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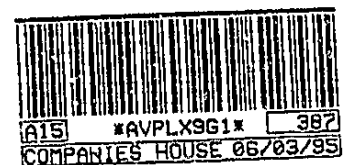
COMPANY NO 315158'

BRITISH SUGAR plc

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

17 SEPTEMBER 1994

(Registered Number: 315158)



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BRITISH SUGAR plc**Directors' Report and Financial Statements**

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BRITISH SUGAR plc
BOARD OF DIRECTORS

Chairman (Non-Executive)

G H Weston *

Managing Director and Chief Executive

P J Jackson *

Executive Directors

M F Branch

H J Davenport

W C Francis

J W Sutcliffe

C A Yates

D J D Yend

Non-Executive Director

H W Bailey *

Joint Secretaries

M R Gore

W B Wright

* Also Directors of Associated British Foods plc

Registered Office:

Weston Centre, Bowater House, 68 Knightsbridge,
London, SW1X 7LR.

Head Office:

Oundle Road, Peterborough, PE2 9QU

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Directors' Report

The directors present their annual report and the audited financial statements for the 52 week period ended 17 September 1994.

1 Principal Activities

The company's principal activities during the period continued to be the processing of sugar beet and the manufacture and sale of sugar, animal feeds and molasses. These activities are expected to continue in the foreseeable future.

2 Fixed Assets

Changes to tangible fixed assets and investments are shown in notes 12 and 13 respectively. The directors are of the opinion that the market value of interests in land and buildings at the end of the period exceeded the amounts included in the balance sheet, but they are unable to quantify the excess.

3 Trading Results, Dividends and Transfer to Reserves

The profit on ordinary activities after taxation for the financial period shown by these financial statements is £103.1 million (1993 : £95.6 million).

On 16 September 1994 the company paid an interim dividend of £50.0 million (1993 : £50.0 million).

The retained profit for the financial period of £53.1 million (1993 : £45.6 million) was transferred to reserves.

4 Directors

The names of the present directors and joint secretaries of the company are shown on page 1.

H J Davenport, W C Francis and J W Sutcliffe retire by rotation and being eligible offer themselves for re-election at the Annual General Meeting.

Messrs G H Weston, P J Jackson and C A Yates were all reappointed at the Annual General Meeting on 27 January 1994.

Directors' Declarable Interests

G H Weston, H W Bailey and P J Jackson, all being directors of the holding company, Associated British Foods plc, are not required to notify the company of their interests in the ordinary share capital and debenture stock of Associated British Foods plc.

No other director has an interest in either the ordinary share capital or debenture stock of Associated British Foods plc. According to the register of directors' interests, no rights to subscribe for shares in this company or shares in or debentures of any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

No director has an interest in any contract with the company other than his service contract.

5 Corporate Governance

British Sugar plc is a wholly owned subsidiary of Associated British Foods plc. Particulars of that company's compliance with the Code of Best Practice established by the Committee on the Financial Aspects of Corporate Governance (The Cadbury Committee) is set out in their financial statements.

6 Research and Development

The company continued its expenditure on research and development and during the period this amounted to £6.3 million (1993 : £6.7 million). It is anticipated that this level of expenditure will continue.

7 Charitable Donations and Political Contributions

Donations to UK charities are funded through the British Sugar Foundation, a charitable organisation funded and managed by British Sugar plc. The Foundation has particular interests in projects in the areas of health and healthcare, education, environment and enterprise, with employee inspired community projects receiving special attention. The Foundation matches employees' efforts pound for pound. Donations amounted to £0.1 million (1993 £0.1 million).

No political contributions were made (1993 : NIL).

8 Employment Policies

The company aims to involve employees in all aspects of British Sugar's development and achievements. This is achieved through well established communication channels and consultative systems that exist between management, trades unions, works advisory committees and individual employees which help to foster the mutual trust and recognition of common goals, essential to the smooth running of the business.

Every effort is made to ensure that procedures and prejudices regarding race, religion or sex do not hinder people from obtaining jobs or in the development of their careers.

Comprehensive training programmes are designed to give employees the opportunity of improving their skills.

