

These encouraging
results further
demonstrate that our
policy of consistent
investment in increasing
factory efficiency is
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established a firm base for
future progress.

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salient figures

	1989	1988	1987	1986	1985
Turnover	677.6	629.9	619.4	605.6	607.7
Dividend per share	67.62p	69.34p	68.25p	65.70p	65.70p
Profit on ordinary activities before tax	82.3	82.2	72.1	67.2	61.6
Dividend cover	1.3 times	1.6 times	1.5 times	1.2 times	1.2 times
Net assets per share	542p	472p	439p	390p	360p

Board of Directors

Chairman

I S Margulies*

Deputy Chairman

P A Jacobs*

Managing Director

P I Jackson

Executive Directors

R J Bass

R B Boye

M I Branch

P R Butler

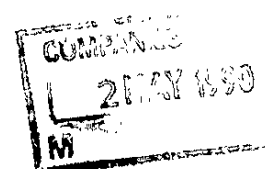
M Deslandes

H N Lewis*

Secretary

J W C Leitchford

* Also Director of Associated British Foods plc



chairman's statement

A large crop helped British Sugar to achieve record profits for the third year running reflecting great credit on the management team and everybody who has worked for the Company over the year.

This result was a considerable achievement for the Company in a year when the painful but, nonetheless, necessary decision was taken to close Spalding factory – an essential move to ensure our longer-term profitability and to reduce overall operating costs.

Another major feature of the past year's highly satisfactory performance was further efficiency improvements across the Company, coupled with continuing low fuel costs and increased efficiency at all factories during the 1988/89 campaign. I personally thank all of our employees for their continued hard work, loyalty and commitment to the business.

Further profits growth was predicted a year ago and that has been the case with an 11.6 per cent increase to £94 million before tax and exceptional items.

When the exceptional items of £11.7 million covering Spalding closure and a voluntary redundancy programme at the Company's 12 factories is taken into account, pre-tax profits are £82.3 million, similar to last year.

These encouraging results further demonstrate that our policy of consistent investment in increasing factory efficiency is working (a further £42.1 million was invested in new plant and technology during the year) and has established a firm base for future progress.



E S Margulies
Chairman

The past year has been marked by a number of difficult but, nonetheless necessary, steps which had to be taken to reduce overall operating costs and protect our longer-term profitability.

A voluntary redundancy programme and closure of Spalding factory has resulted in a leaner, fitter and more efficient organisation ready to face the challenges of the nineties.

Despite a difficult start at some of our factories, the 1988/89 campaign ended on a highly successful note. Total sugar production was 1,307 million tonnes from some eight million tonnes of beet - again comfortably exceeding the UK beet sugar quota and production of animal feed totalled 0.733 million tonnes.

In achieving these figures, fuel and lime use was at 'an all time low', the direct result of improved efficiency and good all-round performance.

Ipswich factory refurbishment - which began in 1983 and which has cost £40 million - was completed with the installation of a new coal-fired boiler and turbo-alternator. As a result, factory energy use has been dramatically improved and the new equipment strengthens company strategy of using a range of primary fuels to ensure we are not over-committed to one type of fuel.

All 12 factories and Bury Packaging Complex are now registered to British Standard BS5750 and this reflects great credit on the Company and everyone who made it possible.

Sugar consumption in the UK remained stable throughout the year, with lower retail sales offset by growth in the food and drinks manufacturing sector,

limited by the EEC production quota of 1,444 million tonnes of sugar, which remains in force until 1 June 1991, we were able to hold, but not improve upon our leading market share position.

Despite a mild winter, Trident Feeds had a successful year. All product was sold by July and reduced demand in the dairy sector was offset by increased sales to sheep and beef farmers.

Restructuring of the agricultural division - particularly at factories - was completed and has resulted in a more proactive, flexible and cost-effective operation, with emphasis firmly placed on improving quality control of the raw material as well as delivering an efficient commercial and technical support service to growers.

The year brought further improvements to our internal communications system. Team Talk has been extended to all sites and this 'briefing process' has been enhanced with the introduction of BSTV (British Sugar TV) telecasts - an innovation which has proved popular throughout the Company.

As the year drew to a close, senior management were involved in top-level negotiations with Polish government ministers and representatives of Poland's beet sugar industry. Since the year end, we have concluded a pioneering agreement giving Bristold Bristar (British Sugar's immediate parent company) control of two Polish sugar factories. In the coming months, British Sugar agricultural and production personnel will be playing an important part in upgrading crop yields and production figures under a comprehensive improvement programme.



P J Jackson
Managing Director

directors' report

1 Principal Activities and Business Review

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. A review of activities is included in the Chairman's Statement and Managing Director's Review.

2 Basis of Accounting

The Company's financial statements have been prepared on an historical cost accounting basis, modified to include the revaluation of certain assets.

