) represents a separate major line of business or geographic area of operations; or will be disposed of as part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations.

DOLCIA PRIMA® Allulose

Low-calorie sugar that offers a superior, new taste experience.

Ε

ETHYLEX® Surface Treatment Starch An industrial starch used in paper.

F

Food & Beverage Solutions (F & B Solutions)

Including Sucralose, previously named Speciality Food Ingredients (SFI) division.

Food Systems

The previous name of our stabiliser business which is part of the Food & Beverage Solutions division. It sources ingredients and uses them to develop bespoke combinations of ingredients for customers, principally for stabilisation.

G

Greenhouse gas (GHG)

Any of the following: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆).

Н

HFCS

High fructose corn syrup widely used as a substitute for sugar in North America. Also called isoglucose in Europe.

Glossary continued

I

ICD

Innovation and Commercial Development group, supporting our two business divisions, Food & Beverage Solutions and Primary Products.

L

Label friendly

Denotes ingredients that, when listed on product ingredient labels, may appeal more to some consumers who show a preference for ingredients in food products which they feel are more transparent, authentic, simpler or easier to understand than alternatives which may be perceived by some consumers as being artificial, chemical or in some way less authentic.

Ν

Natural

A 'natural' description usually refers to a food ingredient that is present in nature and has been minimally processed. However, interpretations vary according to the different legal and regulatory landscape in different countries.

New Products

New Products are products in the first seven years after launch.

0

Operating profit (also referred to as profit before interest and tax (PBIT)) Sales less net operating expense.

Ρ

Primary capacity

Processing capacity for the first stage of production, at which the agricultural raw material enters the production process.

Primary Products (PP)

Previously named Bulk Ingredients (BI) division.

Profit before tax (PBT)

Sales, less net operating expense, less net finance expense and including the Group's share of profit after tax of joint ventures.

PROMITOR[®] Soluble Fibre

A prebiotic soluble fibre.

PromOat[®] Beta Glucan

A soluble fibre made from wholegrain oats used to bring the health benefits of oat beta glucan to food and beverages.

R

REZISTA® Speciality Food Starch

A modified starch made from waxy corn which builds and protects texture in foods.

S

SPLENDA® Sucralose

A zero-calorie sweetener, the manufacturing process for which starts with sugar.

Stabiliser Systems

Systems customising ingredient blends to improve product mouthfeel, texture and stability profile.

STA-LITE® Polydextrose

A soluble fibre with prebiotic properties made from corn and used to provide body and texture in reduced calorie, no-added sugar and high-fibre foods.

STA-LOK[®] Cationic Corn Starch

An industrial starch used in paper.

STA-TAPE[™] Starches

An industrial starch used for adhesives.

Sucralose

A reportable segment and part of the Food & Beverage Solutions division.

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.

Tate & Lyle PLC

Tate & Lyle PLC is a public limited company listed on the London Stock Exchange and is registered in England and Wales.

More information about Tate & Lyle can be found on the Company's website, www.tateandlyle.com.

Sources for Digestive health chart on page 5

1. Institute of Medicine, Food and Nutrition Board. Dietary Reference Intakes: Energy, Carbohydrates, Fiber, Fat, Fatty Acids, Cholesterol, Protein and Amino Acids. Washington, DC: National Academies Press; 2002/2005.

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3. World Health Organization Diet, Nutrition and the Prevention of Chronic Diseases. Geneva: WHO. 2003. 4. Auestad N, Hurley J, Fulgoni VL, et al. Contribution of Food Groups to Energy and Nutrient Intakes in Five Developed Countries. Nutrients. 2015 Jun 8;7(6): 4593-618.

5. Murphy N, Norat T, Ferrari P, et al. Dietary fibre intake and risks of cancers of the colon and rectum in the European prospective investigation into cancer and nutrition (EPIC). PLoS One. 2012;7:e39361.

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8. Flores M, Macias N, Rivera M, et al. Dietary patterns in Mexican adults are associated with risk of being overweight or obese J Nutr. 2010 Oct;140(10).

9. Sardinha AN, Canella DS, Martins AP, et al. Dietary sources of fiber intake in Brazil. Appetite. 2014 Aug;79:134-8.

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 91 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, net retirement benefit interest and tax on the above items and tax items that themselves meet these definitions. A reconciliation of reported and adjusted information is included in Note 4 of the consolidated financial statements.

Definitions

In this Annual Report:

- 'Company' means Tate & Lyle PLC
- 'Tate & Lyle', 'Group', 'we', 'us' or 'our' means Tate & Lyle PLC and its subsidiaries
- 'Gemacom' means Tate & Lyle Gemacom Tech Indústria e Comércio S.A.
- 'Almex' means Almidones Mexicanos SA
- 'Bio-PDO' means DuPont Tate & Lyle Bio Products Company, LLC
- 'during the year' means during the financial year ended 31 March 2018.

Environmental statement

This Annual Report has been printed on UPM Fine offset, a paper produced using wood fibre from fully sustainable forests with Forest Stewardship Council® (FSC®) certification. All pulps used are elemental chlorine free and the manufacturing mill holds the ISO 14001 and the EMAS accreditations for their environmental management systems.

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CARBON NEUTRAL

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www.tateandlyle.com

Q