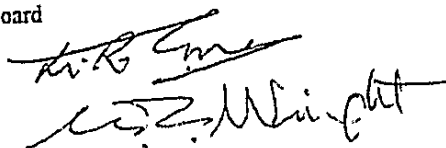
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitude and abilities of the applicant concerned. In the event of employees becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of a person not suffering from a disability.

9 Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Peat Marwick as auditors of the company, is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board

M R Gore
W B Wright
Joint Secretaries



7 November 1994

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**Statement of Directors' Responsibilities in respect
of the preparation of financial statements**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They safeguard the assets of the company and have general responsibility for taking such steps as are reasonably open to them to prevent and detect fraud and other irregularities.

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Auditors' Report**Report of the auditors to the members of British Sugar plc**

We have audited the financial statements on pages 6 to 22.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit of those statements and to report our opinion to you.

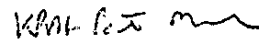
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 17 September 1994 and of its profit for the 52 week period then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG Peat Marwick
Chartered Accountants
Registered Auditors
London

7 November 1994

Profit and Loss Account
(£ millions)

	52 week period to 17 September 1994	53 week period to 18 September 1993
Notes		
4 Turnover	822.4	823.9
Cost of sales	(564.3)	(573.0)
	<hr/>	<hr/>
Gross Profit	258.1	250.9
Distribution costs	(54.9)	(53.6)
Administrative expenses	(36.0)	(35.0)
	<hr/>	<hr/>
Operating Profit	167.2	162.3
Profit/(Loss) on the sale of properties	(0.1)	-
5 Interest receivable	1.3	1.0
6 Interest payable and similar charges	(16.4)	(17.1)
	<hr/>	<hr/>
7 Profit on Ordinary Activities before Taxation	152.0	146.2
9 Taxation on Profit on Ordinary Activities	(48.9)	(50.6)
	<hr/>	<hr/>
Profit on Ordinary Activities after Taxation	103.1	95.6
11 Dividends- interim paid	(50.0)	(50.0)
	<hr/>	<hr/>
Transfer to Reserves	53.1	45.6
	<hr/>	<hr/>

A statement of movements on reserves is given in note 23.

There are no recognised gains or losses other than the profit for the period and the previous period.
Therefore no statement of recognised gains or losses is given.

The company has made no acquisitions nor discontinued any operations, within the meaning of Financial Reporting Standard 3, during either 1994 or 1993. Turnover and profit on ordinary activities, therefore, derive entirely from continuing operations.

The notes on pages 9 to 22 form part of these financial statements.

Note of Historical Cost Profits and Losses
(£ millions)

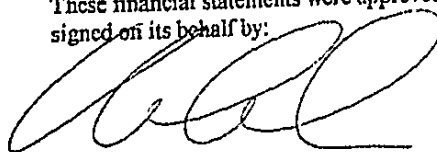
	52 week period to <u>17 September 1994</u>	53 week period to <u>18 September 1993</u>
Reported profit on ordinary activities before taxation	152.0	146.2
Realisation of property revaluation gains of previous years	7.6	1.5
Difference between a historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	<u>4.3</u>	<u>4.4</u>
Historical cost profit on ordinary activities before taxation	<u>163.9</u>	<u>152.1</u>
Historical cost profit for the year retained after taxation and dividends	<u><u>65.0</u></u>	<u><u>51.5</u></u>

Balance Sheet
(£ millions)

		<u>17 September 1994</u>	<u>18 September 1993</u>
Notes			
	Fixed Assets		
12	Tangible assets	459.2	451.9
13	Investments	7.6	6.3
	Current Assets		
14	Stocks	146.4	133.0
15	Debtors	119.0	78.1
	Cash at bank and in hand	5.7	1.3
		<u>271.1</u>	<u>212.4</u>
16	Creditors falling due within one year	(169.8)	(152.4)
	Net Current Assets	<u>101.3</u>	<u>60.0</u>
	Total Assets less Current Liabilities	<u>568.1</u>	<u>518.2</u>
17	Creditors falling due after more than one year	(169.2)	(172.0)
21	Deferred income	(2.7)	(3.1)
		<u>(171.9)</u>	<u>(175.1)</u>
	Net Assets	<u>396.2</u>	<u>343.1</u>
	Capital and Reserves		
22	Called up share capital	30.0	30.0
23	Revaluation reserve	128.6	140.5
23	Profit and loss account	237.6	172.6
	Shareholders Funds	<u>396.2</u>	<u>343.1</u>

The notes on pages 9 to 22 form part of these financial statements.