3 Results and Dividends

The profit on ordinary activities after taxation for the period shown in the financial statements was £51.7 million (1988 £55.3 million). The profit has been utilised as follows:

(£ millions)	1989
Interim dividends and recommended final dividend	40.6
Transfer to reserves	14.1
	<u>54.7</u>

On 30 June 1989 the Company paid an interim dividend of £21.2 million inside the group election for advance corporation tax. On 29 December 1989, the Company paid a second interim dividend of £18.3 million outside the group election for advance corporation tax, which is equivalent with the associated tax credit to 40.56 pence per share.

The Directors recommend the payment on 15 January, 1990 of a final dividend of 1.92 pence per share making the total for the year 67.62 pence per share (1988 59.34 pence per share) to shareholders whose names appear on the register at the close of business on 31 December 1989, which is equivalent with the associated tax credit to 78.40 pence per share (1988 75.66 pence per share).

4 Holding Company

The ultimate holding company of British Sugar plc is Berisford International plc a company incorporated in Great Britain.

5 Directors

The names of the present Directors and the Secretary of the Company are shown on page 1.

P A Jacobs, M Desforges and P J Jackson retire by rotation and being eligible offer themselves for re-election.

A G Taylor resigned on 31 December 1988 and T P J Dyke resigned on 30 June 1989. On 18 December 1989 P A Jacobs was appointed Deputy Chairman and P J Jackson was appointed Managing Director.

The unexpired period of the service contract with the Company of M Desforges and P J Jackson who are proposed for re-election at the Annual General Meeting is three years. P A Jacobs does not have a service contract with the Company.

Directors Declarable Interest

The declarable interests in Berisford International plc of the Directors holding office at the end of the financial year are shown in the notes to the accounts.

6 Research and Development

The Company continued its expenditure on research and development and during the period this amounted to £4.8 million (1988 £4.5 million). It is anticipated that at least this level of expenditure will continue.

7 Charitable Donations and Political Contributions

Donations to UK charities by the Company amounted to £0.1 million (1988 £0.1 million). No political contributions were made.

8 Employment Policies

The Company aims to keep employees alerted to all aspects of British Sugar's developments and achievements.

Communication channels and consultative systems exist between management, trade unions, works advisory committees (at both Central Office and factory level) and direct to the individual employee. These help to foster the mutual trust and recognition of common goals essential to the smooth running of the business.

British Sugar News, a Company newspaper distributed regularly to all employees during the year, highlights key areas of both Company and individual achievement.

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 advancing their skills.

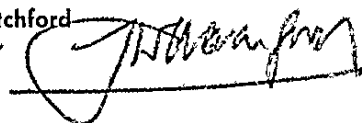
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitude and abilities of the applicant concerned. In the event of employees becoming disabled every effort is made to ensure that their employment with the Company continues and the appropriate training 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 who is fortunate enough not to suffer from a disability.

9 Auditors

Deloitte Haskins & Sells, our auditors, are merging their practice with Coopers & Lybrand on 1 May 1990 and in the meantime are practising in the name of Coopers & Lybrand Deloitte. They have signed their audit report in their new name, and a resolution will be proposed at the forthcoming AGM to reappoint Coopers & Lybrand Deloitte as the Company's auditors.

By Order of the Board

J W C Letchford
Secretary



15 January 1990

profit and loss account

Notes: 33 weeks ended 30 September* (£ millions)

	1989	1988
2 Turnover.....	677.6	629.8
Cost of sales.....	(501.6)	(474.4)
Gross Profit.....	176.0	155.4
Distribution costs.....	(46.8)	(41.4)
Administrative costs.....	(29.6)	(28.3)
Operating Profit.....	99.6	85.7
3 Interest.....	(5.6)	(1.5)
Profit before Exceptional Items.....	94.0	84.2
4 Exceptional Items.....	(11.7)	(2.0)
5 Profit on Ordinary Activities before Taxation.....	82.3	82.2
7 Taxation.....	(27.6)	(25.7)
Profit on Ordinary Activities after Taxation.....	54.7	55.5
9 Earnings per Share.....	91.2p	92.4p
Profit for the Financial Year.....	54.7	55.5
10 Dividends.....	(40.6)	(35.6)
Retained Profit for the Year.....	14.1	19.9
Profit and loss account brought forward.....	80.8	60.9
Retained Profit at 30 September.....	94.9	80.8

b a l a n c e s h e e t

Notes At 30 September (£ millions)

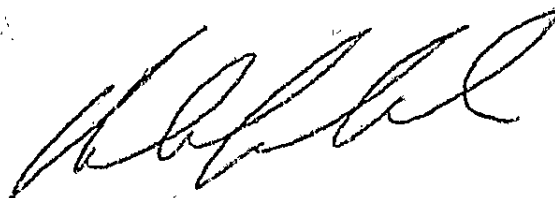
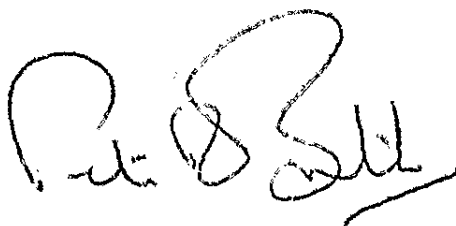
	1989	1988
Fixed Assets	520.8	474.0
11 Tangible Assets		
Current Assets		
13 Stocks	86.0	82.5
14 Debtors	173.2	178.0
Cash at bank and in hand	8.8	11.5
	<u>268.0</u>	<u>272.0</u>
15 Creditors falling due within one year	(164.7)	(149.8)
Net Current Assets	<u>103.3</u>	<u>122.2</u>
Total Assets less Current Liabilities	<u>624.1</u>	<u>596.2</u>
16 Creditors falling due after more than one year	293.3	309.7
20 Deferred income	5.7	4.6
	<u>(299.0)</u>	<u>(314.3)</u>
	<u>325.1</u>	<u>281.9</u>
Capital and Reserves		
Called up share capital (authorised, allotted and fully paid Ordinary shares of 50 pence each)	30.0	30.0
21 Revaluation reserve	200.2	171.1
Profit and loss account	94.9	60.8
	<u>325.1</u>	<u>281.9</u>

