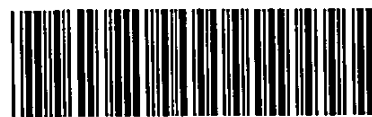




FINANCIAL STATEMENTS

PERIOD ENDED 17 SEPTEMBER 2011
(Registered Number: 315158)

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BRITISH SUGAR plc

Directors' Report and Financial Statements

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BRITISH SUGAR plc

**BRITISH SUGAR plc
BOARD OF DIRECTORS**

Directors

M I Carr

K L Carter

G De Jaegher

T Dornan

M Rowlands

S D Moon

R N Pike

P Frampton

Company Secretary

R S Schofield

Registered Office:
Head Office:

Weston Centre, 10 Grosvenor Street, London, W1K 4QY
Sugar Way, Peterborough, PE2 9AY

BRITISH SUGAR plc

Directors' Report

The directors present their annual report and the audited financial statements for the 52 week period ended 17 September 2011

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. Review of Business

The company is a wholly owned subsidiary of Associated British Foods plc. As shown in the company's profit and loss account on page 9, turnover decreased during the period by 2.4%. Operating profit margin increased from 15.7% to 18.4%, the Total Operating Profit increased from £124.9m to £143.0m. The reduction in turnover was due to a crop shortfall resulting from frost damage. This was offset by improvements in sales margins.

As described in Note 27 the decrease in shareholders' funds of £63.6m relates principally to the dividend payment of £158m (2010: £60m) offset by the profit after taxation of £93.7m (2010: 86.6m).

3. Dividends

A dividend of £158m was paid during the period (2010: £60m). The directors do not recommend the payment of a final dividend (2010: nil).

4. Principal Risks and Uncertainties

A full analysis of the principal risks and uncertainties applicable to the ABF Group are disclosed on pages 46-48 of the 2011 ABF Annual Report.

Sugar support prices are regulated by the European Commission under the Sugar Regime, as part of the Common Agriculture Policy. Support prices for sugar and sugar beet are quoted in Euros or related to the Euro, however British Sugar operates in Sterling in the UK. British Sugar is therefore exposed to a currency risk. This has been managed using a range of financial instruments. The following table shows the Euro rates for the period.

	52 Week period to 17 September 2011	53 Week period to 18 September 2010
Euro spot rate at period end	1.1462	1.1944
Euro Average Rate	1.1548	1.1482

BRITISH SUGAR plc

Directors' Report continued

4. Principal Risks and Uncertainties continued

Levels of energy consumption are high leading to an exposure to fluctuations in this commodity price. This is managed using a range of derivative instruments

The business is exposed to risks arising from severe weather conditions, including floods, droughts, frosts, natural disasters and poor crop harvests. These risks are monitored and management actions seek to address the consequences and mitigate the risk

The regulated nature of the sugar industry means British Sugar is at risk of incurring penalties if it does not comply properly with the regulations. The Directors are alert to this issue and have established appropriate review groups, guidance and audit procedures to mitigate this risk

5. Directors

The directors at 17 September 2011, all of whom have been directors for the whole of the 52 week period ended on that date unless stated otherwise, and secretary of the company are shown on page 1

6. Directors' and Officers' Liability Insurance

During the 52 week period ended 17 September 2011 the parent company, ABF plc, maintained insurance for the directors and major officers to indemnify them against certain liabilities which they may incur in their capacity as directors or officers of the company, as permitted by section 233 of the Companies Act 2006

7. Corporate Governance

British Sugar plc is a wholly owned subsidiary of Associated British Foods plc. Particulars of that company's compliance with the Combined Code are set out in its financial statements

8. Going Concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts

BRITISH SUGAR plc

Directors' Report continued

9. Research and Development

The company continued its expenditure on research and development and during the period this amounted to £1.7 million (2010 £2.0 million). It is anticipated that this level of expenditure will continue.