These financial statements were approved by the Board of Directors on 7 November 1994 and were signed on its behalf by:



P J Jackson
Director

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Notes to the Financial Statements

1 Accounting Reference Date

The accounting reference date is the Saturday nearest to 15 September. Accordingly these financial statements have been prepared for the 52 week period ended 17 September 1994.

2 Group Accounts

The company is not required to prepare group accounts in accordance with s.228 of the Companies Act 1985 as it is a wholly owned subsidiary of ABF Investments plc a company incorporated in Great Britain and registered in England.

3 Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention modified to include the revaluation of certain land and buildings and in accordance with applicable accounting standards.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking. A group cash flow statement is included in the financial statements of Associated British Foods plc.

Tangible Fixed Assets

Depreciation is calculated on a straight line basis and is applied to completed capital expenditure in the month it is brought into commission at rates calculated to write off the relevant assets over their expected useful lives.

Freehold land	NIL
Industrial buildings and freehold property	2 - 3%
Plant and equipment	5% - 10%
Motor vehicles	20%
Electronic equipment	12 1/2% - 33 1/3%

Investments

Investments are held at cost less any permanent diminutions in value.

Deferred Income

Deferred income consists of government grants and premiums on issue of debenture stock. Government grants are released to the profit and loss account over the expected useful life of the related asset and debenture premiums over the debenture term.

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Notes to the Financial Statements continued ...

Leases

Assets held under finance leases are capitalised and depreciated over the shorter of the lease term and the expected useful life of the asset. The corresponding obligations under these leases are included with borrowings. The finance charge element of rentals payable is charged to the profit and loss account. Operating lease rentals are charged to the profit and loss account as incurred.

Stocks

These are valued as follows:

- | | | |
|--------------------------|---|--|
| Consumable stores | - | At the lower of cost and net realisable value. |
| Sugar and other products | - | At the lower of cost and net realisable value. Cost comprises the direct cost of materials and labour together with associated overheads allocated on the basis of normal activity levels. |
| New crop expenditure | - | All expenditure relating to the 1994/95 crop is carried forward to the next financial period as production work-in-progress at actual cost. |

Turnover

Turnover comprises the company's net sales of sugar and other products and excludes value added tax.

Deferred Taxation

Provision is made for deferred taxation on the liability method in order to recognise timing differences between profits stated in the financial statements and profits computed for taxation purposes, except where, in the opinion of the directors, it is expected that no liability to taxation is likely to arise on such timing differences in the foreseeable future.

Research and Development

Expenditure in respect of research and development is written off as incurred.

Pension Costs

The pension cost charged to the Profit and Loss Account is equal to the regular cost of providing benefits to members, adjusted for any actuarially determined deficiencies or surpluses. Such adjustments are spread over a period equal to the expected average remaining service lives of the current employees in the scheme after making suitable allowances for future withdrawals.

Foreign Currencies

Transactions in foreign currencies are translated into sterling at the rate ruling on the day of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the year end rate of exchange. Where business transactions are covered by forward exchange contracts, any exchange difference on the contract is recognised upon maturity. All exchange differences are taken to the profit and loss account.

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Notes to the Financial Statements continued ...

4 Segmental Information
(£ millions)

	52 week period to <u>17 September 1994</u>	53 week period to <u>18 September 1993</u>
Turnover by class of business:		
Sugar	728.4	731.1
Animal feeds	90.4	83.8
Other	3.6	9.0
	<u>822.4</u>	<u>823.9</u>
	52 week period to <u>17 September 1994</u>	53 week period to <u>18 September 1993</u>
Turnover by geographic destination:		
United Kingdom	819.2	820.4
EC	3.2	2.0
Other Countries	-	1.5
	<u>822.4</u>	<u>823.9</u>

All turnover originates within the UK.