E S Margulies Director

Certified for filing, Pursuant to Section 238 of the Companies Act 1985.

P A Jacobs Director

15 January 1990

statement of source and application of funds

53 weeks ended 30 September (Financial year)

	1989	1988
Source of Funds		
Profit on ordinary activities before taxation	82.3	82.2
Items not involving the movement of funds:		
Depreciation	23.8	21.9
Total Generated from Operations	106.1	104.1
Funds from Other Sources:		
Proceeds of debenture issue	76.2	75.0
Investment grants and loans	0.4	0.3
Finance leases	5.2	1.1
Proceeds of disposal of tangible fixed assets	0.5	0.2
	82.3	76.6
Total Funds Obtained	188.4	180.7
Application of Funds		
Purchase of tangible fixed assets	42.6	47.8
Dividends paid	56.8	30.1
Corporation tax and group relief	31.0	11.1
Finance lease payments	1.3	2.9
Loan to ultimate holding company		75.0
Loan repayments	75.3	0.3
Total Funds Applied	207.0	167.2
Net (Application)/Source of Funds	(18.6)	13.5
The net application of funds shown above is represented by the following movements in working capital		
Stocks	3.5	(4.8)
Debtors	(11.3)	17.9
Creditors falling due within one year	(8.1)	(2.9)
	(15.9)	10.2
Movement in net liquid funds:		
Cash at bank and in hand	(2.7)	3.3
(Decrease)/Increase in Working Capital	(18.6)	13.5

statement of value added

53 weeks ended 30 September (£ millions)

	1989	1988
Turnover	677.6	629.8
Cost of beet	266.2	246.2
Other bought in materials and services	176.7	168.5
	442.9	414.7
Value Added	234.7	215.1
Distributed in the following way:		
Payments to employees		
Wages, social security and pension contributions, canteen, training and other similar payments	88.3	71.8
Less: Own labour costs on capital	(1.2)	(1.4)
	87.1	70.4
Payments to Lenders of Capital		
Interest on term loans	4.2	0.2
Operating interest	1.4	1.3
	5.6	1.5
Payments for Tax and Levies		
Corporation tax and group relief	27.6	26.7
Net EEC payments	35.9	39.1
	63.5	65.8
Provision for Maintenance and Expansion of Assets		
Depreciation	23.8	21.9
Transferred to reserves	14.1	19.9
	37.9	41.8
Payments to Shareholders	40.6	35.6
	234.7	215.1

notes to the accounts

1 Accounting Policies

Basis of Accounting

The accounts have been prepared under the historical cost convention modified to include the revaluation of certain assets. The accounts are not consolidated this year as all material subsidiaries have been transferred to the intermediate holding company.

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 the following rates calculated to write off the relevant assets over their expected useful lives.

Freehold land	NIL
Industrial buildings and freehold houses	2%
Plant and equipment	3 $\frac{1}{2}$ %-10%
Mobile plant	20%
Electronic equipment	12 $\frac{1}{2}$ %-33 $\frac{1}{3}$ %

Deferred Income

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

Leases

Finance leases are capitalised and depreciated over the shorter of the lease term and the expected useful life of the asset. Operating lease rentals are charged to profits as incurred.

Stocks

These are valued as follows:

Consumable stores,

Sugar and other products At lower of cost and net realisable value.

New crop expenditure All expenditure relating to the 1989/90 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.

Taxation

Corporation tax and group relief payable is provided on taxable profits at the current rate.

Provision is made for deferred taxation on the liability method 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 adjusted regular cost of providing benefits to members, adjusted in respect of any 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.

The regular cost has been assessed in accordance with the advice of a qualified Actuary, using the projected unit method. Actuarial calculations of the pension liabilities were made as at 1 October 1988 for the purpose of assessing the pension cost for the year, and estimating the surplus on transition. Prior to 1 October 1988 the pension cost charged to the Profit and Loss Account was equal to the contributions paid into the scheme during the year.

The surplus arising on transition is to be utilised to reduce the Profit and Loss Account charge for pension costs over a period equal to the expected average remaining service lives of the current employees.