10. Environment

British Sugar recognises the impact that its business has on the environment. Therefore, as a minimum, it aims to comply with current applicable legislation of the countries in which it operates and its operations are conducted with a view to ensuring that emissions do not cause unacceptable environmental impacts and do not offend the community, resources are used efficiently and waste is minimised by reducing, reusing or recycling where practical and our packaging is kept to a minimum, consistent with food safety requirements.

In addition to the consumption of energy, British Sugar generates surplus electricity from highly efficient Combined Heat and Power (CHP) schemes and sells this electricity to the National Grid. The scheme participates in the UK Government's CHP quality assurance scheme and qualifies for a full exemption from the UK's Climate Change Levy.

During the period of account British Sugar has participated in the EU emissions trading scheme, a scheme designed to incentivise an overall reduction in carbon emissions.

11. Property Values

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.

12. Charitable Donations and Political Contributions

Donations to UK charities are made on a money match basis matching employees' efforts pound for pound. Donations amounted to £33,000 (2010: £49,000). British Sugar has particular interests in projects in the areas of health and healthcare, education, environment and enterprise, with employee inspired community projects receiving special attention.

No political contributions were made (2010 £Nil).

13. Employment Policies

Details of the number of employees and related costs can be found in Note 9 to the Financial Statements.

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, age 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.

13. Creditor Payment Policy

The company has an agreement for the purchase of sugar beet with all of the growers who supply the company. The agreement is called the Inter Professional Agreement ("IPA") and its terms are regularly reviewed with the National Farmers' Union ("NFU") acting on behalf of all growers. Copies of the IPA may be obtained from either the company or the NFU

For all other suppliers, it is the company's policy to apply the company's standard terms of payment which are advised to suppliers at the time of placing orders, and then to make payment in accordance with those standard terms

The company is a signatory to the UK government's 'Prompt Payment Code' and undertakes to

- Pay suppliers on time
- Give clear guidance to suppliers, and
- Encourage good practice

The outstanding trade creditors at the balance sheet date, as a proportion of the invoices received from suppliers during the period represent 38 days purchases (2010: 33 days)

BRITISH SUGAR plc
Directors' Report continued

14. Disclosure of Information to Auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

15. Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG Audit Plc as auditor of the company is to be proposed at the forthcoming Annual General Meeting

On Behalf of the board

A handwritten signature in black ink, appearing to be 'M I Carr', written in a cursive style.

M I Carr
Director

Date 21 December 2011

Statement of Directors' responsibilities in respect of the directors' report and financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of British Sugar plc

We have audited the financial statements of British Sugar plc for the 52 week period ended 17 September 2011 set out on pages 9 to 33. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.CFM

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 17 September 2011 and of its profit for the 52 week period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of British Sugar plc continued

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit



M Maloney (Senior Statutory Auditor)

**for and on behalf of KPMG Audit Plc,
Statutory Auditor**
15 Canada Square
London
E14 5GL

21 December 2011

BRITISH SUGAR plc

Profit & Loss Account (£ millions)		52 Week Period to 17 September 2011	53 Week Period to 18 September 2010
	Notes		
TURNOVER	4	777.6	796.9
Cost of sales		(493.3)	(523.5)
Gross Profit		284.3	273.4
Distribution Costs		(107.9)	(107.4)
Administrative expenses		(46.3)	(53.2)
Other operating income		12.9	12.1
Total operating profit		143.0	124.9
Interest receivable and income from fixed asset investments	5	1.0	0.9
Interest payable and similar charges	6	(20.9)	(20.9)
Profit on Ordinary Activities Before Taxation	7	123.1	104.9
Taxation on Profit on Ordinary Activities	11	(29.4)	(18.3)
Profit on Ordinary Activities after Taxation		93.7	86.6

A statement of movements on reserves is given in note 26

There are no recognised gains or losses other than the profit for the period

The company has made no material acquisitions or discontinued any operations, within the meaning of Financial Reporting Standard 3, during 2011

The notes on pages 12 to 33 form part of these financial statements

BRITISH SUGAR plc

Note of Historical Cost Profit

(£ millions)