The classes of business do not, in the opinion of the directors, differ substantially and therefore no analysis of profit on ordinary activities before taxation has been given.

5 Interest Receivable
(£ millions)

	52 week period to <u>17 September 1994</u>	53 week period to <u>18 September 1993</u>
On Short Term Loans:		
Bank and other loans	1.1	0.8
Group companies	0.2	0.2
	<u>1.3</u>	<u>1.0</u>

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Notes to the Financial Statements continued ...

6 Interest Payable and Similar Charges
(£ millions)

	52 week period to <u>17 September 1994</u>	53 week period to <u>18 September 1993</u>
On Short Term Borrowings:		
Bank loans, overdrafts and other loans repayable within 5 years not by instalments	-	0.1
Finance leases	0.4	0.5
	<hr/> 0.4	<hr/> 0.6
On Long Term Borrowings:		
9 3/4% Debenture stock	-	0.1
10 3/4% Debenture stock	16.0	16.4
	<hr/> 16.4	<hr/> 17.1

7 Profit on Ordinary Activities before Taxation
Profit on ordinary activities before
taxation is stated after charging:
(£ millions)

	52 week period to <u>17 September 1994</u>	53 week period to <u>18 September 1993</u>
a Hire of plant and machinery under operating leases	6.7	7.5
b Depreciation on owned tangible assets	32.6	34.2
Depreciation on tangible assets held under finance leases	0.8	0.8
c Research and Development expenditure	6.3	6.7
d Net EC production/marketing levies payments	27.5	24.5
e Auditors' remuneration, including expenses, for audit services	0.2	0.2

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Notes to the Financial Statements continued ...

f Directors' emoluments:

	52 week period to 17 September 1994	53 week period to 18 September 1993
Directors' emoluments excluding pension scheme contributions	0.9	0.9
Pension scheme contributions	0.2	0.1
Compensation for loss of office	-	0.2
	<u>1.1</u>	<u>1.2</u>

The Chairman's emoluments, excluding pension scheme contribution, were £NIL (1993 : £NIL).

The emoluments of the highest paid director, excluding pension scheme contributions, were £232,839 (1993 : £232,108).

The emoluments of the directors, excluding pension scheme contributions, fell within the following ranges:

	1994 <u>Number</u>	1993 <u>Number</u>
£ 0 - £ 5,000	2	2
£ 70,001 - £ 75,000	-	1
80,001 - £ 85,000	1	1
£ 85,001 - £ 90,000	1	-
£ 95,001 - £100,000	-	2
£100,001 - £105,000	2	-
£110,001 - £115,000	-	1
£115,001 - £120,000	1	-
£140,001 - £145,000	-	1
£145,001 - £150,000	1	-
£150,001 - £155,000	-	1
£230,001 - £235,000	1	1

All directors have agreed to waive their entitlement under the Articles of Association to directors' fees. The aggregate amount waived was £50,000 (1993 : £50,000).

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Notes to the Financial Statements continued ...

8 Employees
(£ millions)

	52 week period to <u>17 September 1994</u>	53 week period to <u>18 September 1993</u>
Staff costs during the year:		
Wages and salaries	58.1	60.5
Social security costs	5.1	5.2
Other pension costs	4.0	3.9
	<u>67.2</u>	<u>69.6</u>

The average weekly number of employees, including directors, of the company during the period was 2,735 (1993 : 2,941). In the opinion of the directors all employees fall into a single category.

9 Taxation
(£ millions)

	52 week period to <u>17 September 1994</u>	53 week period to <u>18 September 1993</u>
The tax charge for the year comprises:		
Group relief payment	0.6	-
UK corporation tax at 33.00% (1993 : 33.00%)	49.5	50.6
Adjustment in respect of previous years	(1.2)	-
	<u>48.9</u>	<u>50.6</u>

10 Deferred Tax
(£ millions)

No provision has been made for tax, deferment of which is reasonably certain for the foreseeable future. In view of the planned level of capital investment, it is the opinion of the Directors that timing differences will not reverse in the foreseeable future. The potential full deferred tax liability, arising on timing differences between the treatment of items for accounts and tax purposes, is as follows:

	<u>17 September 1994</u>	<u>18 September 1993</u>
Liability deferred by accelerated capital allowances	53.3	52.2
The effect of other timing differences available for future tax relief	(6.2)	(8.6)
	<u>47.1</u>	<u>43.6</u>

There is a maximum potential corporation tax liability subject to indexation allowance on the capital gains in respect of the revalued land and buildings amounting to £42.4 million (1993 : £46.4 million).