The funding policy is similar to the accounting policy, except that the actuarial assumptions adopted for funding purposes may be more prudent than those adopted for accounting purposes and any experience deficiencies or surpluses will lead to a variation in the contribution rate over a period which will not necessarily be equal to the employees' expected average remaining service lives. Such period will be agreed between the Trustees of the scheme and the Directors of the Company.

Foreign Currencies

Foreign currencies are translated into sterling at the rate ruling on the day of the transaction. Assets and liabilities in foreign currencies are translated into sterling at the year end rate. All exchange differences are taken to the profit and loss account.

2 Turnover and Profit on Ordinary Activities before Taxation

(£m)

Class of business:

	1989	1988
	Turnover	
Sugar.....	592.3	554.7
Animal feeds.....	75.9	68.1
Other.....	9.4	7.0
	<u>677.6</u>	<u>629.8</u>

Geographic market supplied:

	1989	1988
United Kingdom.....	671.5	627.8
Europe.....	6.1	2.0
	<u>677.6</u>	<u>629.8</u>

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.

3 Interest

(£millions)

a) Operating Interest

Interest payable:

	1989	1988
On bank loans, overdrafts and other loans repayable within 5 years, not by instalments.....	6.3	9.1
On finance leases.....	0.3	0.8
On amounts owed to group companies.....	0.7	—
Interest receivable:		
On bank and other loans.....	(3.9)	(2.7)
On amounts owed from group companies.....	(2.0)	(5.9)
	<u>1.4</u>	<u>1.3</u>

notes to the accounts

3 Interest (continued)

(£ millions)

b) Interest on Term Loans

Interest payable:

9½% Debenture Stock

10½% Debenture Stock

Interest receivable:

Term loan to group companies

1989

1988

0.2

0.2

15.2

1.9

(11.2)

(1.9)

4.2

0.2

5.6

1.5

Total

4 Exceptional Items

(£ millions)

1989

1988

Exceptional Costs

11.7

2.0

During the 53 weeks ended 30 September 1989 the Company undertook a major rationalisation of its operations. This involved the closure of Spalding Factory and a voluntary redundancy programme.

In 1988 a fine was levied against the Company in respect of a statement of objections issued by the European Commission during the year ended 28 September 1986 concerning certain trading policies of the Company in previous years.

5 Profit on Ordinary Activities before Taxation

Profit on ordinary activities before taxation is stated after charging:

(£ millions)

1989

1988

a) Hire of plant and machinery under operating leases:

Included in cost of sales

3.9

3.5

Included in distribution costs

2.1

2.0

Included in administrative expenses

1.5

1.1

7.5

6.6

b) Depreciation on owned tangible assets including adjustments on disposal of tangible assets

22.6

20.8

Depreciation on leased tangible assets under finance leases including adjustments on disposal of leased tangible assets

1.2

1.1

c) Net EEC production/marketing levies

payments

35.9

39.1

5 Profit on Ordinary Activities before Taxation (continued)

(£ thousands)

	1989	1988
d) Auditors remuneration including expenses	165	135
e) Directors' emoluments		
As Directors	Nil	Nil
Management remuneration	742	659
Compensation for loss of office	25	Nil
Chairman's emoluments	Nil	Nil
Highest paid Director's emoluments	137	122

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

	1989 Number	1988 Number
Up to £5,000	4	5
£ 35,001-£ 40,000	1	-
£ 65,001-£ 70,000	-	2
£ 70,001-£ 75,000	-	1
£ 75,001-£ 80,000	-	2
£ 85,001-£ 90,000	2	1
£ 95,001-£100,000	1	-
£100,001-£105,000	1	-
£105,001-£110,000	1	-
£120,001-£125,000	-	1
£135,001-£140,000	1	-

All Directors have agreed to waive their entitlement under the articles to their Directors' fees. The aggregate amount waived was £50,000 (1988 £50,000).

f) Remuneration of employees, other than Directors, in excess of £30,000 per annum:

	1989 Number	1988 Number
£30,001-£35,000	38	22
£35,001-£40,000	16	12
£40,001-£45,000	11	5
£45,001-£50,000	1	2
£50,001-£55,000	2	2
£55,001-£60,000	1	1

6 Employees

(£ millions)

Staff costs during the year:

	1989	1988
Wages and salaries	63.0	60.4
Social security costs	5.1	4.8
Other pension costs	2.7	4.0

The average weekly number of employees, including Directors, of the company during the year was 4,196 (1988 4,631).

In addition to the Directors all employees fall into a single category.

notes to the accounts

7 Taxation

(£ millions)

The tax charge for the year comprises:

UK corporation tax at 35% (35%)

Prior years' adjustment

1989	1988
27.7	26.7
(0.1)	—
<u>27.6</u>	<u>26.7</u>

The tax charge for the year has been reduced as a result of:

Excess of tax allowances over depreciation

Other

1.4	1.1
(0.2)	0.9
<u>1.2</u>	<u>2.0</u>

8 Deferred Tax

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:

(£ millions)

Liability deferred by accelerated tax depreciation allowances

The effect of other timing differences available for future tax relief

1989	1988
82.5	80.5
(0.1)	—
<u>82.4</u>	<u>80.5</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 £70.1 million (1988 £59.9 million).