	52 Week Period to 17 September 2011	53 Week Period to 18 September 2010
Reported profit on ordinary activities before taxation	123.1	104.9
Difference between the historical cost depreciation charge and the actual depreciation charge of the period calculated on the revalued amount	1.9	1.6
Historical cost profit on ordinary activities before taxation	125.0	106.5
Historical Cost of Profit after Taxation	95.6	88.2

BRITISH SUGAR plc

Company registration number: 315158

Balance Sheet

		As at 17 September 2011	As at 18 September 2010
(£ millions)			
	Notes		
Fixed Assets			
Intangible assets	13	26.0	25.7
Tangible assets	14	352.6	352.7
Investments	15	3.4	3.4
		<u>382.0</u>	<u>381.8</u>
Current Assets			
Stocks	16	78.1	90.7
Debtors due within one year	17	92.0	98.4
Debtors due after more than one year	17	169.6	199.0
Cash at bank and in hand		3.4	0.4
		<u>343.1</u>	<u>388.5</u>
Creditors: amounts falling due within one year	18	<u>(118.9)</u>	<u>(105.8)</u>
Net Current Assets		224.2	282.7
Total Assets less Current Liabilities		<u>606.2</u>	<u>664.5</u>
Creditors: amounts falling due after more than one year	19	(199.2)	(192.6)
Provisions for liabilities and charges	20	<u>(30.7)</u>	<u>(32.0)</u>
Net Assets		<u>376.3</u>	<u>439.9</u>
Capital and Reserves			
Ordinary share capital	25	80.0	80.0
Share based payment reserve	10	3.6	2.9
Revaluation reserve	26	32.4	30.9
Profit and loss account	26	260.3	326.1
Shareholder's Funds (all equity)	27	<u>376.3</u>	<u>439.9</u>

The notes on pages 12 to 33 form part of these financial statements.

These financial statements were approved by the Board of Directors on 21 December 2011 and were signed on its behalf by



M I Carr
Director

BRITISH SUGAR plc
Notes to the Financial Statements

1 Accounting Reference Date

The accounting reference date of the company is the Saturday nearest to 15 September. Accordingly these financial statements have been prepared for the 52 week period ended 17 September 2011

2 Group Accounts

As permitted by s402 and s405 of the Companies Act 2006, the Directors have excluded from the consolidation, all subsidiary undertakings detailed in note 15 as their inclusion is not material for the purpose of giving a true and fair view. As a result, there is no material difference between the parent company's individual financial statements and the financial statements presented on a consolidated basis.

The Directors have not disclosed the aggregate amount of capital and reserves of the excluded subsidiary undertakings as it is not material in the context of the parent company financial statements

Between the company and the excluded subsidiary undertakings, there are no dividends received or receivable by the company and the company has not written down its investment or any amounts due, during the current or preceding period

3 Accounting Policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and with the requirements of the Companies Act 2006, except for the departure noted in the investment note below

The following accounting policies have been applied consistently in dealing with items which are considered material to the financial statements

Basis of Accounting

The financial statements have been prepared under the historical cost convention modified to include the revaluation of certain land and buildings.

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

Intangible Fixed Assets

Intangible fixed assets consist of purchased goodwill and operating intangibles, which are capitalised in accordance with FRS 10 and amortised in equal instalments over their useful economic lives, not exceeding 20 years.

Under the EU emissions trading scheme, allowances purchased are capitalised and amortised over their life

BRITISH SUGAR plc

Notes to the Financial Statements continued

3 Accounting Policies continued

Depreciation

Depreciation is calculated on a straight line basis and is applied to completed capital expenditure in the month in which the asset 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 machinery	5 - 33%
Fixtures, Fittings and Equipment	5 - 33%
Motor vehicles	20%

Investments

Investments are held at cost less any permanent diminutions in value, with the exception of the company's investment in the Billington Food Group Ltd