The deferred tax liability has been calculated using the current rate of UK corporation tax of 33% (1993 : 33%)

Notes to the Financial Statements continued ...

11 Dividends

An interim dividend of 83.33p per share (1993 : 83.33p) was paid. This amounted to a total payment of £50.0 million (1993 : £50 million).

12 Tangible Fixed Assets

	Freehold land and buildings	Plant & machinery		Fixtures, fittings tools & equipment		Total
		Owned	Leased	Owned	Leased	
(£ millions)						
Cost or valuation						
At 18 September 1993	272.0	364.7	14.5	37.4	0.8	689.4
Additions	11.3	26.8	-	4.2	-	42.3
Disposals	(20.1)	(37.4)	(0.7)	(3.0)	(0.4)	(61.6)
At 17 September 1994	263.2	354.1	13.8	38.6	0.4	670.1
Depreciation						
At 18 September 1993	33.8	179.7	5.4	17.8	0.8	237.5
Charge for year	11.0	17.6	0.8	4.0	-	33.4
Disposals	(19.7)	(37.0)	(0.4)	(2.5)	(0.4)	(60.0)
At 17 September 1994	25.1	160.3	5.8	19.3	0.4	210.9
Net book value						
At 17 September 1994	238.1	193.8	8.0	19.3	-	459.2
At 18 September 1993	238.2	185.0	9.1	19.6	-	451.9

In September 1990 Gerald Eve & Co, independent Chartered Surveyors, carried out an open market valuation on an existing use basis of the majority of the company's land and buildings in accordance with the RICS Statement of Asset Valuation Practice and Guidance Notes. The results were incorporated into the financial statements at 30 September 1990.

Included in fixed assets are sites held for disposal which at 17 September 1994, have been valued by the directors at £27.5 million, on an open market valuation basis. At 17 September 1994, the value of freehold land and buildings included £226.1 million (1993 : £241.7 million) of depreciable assets.

If freehold land and buildings had not been revalued they would have been included at the following amounts:

	17 September 1994	18 September 1993
Historical cost	123.6	122.9
Depreciation based on cost	(28.7)	(29.6)
Net book value	94.9	93.3

Notes to the Financial Statements continued ...

13 Investments (£ millions)

	<u>Other Investments</u>	<u>Unlisted subsidiary undertakings</u>	<u>Total</u>
Shares at 18 September 1993 and at 17 September 1994	<u>1.9</u>	<u>2.5</u>	<u>4.4</u>
Loans at 18 September 1993		1.9	1.9
Advances		1.3	1.3
At 17 September 1994		<u>3.2</u>	<u>3.2</u>
Total Shares and Loans At 17 September 1994	<u>1.9</u>	<u>5.7</u>	<u>7.6</u>
At 18 September 1993	<u>1.9</u>	<u>4.4</u>	<u>6.3</u>

Undertakings in which the company's interest is more than 10% are as follows:-

	<u>Country of Registration & Incorporation</u>	<u>Principal Activity</u>	<u>Class and percentage of shares held</u>
British Sugar Pension Trustees	England & Wales	Dormant	100% Ord. Shares
Crystal Fund Management Ltd	England & Wales	Dormant	100% Ord. Shares
Wereham Gravel Co Ltd	England & Wales	Land Reclamation	100% Ord. Shares
British Sugar Allied Products Ltd	England & Wales	Dormant	100% Ord. Shares
Trident Feeds Ltd	England & Wales	Dormant	100% Ord. Shares
KW Agriculture Ltd	England & Wales	Agr. Mchnt	100% Ord. Shares
C Czarnikow Sugar Ltd	England & Wales	Trading	20% Ord. Shares

The predominant area of operations of Wereham Gravel Co Ltd and KW Agriculture Ltd is the United Kingdom.