9 Earnings per Share

The calculation of earnings per share is based on profit on ordinary activities after taxation and on 60,000,000 ordinary shares in issue throughout the two financial periods ended 30 September 1989.

10 Dividends

	Pence	1989 (£ millions)	Pence	1988 (£ millions)
First Interim	35.28	21.2	13.80	8.3
Second Interim	30.42	18.3	—	—
Final proposed	1.92	1.1	45.54	27.3
	<u>67.62</u>	<u>40.6</u>	<u>59.34</u>	<u>35.6</u>

11 Tangible Fixed Assets

	Freehold land and buildings	Plant and machinery		Fixtures, fittings tools and equipment		1989 Total	1988 Total
(£ millions)		Owned	Leased	Owned	Leased		
Cost or valuation							
At 25 September.....	238.1	318.7	13.3	20.6	2.6	593.3	550.2
Surplus on revaluation.....	28.7	—	—	—	—	28.7	—
Additions.....	6.1	27.6	5.2	3.7	—	42.6	47.8
Disposals.....	(7.4)	(10.3)	(0.3)	(0.7)	—	(18.7)	(4.7)
At 30 September.....	<u>265.5</u>	<u>336.0</u>	<u>18.2</u>	<u>23.6</u>	<u>2.6</u>	<u>645.9</u>	<u>593.3</u>
Depreciation							
At 25 September.....	5.9	101.2	1.9	8.7	1.6	119.3	100.5
Adjustment on revaluation.....	(10.4)	—	—	—	—	(10.4)	—
Charge for year.....	6.0	13.3	0.6	2.1	0.4	22.4	20.8
Elimination in respect of disposals.....	(0.5)	(5.2)	(0.1)	(0.4)	—	(6.2)	(2.0)
At 30 September.....	<u>1.0</u>	<u>109.3</u>	<u>2.4</u>	<u>10.4</u>	<u>2.0</u>	<u>125.1</u>	<u>119.3</u>
Net book value							
At 30 September.....	<u>264.5</u>	<u>226.7</u>	<u>15.8</u>	<u>13.2</u>	<u>0.6</u>	<u>520.8</u>	<u>474.0</u>

In September 1987 Gerald Eve & Co. Chartered Surveyors, carried out a valuation of the majority of the Company's land and buildings and the results were incorporated into the financial statements at 27 September 1987.

In September 1989 a Director's valuation was made and incorporated into the financial statements at 30 September 1989.

Included in fixed assets are sites held for disposal which have been valued by an independent firm of Chartered Surveyors at £7.2 million (1988 nil) on an open market valuation basis.

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

(£ millions)	1989	1988
Historical Cost	<u>115.4</u>	<u>111.9</u>
Depreciation based on cost.....	<u>26.5</u>	<u>25.3</u>
	<u>88.9</u>	<u>86.6</u>

notes to the accounts

12 Investments

British Sugar plc had a 100% interest in all the ordinary share capital of the following subsidiaries incorporated and operating in Great Britain. These companies were dormant at 30 September 1989.

British Sugar Pension Trustees Limited
Crystal Fund (Management) Limited

On 1 October 1988, British Sugar plc's interest in the following dormant companies was transferred at cost to its immediate holding company:

Barrico Limited
BSD Limited
Bristar Agricultural Management Services Limited
Trident Feeds Limited

13 Stocks

(£ millions)

	1989	1988
Consumable stores.....	27.8	28.5
Sugar and other products	51.5	53.3
New crop expenditure	6.7	0.7
	86.0	82.5

14 Debtors

(£ millions)

	1989	1988
Amounts falling due within one year		
Trade debtors (Note 23).....	4.4	42.4
Amounts owed by group companies	60.8	43.4
Advance corporation tax recoverable	9.8	—
Other debtors.....	13.1	4.2
Prepayments and accrued income.....	3.6	3.2
	91.7	93.2
Amounts falling due after more than one year		
Loan to ultimate parent company	75.0	75.0
Advance corporation tax recoverable	6.5	9.8
	173.2	178.0

The loan to the ultimate holding company is at 10.45% and is repayable in 2013, or earlier at the holding company's option.

15 Creditors falling Due within One Year

(£ millions)

	1989	1988
Debenture stock (Note 17)	0.3	0.3
Trade creditors	32.7	37.6
Dividends payable	19.4	35.6
Taxation and social security costs	56.0	32.6
Lease obligations (Note 19)	1.1	1.3
Accruals	54.8	41.6
Amounts owed to group companies	0.4	0.8
	164.7	149.8

16 Creditors falling Due after more than One Year

(£ millions)

	1989	1988
Debenture stock (Note 17)	151.8	77.1
Term loans (Note 18)	135.1	210.1
Lease obligations (Note 19)	6.4	2.3
UK corporation tax	—	20.2
	293.3	309.7

Amounts owed to group companies are interest free and, other than the term loan, have no fixed repayment dates.