In 2005 the trade and net assets of the Billington Food Group Ltd were transferred to the company at their book value which was less than their fair value. The cost of the company's investment in that subsidiary undertaking reflected the underlying fair value of its net assets and goodwill at the time of acquisition. As a result of this transfer, the value of the company's investment in that subsidiary undertaking fell below the amount at which it was stated in the company's accounting records. The Companies Act 2006 requires that the investment be written down accordingly and that the amount be charged as a loss in the company's profit and loss account. However, the directors considered that, as there has been no overall loss to the company, it would have failed to give a true and fair view to charge that diminution to the company's profit and loss account and it should instead be re-allocated to goodwill and the identifiable net assets transferred, so as to recognise in the company's individual balance sheet the effective cost to the company of those net assets and goodwill.

The effect of this departure is to decrease the holding company's profit for the period by £3.1 million (2010: £3.1 million) and to increase intangible fixed assets by £11.4 million (2010: £14.5 million).

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. Debenture stock is held at amortised cost.

Leases

Operating lease rentals are charged to the profit and loss account in equal instalments over the term of the lease.

BRITISH SUGAR plc
Notes to the Financial Statements continued

3 Accounting Policies continued

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 activity levels.
New crop expenditure	All expenditure relating to the 2011 / 12 crop is carried forward to the next financial period, as production work-in-progress or finished goods at the lower of cost and net realisable value

Turnover

Turnover comprises the net invoiced sales of sugar and other products delivered to customers, and excludes sales tax

Revenue is recognised when risks and rewards of the underlying products have been substantially transferred to the customer. In practice this means that turnover is recognised when goods are supplied to external customers in accordance with the terms of sale. Revenue is stated net of price discounts, certain promotional activities and similar items

Taxation

The charge for taxation is based on the profit for the period. Deferred taxation is provided on timing differences arising from the different treatment for accounts and taxation purposes of transactions and events recognised in the financial statements of the current and previous periods. Deferred taxation is calculated at the rates at which it is estimated that tax will arise. Deferred tax assets and liabilities are not discounted.

Research and Development

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

Pension Costs

In accordance with FRS17, contributions to defined contribution pension schemes are charged to the profit and loss account in the period in which they arise.

The company is a member of the funded UK defined benefit scheme of Associated British Foods plc, the assets of which are held in trustee administered funds. The scheme is a multi-employer scheme.

BRITISH SUGAR plc

Notes to the Financial Statements continued

3 Accounting Policies continued

Pension Costs continued

Because the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS17 'Retirement benefits', the scheme is accounted for by the Company as if it was a defined contribution scheme

Particulars of the latest actuarial valuation are detailed in the financial statements of Associated British Foods plc for the period ended 17 September 2011, which is available from www.abf.co.uk

The Company makes payments to Associated British Foods plc based on the pensionable remuneration of its employees. Total payments in the financial period were £8.4m (2010 £7.9m)

Share Based Payments

The Associated British Foods plc group operates a share incentive plan which allows employees to receive allocations of shares subject to the attainment of certain financial performance criteria and typically after a three-year performance period. The fair value of the shares to be awarded is recognised as an employee expense by the company, with a corresponding increase in reserves. The fair value is measured at grant date and charged to the income statement over the period during which the employee becomes unconditionally entitled to the shares. The fair value of the shares allocated is measured taking into account the terms and conditions under which the shares were allocated. The amount recognised as an expense is adjusted to reflect the actual number of shares that vest.

Foreign Currencies

Transactions in foreign currencies are translated into sterling at the rate ruling on the day of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Assets and liabilities denominated in foreign currencies are translated into sterling at the period 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.

Financial Instruments

The company uses a range of derivative instruments, including forward foreign exchange contracts to manage exposures to fluctuations in exchange rates, and energy based forward contracts. The contract rate is used to determine the book value of the asset or liability.