Group financial statements have not been prepared as the company is a wholly owned subsidiary of another company, which is incorporated in the EC.

In the opinion of the directors, the aggregate value of investments is not less than the value at which it is stated in the financial statements.

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Notes to the Financial Statements continued ...

14	Stocks (£ millions)	17 September 1994	18 September 1993
	Consumable stores	11.3	12.4
	Sugar and other products	134.6	119.2
	New crop expenditure	0.5	1.4
		<hr/>	<hr/>
		146.4	133.0
		<hr/>	<hr/>
15	Debtors (£ millions)	17 September 1994	18 September 1993
	Trade debtors	45.1	36.9
	Amounts owed by group undertakings		
	- parent	-	12.6
	- fellow subsidiaries	67.9	22.2
	Other debtors	4.5	4.5
	Prepayments and accrued income	1.5	1.9
		<hr/>	<hr/>
		119.0	78.1
		<hr/>	<hr/>
16	Creditors falling due within one year (£ millions)	17 September 1994	18 September 1993
	Debenture stock (Note 18)	-	1.2
	Trade creditors	26.9	32.7
	Amounts owed to group undertakings		
	- parent	1.5	-
	- fellow subsidiaries	3.5	2.7
	ACT payable	12.5	-
	Mainstream corporation tax	37.2	50.7
	Other creditors including tax and social security costs	3.9	2.8
	Obligations under finance leases (Note 20)	0.7	0.6
	Accruals	83.6	61.7
		<hr/>	<hr/>
		169.8	152.4
		<hr/>	<hr/>

Notes to the Financial Statements continued ...

17 Creditors falling due after more than one year
(£ millions)

	<u>17 September 1994</u>	<u>18 September 1993</u>
Debenture stock (Note 18)	150.0	150.0
Obligations under finance leases (Note 20)	3.1	3.9
Accruals	16.1	18.1
	<u>169.2</u>	<u>172.0</u>

18 Debenture Stock
(£ millions)

	<u>17 September 1994</u>	<u>18 September 1993</u>
9¼% guaranteed secured debenture stock 1991/96 repayable at par	-	1.2
10¼% redeemable debenture stock 2013 (2)	150.0	150.0
	<u>150.0</u>	<u>151.2</u>

(1) The 9¼% guaranteed secured debenture stock 1991/96 was guaranteed by HM Treasury. At the company's option the 9¼% guaranteed debenture stock was repaid on 20 September 1993.

(2) The 10¼% redeemable debenture stock 2013 is quoted on the London Stock Exchange.

The 10¼% debenture is secured by a floating charge over the assets of the company.

The debenture stock is repayable as follows:

	<u>17 September 1994</u>	<u>18 September 1993</u>
Within one year	-	1.2
In five years or more	150.0	150.0
	<u>150.0</u>	<u>151.2</u>

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Notes to the Financial Statements continued ...

19 Term Loans
(£ millions)

	17 September 1994	18 September 1993
Investors In Industry plc (1)	-	-

(1) Investors In Industry plc

11% loan repayable in four equal annual instalments commencing on 18 December 1990. The interest rate attracts a rebate of 3% subject to the company consuming a specified tonnage of coal. It is anticipated that the required consumption of coal will be met. The final instalment of £28,625 was repaid on 18 December 1993.

20 Lease Commitments

Details of lease commitments are as follows:

(£ millions)

	17 September 1994	18 September 1993
a Finance leases		
Obligations, including future finance charges falling due:		
Within one year	1.0	1.0
Between two and five years	3.8	4.0
Thereafter	-	0.9
	<u>4.8</u>	<u>5.9</u>
Less: finance charges allocated to future periods	(1.0)	(1.4)
	<u>3.8</u>	<u>4.5</u>
Net obligations		
	<u>3.8</u>	<u>4.5</u>
b Operating leases		
Payments to which the company is committed in the following year are as follows:		
Leases expiring:		
Within one year		
- land & buildings	0.5	-
- other	0.6	0.8
Between two and five years		
- land & buildings	-	-
- other	0.2	0.2
	<u>1.3</u>	<u>1.0</u>

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Notes to the Financial Statements continued ...