17 Debenture Stock

(£ millions)

	1989	1988
a) Debenture stock	152.1	77.4

(1) 9¼% guaranteed secured debenture stock 1991/1996 repayable at par at the rate of £0.3 million per annum, repayment having commenced in the period to 30 September 1977. The stock is guaranteed by HM Treasury and secured by a floating charge on the Company's assets. The amount outstanding at 30 September 1989 was £2.1 million (1988 £2.4 million).

(2) On 4 July 1988, the Company issued £75.0 million 10¼% debenture stock redeemable in 2013. A further £75.0 million 10¼% debenture stock redeemable in 2013 was issued on 4 November 1988. The stock is quoted on the International Stock Exchange of the United Kingdom and is secured by a floating charge on the assets of the Company. £75.0 million of the funds were lent on to Berisford International plc to assist their long term borrowing arrangements.

b) Repayment table

(£ millions)

	1989	1988
Within one year	0.3	0.3
Between one and two years	0.3	0.3
Between two and five years	0.9	0.9
In five years or more	150.6	75.9
	152.1	77.4

notes to the accounts

18. Term Loans

(£millions)

Group Loan (1)
Investors in Industry plc (2)

1989	1988
135.0	210.0
0.1	0.1
135.1	210.1

(1) Berisford Bristar plc

An interest free loan repayable in five equal annual instalments commencing on 27 March 1992, or earlier at the Company's option.

(2) Investors in Industry plc

11% loan repayable in four equal annual instalments commencing 18 December 1990. The interest rate is subject to a rebate of 3% subject to the Company consuming a specified tonnage of coal. It is anticipated that the required consumption will be met.

Repayment table

(£millions)

Between two and five years
In five years or more

1989	1988
81.1	84.1
54.0	126.0
135.1	210.1

19 Lease Commitments

The future minimum lease payments to which the Company is committed under finance leases and non-cancellable operating leases are as follows:

(£millions)

a) Finance leases

Payable: Within one year
Between one and five years
Thereafter

1989	1988
1.9	1.5
4.7	2.0
4.8	0.7
11.4	4.2
(3.9)	(0.6)
7.5	3.6

Less finance charges allocated to future periods

b) Operating leases

Payments to which the Company is committed in the following year are as follows:

Leases Expiring: Within one year
Between one and five years
Thereafter

1989	1988
0.8	0.5
2.7	2.6
0.5	0.4
4.0	3.5

20 Deferred Income

(£ millions)

a) Government Grants

	1989	1988
At 25 September	4.6	4.5
Government grants for period	0.3	0.3
Transfers from group companies	0.1	-

Released to profit in respect of current period

	5.0	4.8
	(0.5)	(0.2)

b) Premium on issue of Debenture

	1.2	-
Total	5.7	4.6

21 Reserves

(£ millions)

	1989	1988
Revaluation reserve at 25 September	171.1	172.3
Surplus on valuation of land and buildings	39.1	-
Disposals	(10.0)	(1.2)
At 30 September	200.2	171.1

22 Capital Expenditure Commitments

Projects authorised by the Directors but not yet contracted for amount to £31.2 million (1988 £47.8 million) including £0.5 million (1988 £6.9 million) for which contracts have already been committed but not provided for in the accounts.

23 Contingent Liabilities

a) The Company has entered guarantees in respect of its employee pension funds which are described in Note 24.

b) Other contingent liabilities, which have arisen in the ordinary course of business, relate to uncompleted foreign exchange contracts and documentary credits amounting to £1.4 million (1988 £11.3 million).

c) At 30 September 1989 the Company had sold £33.4 million (1988 nil) of its trade debtors to a third party. Under the agreement, full beneficial title and ownership has been transferred to the third party and, accordingly these debtors have been removed from the Company's balance sheet. The Company may be required to repurchase debtors in default, up to a maximum of £3 million in any 14 day period. The Company has made full provision for any anticipated defaults at 30 September 1989.

24 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 Actuarial Valuation was carried out as at 1 October 1986 using the projected unit funding method. The assumptions of greatest significance were that future investment returns would be 9% per annum, that general salary increases would average 7½% 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 4% per annum.

notes to the accounts

The total market value of the assets at the valuation date was £170.2 million and the actuarial value of these assets was sufficient to cover 104% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The total pension cost for the year was £2.7 million (1988 £4.0 million). A prepayment of £1.4 million (1988 nil) is included under Debtors, this being the excess of the contributions paid since 1 October 1988 over the pension cost for accounting purposes charged to the Profit and Loss Account, as adjusted for the surplus arising on transition.