BRITISH SUGAR plc

Notes to the Financial Statements continued

4 Segmental Information

(£ millions)	52 Week Period to 17 September 2011	53 Week Period to 18 September 2010
Turnover by class of business:		
Sugar	639.6	675.5
Animal feeds	66.4	67.9
Ethanol	23.7	35.1
Other	47.9	18.4
	<u>777.6</u>	<u>796.9</u>
	52 Week Period to 17 September 2011	53 Week Period to 18 September 2010
Turnover by geographic destination:		
United Kingdom	721.3	655.9
Other EU Countries	41.9	101.3
Rest of world	14.4	39.7
	<u>777.6</u>	<u>796.9</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 and Income from Fixed Asset Investments

(£ millions)	52 Week Period to 17 September 2011	53 Week Period to 18 September 2010
Interest on advances	0.1	0.1
Interest receivable from fellow group companies	0.9	0.8
	<u>1.0</u>	<u>0.9</u>

BRITISH SUGAR plc**Notes to the Financial Statements continued****6 Interest Payable and Similar Charges**

(£ millions)	52 Week Period to 17 September 2011	53 Week Period to 18 September 2010
Amounts payable on:		
10 ¾% Debenture Stock	16.0	16.4
Interest payable to fellow group companies	4.3	4.1
Other interest payable	0.6	0.4
	20.9	20.9

7 Profit on Ordinary Activities Before Taxation

(£ millions)	52 Week Period to 17 September 2011	53 Week Period to 18 September 2010
Profit on ordinary activities before taxation is stated after charging		
Hire of land and buildings under operating leases	0.9	1.7
Hire of plant and machinery under operating leases	0.6	0.6
Depreciation on owned tangible assets	30.0	31.3
Amortisation of intangible assets	5.5	5.3
Research and Development expenditure	1.7	2.0
EU levies	10.9	12.3
Auditor's remuneration, including expenses	0.2	0.2
- for statutory audit of this company		

BRITISH SUGAR plc

Notes to the Financial Statements continued

8 Directors' Emoluments

(£ millions)	52 Week Period to 17 September 2011	53 Week Period to 18 September 2010
Directors' emoluments excluding pension scheme contributions	2.4	2.7
Compensation for loss of office	-	0.2
Pension scheme contributions	0.3	0.2
	2.7	3.1

The emoluments of the highest paid director, excluding pension scheme contributions, were £464,352. Employer funded retirement benefits paid by the company on his behalf were £85,825 in the 52 week period ending 17 September 2011.

Directors are either members of the ABF defined contribution scheme or the ABF employer funded retirement benefits scheme.

During January 2012 the Directors received shares under long term incentive plans in respect of qualifying services.

9 Employees

(£ millions)	52 Week Period to 17 September 2011	53 Week Period to 18 September 2010
Staff costs during the period:		
Wages and Salaries	70.7	70.0
Share based payment charge	0.7	1.4
Social security costs	7.0	7.5
Other pension costs	8.4	7.9
	86.8	86.8

The average monthly number of employees, including directors, of the company during the period was 2,117 (2010. 1,994)

BRITISH SUGAR plc
Notes to the Financial Statements continued

10 Share Based Payments

The company had the following equity-settled share-based payment plans in operation during the period.

Associated British Foods Executive Share Incentive Plan 2003 ('the Share Incentive Plan'). The Share Incentive Plan was approved and adopted by Associated British Foods plc at its annual general meeting held on 5 December 2003. It takes the form of conditional allocations of shares in Associated British Foods, which will be released if, and to the extent that, certain performance targets are satisfied over a three-year performance period.

Details of the shares outstanding under the equity-settled share-based payment plan are as follows

	17 September 2011	18 September 2010
Balance outstanding at the beginning of the period	380,866	400,668
Awarded	106,982	139,569
Vested	(66,629)	(74,245)
Lapsed	(112,769)	(38,693)
Transfer to another Group Business		*(46,433)
Balance outstanding at the end of the period	308,450	380,866

* The opening balance has been re-stated as two directors transferred to another Group business and as a result 46,433 shares are no longer disclosed in respect of the current directors

Fair Values

The weighted average fair value of shares awarded was determined by taking the market price of the shares at the time of grant and discounting for the fact that dividends are not paid on conditionally allocated shares during the vesting period. The dividend yield used was 2.5%

The weighted average fair value of shares awarded during the period was 999 (2010 - 801) pence per share and the weighted average share price was 1,074 (2010 - 862) pence.