21 Deferred Income
(£ millions)

	<u>17 September 1994</u>	<u>18 September 1993</u>
Government Grants At beginning of period	2.0	2.2
Released to profit	(0.3)	(0.2)
At end of period	1.7	2.0
Premium on issue of Debenture	1.0	1.1
Total deferred income	<u>2.7</u>	<u>3.1</u>

22 Called up Share Capital
(£ million*)

(£ million*)	17 September 1994		18 September 1993	
	<u>Number</u>	<u>£millions</u>	<u>Number</u>	<u>£millions</u>
Authorised, allotted, called up and fully paid Ordinary shares of 50p each	<u>60,000,000</u>	<u>30.0</u>	<u>60,000,000</u>	<u>30.0</u>

23 Reserves
(£ millions)

	<u>Revaluation Reserve</u>	<u>Profit and Loss Account</u>
At beginning of period	140.5	172.6
Retained profit for the financial period	-	53.1
Movement in Reserves (i)	(11.9)	11.9
At end of period	<u>128.6</u>	<u>237.6</u>

(i) A release from reserves has been made in respect of the annual depreciation on and disposal of revalued assets.

(ii) Deferred taxation has not been provided on the revaluation surplus. Details of the maximum potential liability are set out in note 10.

Notes to the Financial Statements continued ...

24 Reconciliation of movements in Shareholders' Funds
(£ millions)

	17 September 1994	18 September 1993
Profit for the financial period	103.1	95.6
Dividends	(50.0)	(50.0)
Net additions to shareholders' funds	53.1	45.6
Opening shareholders' funds	343.1	297.5
Closing shareholders' funds	396.2	343.1

25 Commitments**a. Capital Expenditure**

Projects authorised by the directors but not yet contracted for amount to £28.4 million (1993 : £41.3 million).

Projects authorised and contracted for amount to £0.9 million (1993 : £7.1 million).

b. Other

Other commitments, which have arisen in the ordinary course of business, relate to outstanding foreign exchange contracts amounting to £7.0 million (1993 : £61.6 million).

26 Contingent Liabilities
(£ millions)

a. British Sugar plc has entered into guarantees in respect of its employee pension funds. Pension details are disclosed in Note 27.

	17 September 1994	18 September 1993
b. Trading Guarantees	1.3	0.4

27 Pension Commitments

The company's pensions arrangements provide benefits based on final pensionable pay and are funded by means of assets which are held in trustee-administered funds, separate from the company's own resources.

The latest formal independent actuarial valuation was carried out as at 1 October 1992 using the projected unit funding method. The main assumptions were that future investment returns would be 9% per annum, that general salary increases would average 7% per annum, that pensions in payment and deferred pensions would be increased at 5% per annum and that the level of dividends generated by the current fund would increase at 4½% per annum.

The total market value of the assets at the valuation date was £263.3 million and the actuarial value of these assets was sufficient to cover 109% of the benefits that had accrued to members, after allowing for expected future increases in earnings. In order to reduce the level of the scheme surplus the company has reduced the level of its contributions to the scheme. Additionally, enhanced benefits have been provided for the scheme's members.

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Notes to the Financial Statements continued ...

The total pension cost for the year was £4.0 million (1993 : £3.9 million). A prepayment of £0.1 million (1993 : £0.3 million provision) is included under debtors, this being the excess pension cost for accounting purposes charged to the profit and loss account, as adjusted for the surplus arising on actuarial valuation and payments into the pension fund.

28 Holding Company

The ultimate holding company is Wittington Investments Limited which is incorporated in Great Britain and registered in England.

The largest group in which the results of the company are consolidated is that headed by Wittington Investments Limited. The smallest group in which they are consolidated is that headed by ABF Investments plc, which is incorporated in Great Britain and registered in England. The consolidated accounts of these groups are available to the public and may be obtained from Weston Centre, Bowater House, 68 Knightsbridge, London, SW1X 7LR.