25 Directors Declarable Interest

The Directors declarable interests in the ordinary shares of Berisford International plc are as follows.

a) Beneficial interest in Ordinary Shares

	30.09.89	25.09.88
R J Bass.....	5,377	—
M F Branch.....	5,377	—

b) Beneficial interest in Ordinary Share Options

	Executive share options	SAYE options	Executive share options	SAYE options
R J Bass.....	143,164	5,377	46,262	4,449
M F Branch.....	143,173	5,377	48,004	3,682

- (1) The options held under the Executive Share Option Scheme were granted at prices of £0.92 to £1.62 and are exercisable at various times between April 1990 and February 1992. The options held under the SAYE scheme were granted at prices of £0.64 to £1.43 and are exercisable at various times between April 1990 and March 1994.
- (2) Between 30 September 1989 and 15 January 1990 there have been no changes in the interests of the Directors in the shares of Berisford International plc.
- (3) The following Directors being Directors of the intermediate holding company (Berisford Bristar plc) are not required to notify the Company of their interests in the ordinary share capital and debenture stock of Berisford International plc:
 - R B Begy
 - P R Butler
 - M Desforges
 - P J Jackson
 - P A Jacobs
 - H N Lewis
 - E S Marguties

c) Directors interest in contracts and other transactions with the Company.

No Director has an interest in any contract with the Company other than service contracts.

auditors' report

Auditors' Report to the members of British Sugar plc

We have audited the financial statements on pages 6 to 20, which have been prepared under the historical cost convention, in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 30 September 1989 and of its profit, source and application of funds and value added and its distribution for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand Deloitte

Coopers & Lybrand Deloitte

Chartered Accountants

Cambridge

15 January 1990

ten year summary

(£ millions)	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Turnover and Profits										
Turnover	677.6	629.8	619.2	595.5	637.7	617.2	594.7	523.7	485.2	439.4
Profit before items below	87.9	83.7	75.3	60.9	62.4	70.5	76.9	77.9	64.9	49.3
Interest - term loans	4.2	0.2	0.3	0.3	0.3	0.4	2.4	6.9	7.0	7.7
finance leases	0.3	0.8	0.5	0.3	0.1	-	-	-	-	-
operating	1.1	0.5	2.4	3.1	8.4	8.4	10.3	6.4	6.7	7.4
Profit on ordinary activities										
before tax	82.3	82.2	72.1	57.2	53.6	61.7	64.2	64.6	51.2	34.2
Tax	27.6	26.7	25.7	11.8	7.1	8.3	13.1	2.1	6.5	4.0
Profit on ordinary activities										
after tax	54.7	55.5	46.4	45.4	46.5	53.4	51.1	62.5	44.7	30.2
Extraordinary charge	-	-	-	-	-	(0.1)	0.4	0.1	13.7	-
Dividends	40.6	35.6	30.2	239.4	31.5	31.0	32.4	34.4	15.0	9.2
Retained profits	14.1	19.9	16.2	(194.0)	15.0	21.7	18.3	28.0	16.0	21.0
Capital Employed										
Subscribed capital	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0
Revaluation reserve	200.2	171.1	172.4	153.4	152.0	140.3	133.8	129.3	120.6	77.4
Retained profits	94.9	80.8	60.9	44.7	238.7	223.7	202.0	183.7	155.7	139.7
Deferred income	5.7	4.6	4.4	4.5	4.8	3.6	2.2	2.1	2.1	2.1
Term loans net (c)	212.2	212.5	212.8	213.1	3.3	3.6	3.9	45.9	47.8	49.8
Finance lease obligations	7.5	3.6	5.4	7.8	9.5	7.4	0.2	0.4	0.6	-
	550.5	502.6	485.9	453.5	438.3	408.6	372.1	391.4	356.8	299.0
Represented by										
Fixed assets	520.8	474.0	449.7	420.5	402.5	381.0	355.6	362.0	301.5	248.9
Net current assets	29.7	28.6	36.2	33.0	35.8	27.6	16.5	29.4	55.3	50.1
	550.5	502.6	485.9	453.5	438.3	408.6	372.1	391.4	356.8	299.0
Earnings and Dividends										
Return on capital employed (a)	16.5%	16.8%	15.5%	13.0%	12.8%	15.9%	17.5%	19.1%	17.8%	17.4%
Earnings per ordinary share	91.2p	92.4p	77.3p	75.6p	77.5p	89.0p	85.2p	104.3p	74.5p	50.3p
Dividends per ordinary share (b)	67.62p	59.34p	50.25p	399.0p	52.5p	53.0p	54.0p	57.4p	25.0p	15.4p

(a) Profit before tax and term loan and finance lease interest is stated as a percentage of the average of the historic capital employed at the beginning and end of the year.

(b) The 1986 dividends include the special interim dividend of £210,000,000.

(c) Term loans for 1988 excludes the Debenture Stock 2013 issued during this year as this is offset by an equivalent term loan to Berisford International plc. In 1989 a further £75 million Debenture Stock 2013 was issued which is not offset by an equivalent term loan to Berisford International plc.

additional financial information

Production

A total of 1.307 million tonnes of sugar was produced.

Sugar contents for 1988/89 were significantly higher than those of the previous year. In addition there were particularly low levels of impurity in the beet. This enabled the factories to operate at high extraction levels, with low chemical and fuel costs.