The company recognised a total equity-settled share-based payment expense of £0.7m (2010 - £1.4m), with a corresponding entry in reserves.

BRITISH SUGAR plc
Notes to the Financial Statements continued

11 Taxation

(£ millions)	52 Week Period to 17 September 2011	53 Week Period to 18 September 2010
The tax charge for the period comprises		
UK corporation tax at 27.1% (2010 28%) on ordinary activities	35.8	31.8
Adjustments in respect of prior years	(4.4)	1.3
Total current tax	31.4	33.1
Deferred tax		
Origination and reversal of timing differences	(2.0)	(14.8)
Tax on profit on ordinary activities	29.4	18.3

Factors affecting current tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (27.1%). The differences are explained below.

(£ millions)	52 Week Period to 17 September 2011	53 Week Period to 18 September 2010
Profit on ordinary activities before tax	123.1	104.9
Profit on ordinary activities before tax at the standard rate of corporation tax	33.4	29.4
Expenses not deductible for tax purposes	1.0	1.2
Amounts over / (under) provided in prior periods	(4.4)	1.3
Capital allowances for period less than depreciation	1.1	1.3
Other timing differences	0.3	(0.1)
Total current tax	31.4	33.1

Effective 1 April 2011 the corporation tax rate was reduced from 28% to 26%. A further decrease to 25% is due to take effect on 1 April 2012 and the impact on deferred tax has been included within these accounts. It has also been announced that the UK tax rate will drop a further 1% per annum over the following years reaching 23% effective from 1 April 2014. However, the impact of these subsequent corporation tax rate reductions will only be reflected as the relevant legislation is substantively enacted.

BRITISH SUGAR plc
Notes to the Financial Statements continued

12 Dividends

A dividend of £158m was paid during the period (2010. £60m)

13 Intangible Assets

(£ millions)	Goodwill	Operating Intangibles	Total
<i>Cost</i>			
At 18 September 2010	50.2	7.3	57.5
Additions	-	14.4	14.4
Disposals	-	(8.6)	(8.6)
At 17 September 2011	50.2	13.1	63.3
<i>Amortisation</i>			
At 18 September 2010	31.1	0.7	31.8
Charge for the period	5.1	0.4	5.5
Disposals	-	-	-
At 17 September 2011	36.2	1.1	37.3
<i>Net Book value</i>			
At 17 September 2011	14.0	12.0	26.0
At 18 September 2010	19.1	6.6	25.7

BRITISH SUGAR plc
Notes to the Financial Statements continued

14 Tangible Assets

(£ millions)	Freehold land & buildings	Plant & machinery	Fixtures, fittings & equipment owned	Total
<i>Cost or Valuation</i>				
At 18 September 2010	238.5	551.4	47.0	836.9
Additions	1.3	29.0	1.4	31.7
Disposals	(0.7)	(6.1)	(2.0)	(8.8)
At 17 September 2011	239.1	574.3	46.4	859.8
<i>Depreciation</i>				
At 18 September 2010	112.1	333.0	39.1	484.2
Charge for period	5.2	23.3	1.5	30.0
Disposals	(0.3)	(4.7)	(2.0)	(7.0)
At 17 September 2011	117.0	351.6	38.6	507.2
<i>Net Book Value</i>				
At 17 September 2011	122.1	222.7	7.8	352.6
At 18 September 2010	126.4	218.4	7.9	352.7
<i>Cost or Valuation</i>				
At 17 September 2011				
is represented by				
Valuation	122.6	-	-	122.6
Cost	116.5	574.3	46.4	737.2
	239.1	574.3	46.4	859.8

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.

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

	17 September 2011	18 September 2010
Historical Cost	180.3	173.5
Depreciation based on cost	(90.5)	(59.8)
Net Book Value	89.8	113.7

BRITISH SUGAR plc**Notes to the Financial Statements continued****15 Fixed Asset Investment**

(£ millions)	Unlisted Subsidiary Undertakings	Associated Undertakings	Total
Cost and net book value			
At 18 September 2010	0.5	2.9	3.4
At 17 September 2011	0.5	2.9	3.4

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

	Country of incorporation	Principal Activity	Class and Percentage of Shares Held
Wereham Gravel Co Ltd	Great Britain	Growing of Sugar Beet	Ord. Shares 100%
C Czarnikow Ltd	Great Britain	Trading	Ord. Shares 42.5%
Broomco (2704) Ltd	Great Britain	Dormant	Ord. Shares 100%
The Billington Food Group Ltd	Great Britain	Dormant	Ord. Shares 100%
Sukpak	Mauritius	Trading	Ord. Shares 30%
BBRO	Great Britain	Trading	50%

The predominant area of operations of Wereham Gravel Co Ltd and C Czarnikow Ltd are the United Kingdom

C Czarnikow Ltd has an accounting period end of 31 December.

Sukpak is a sugar packaging company operating in Mauritius with an accounting period end of 30 September

British Beet Research Organisation (BBRO) is a company limited by guarantee of which British Sugar plc has a £1 liability in the event of the company being wound up. It has an accounting period end of 31 December.

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.

BRITISH SUGAR plc**Notes to the Financial Statements continued****16 Stocks**

(£ millions)	17 September 2011	18 September 2010
Consumable Stores	22.8	25.9
Sugar and other products	55.3	64.8
	<u>78.1</u>	<u>90.7</u>

17 Debtors

(£ millions)	17 September 2011	18 September 2010
Trade debtors	41.5	53.3
Amounts owed by group undertakings	*171.4	217.1
Other debtors	24.2	9.2
Prepayments and accrued income	24.5	17.8
	<u>261.6</u>	<u>297.4</u>

* Of the above, £169.6 million relates to amounts owed by group undertakings which were recoverable after more than one year (2010: £199.0 million)

18 Creditors: Amounts Falling Due Within One Year

(£ millions)	17 September 2011	18 September 2010
Trade creditors	45.0	27.4
Corporation tax	20.4	10.1
Other creditors including tax and social security costs	0.1	0.2
Amounts owed to group undertakings	3.8	14.9
Accruals and deferred income	49.6	53.2
	<u>118.9</u>	<u>105.8</u>

BRITISH SUGAR plc**Notes to the Financial Statements continued****19 Creditors: Amounts Falling Due After More Than One Year**

(£ millions)	17 September 2011	18 September 2010
Debenture stock (Note 22)	150.0	150.0
Amounts owed to group undertakings	46.2	37.0
Government grant	3.0	5.6
	<u>199.2</u>	<u>192.6</u>

The amounts owed to group undertakings are expected to be paid in more than five years

20 Provision for Liabilities & Charges

(£ millions)	Deferred tax	Other	Total
At 18 September 2010	31.2	0.8	32.0
(Credited)/Charged to profit & loss	(2.0)	0.6	(1.4)
Provisions utilised	0.2	-	0.2
Provision released	-	-	-
At 17 September 2011	<u>29.4</u>	<u>1.4</u>	<u>30.8</u>

Other provisions primarily comprise amounts provided to cover regulatory and compliance matters

21 Deferred Tax

(£ millions)	17 September 2011	18 September 2010
Accelerated capital allowances	31.4	33.1
Other short term timing differences	(2.0)	(1.9)
Total deferred tax provision	<u>29.4</u>	<u>31.2</u>

BRITISH SUGAR plc

Notes to the Financial Statements continued

22 Debenture Stock

(£ millions)	17 September 2011	18 September 2010
10 ¾ % redeemable debenture stock 2013	150.0	150.0

The 10¾% redeemable debenture stock 2013 is quoted on the London Stock Exchange, and is secured by a floating charge over the assets of the company.