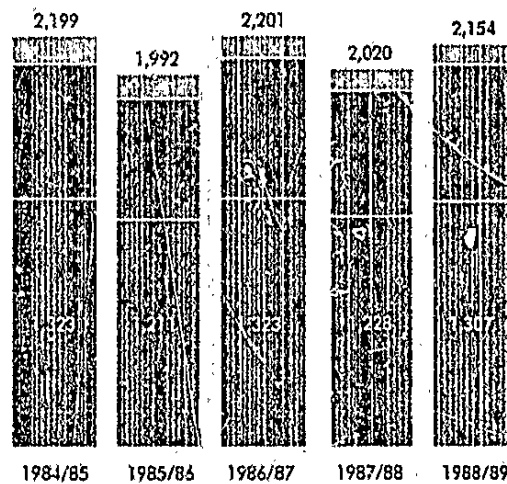
Sales

Sales revenue increased to £678 million in 1989.

Sugar consumption remained stable during the year with lower retail sales offset by growth in the food and drinks manufacturing sector. Tixford Feeds had a successful year despite a very mild winter. All product was sold by July with the contraction in demand seen in the dairy sector being offset by increases in demand from sheep and beef farmers.

Production

(000 tonnes)



Sugar

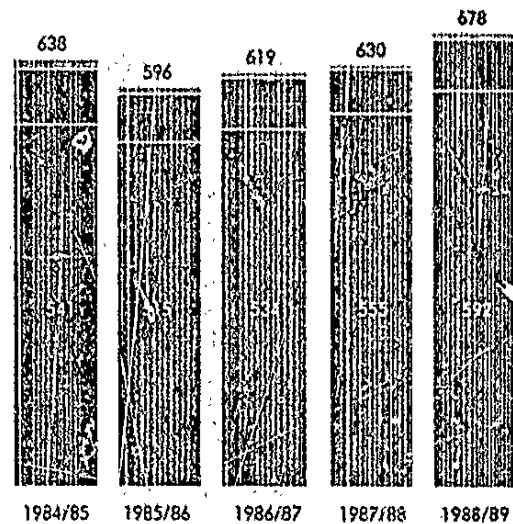
Animal Feed

Other



Total sales value

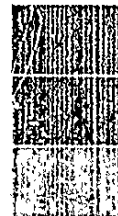
(£ millions)



Sugar

Animal Feed

Other



additional financial information

Profits

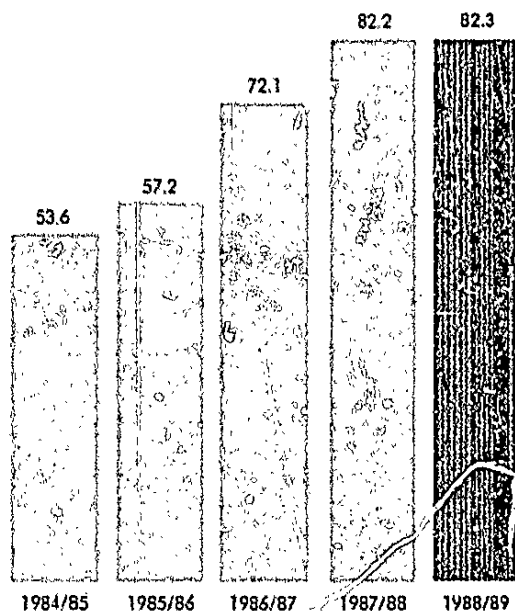
The profit on ordinary activities before taxation at £82.3 million was marginally higher than achieved in the previous year. However, when the impact of exceptional costs is excluded a growth in profits of 11.6% is shown this year. The increased profit reflects a higher level of sales due to the larger crop as well as higher selling prices and further efficiency improvements in factory operations.

Investment

Capital investment during the year was £42.1 million. This included the last stages of the refurbishment of Ipswich factory. This high level of investment is aimed at improving factory efficiency and reducing the impact of cost increases.

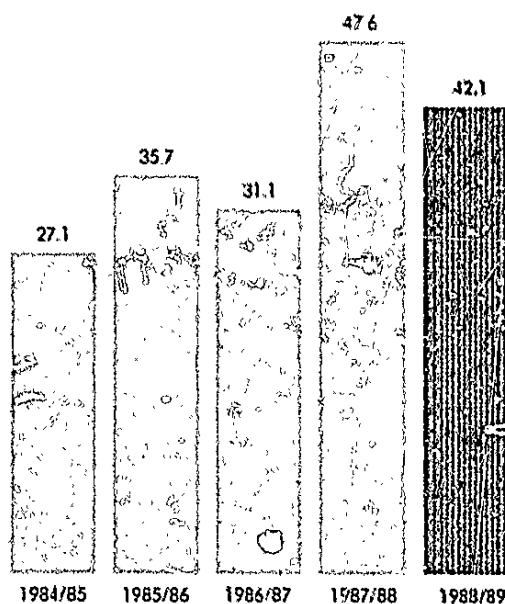
Profit* Before Tax

(£ millions)

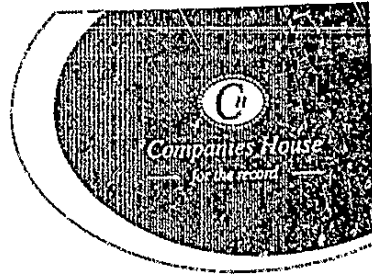


Capital Investment

(£ millions)



* on ordinary activities



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