The debenture stock is repayable as follows:

(£ millions)	17 September 2011	18 September 2010
One to Two years	150.0	-
Two to Five years	-	150.0

23 Financial Instruments

Interest rate risk profile of financial assets and financial liabilities

Financial Assets

The company has no financial assets other than short term debtors and cash. The fair value of current asset receivables approximates the carrying values because of their short maturity.

Financial Liabilities

Other than short term creditors, the only material financial liability held is the redeemable debenture stock (see note 22). This is a Sterling denominated fixed interest rate liability. The weighted average interest rate is 10.75% and the weighted average period for which the rate is fixed is 22 months.

Borrowing facilities

At 17 September 2011, the company had the following undrawn committed borrowing facilities, of which all conditions precedent had been met:

(£ millions)	17 September 2011	18 September 2010
Expiring in less than one year	4	4

BRITISH SUGAR plc

Notes to the Financial Statements continued

23 Financial Instruments continued

Currency exposure

The table below shows an analysis as at 17 September 2011 of the net monetary assets/ liabilities that are not denominated in their functional currency. Gains and losses arising from these exposures will be recognised in the profit and loss account. The amounts in the table take into account the effect of forward contracts used to manage these exposures

(£ millions)	17 September 2011	18 September 2010
Functional Currency Sterling		
Net foreign currency monetary (liabilities)/assets		
Euro	11.7	17.1
US Dollar	(0.1)	(0.1)
	<u>11.6</u>	<u>17.0</u>

Fair values

There are no material differences between current and book values of financial instruments at 17 September 2011 other than those listed below

(£ millions)	17 September 2011		18 September 2010	
	Net Book Value	Estimated Fair Value	Net Book Value	Estimated Fair Value
Primary Financial Instruments				
Long term debt	150	174	150	183

The estimated fair value of the long term debt has been calculated using the present value of estimated future cash flows

Hedges

As explained on page 15 of the Notes to the Financial Statements the company's policy is to hedge the following exposures.

- (i) Transactional currency exposures - using forward foreign currency contracts,
- (ii) Energy price fluctuations - using physical hedges through the operation of energy supply and trading activities together with financial products.

Gains and losses on instruments used for hedging are not recognised until the exposure that is being hedged is itself recognised or expires. Unrecognised gains and losses on instruments used for hedging and the movements therein are as follows

BRITISH SUGAR plc**Notes to the Financial Statements continued****23 Financial Instruments continued**

(£ millions)	Foreign Exchange	Energy Derivatives	Total Net Gain / (Loss)
Unrecognised gains and (losses) on hedges at 18 September 2010	16.8	0.1	16.9
Gains and (losses) arising in previous periods that were recognised in the period ended 17 September 2011	16.8	0.1	16.9
Gains and (losses) arising in the period ended 17 September 2011 that were not recognised in the period	(4.9)	1.3	(3.6)
Unrecognised gains and (losses) on hedges at 17 September 2011	(4.9)	1.3	(3.6)
Of which			
Gains and (losses) expected to be recognised in the period ended 15 September 2012	(5.3)	1.3	(4.0)

24 Operating Leases

(£ millions)	17 September 2011	18 September 2010
Payments to which the company is committed in the following year as follows:		
Leases expiring:		
Within one year		
-land & buildings	-	0.1
-plant & machinery	0.1	0.1
Between two and five years		
-land & buildings	0.1	-
-plant & machinery	0.3	0.3
Greater than five years		
-land & buildings	-	0.1
-plant & machinery	0.4	0.5
	<u>0.9</u>	<u>1.1</u>

BRITISH SUGAR plc
Notes to the Financial Statements continued

25 Called Up Share Capital

	17 September 2011		18 September 2010	
	Number	£ millions	Number	£ millions
Allotted, Called Up and Fully Paid Ordinary shares of 50p each	160,000,000	80.0	160,000,000	80.0
		<u>80.0</u>		<u>80.0</u>

26 Reserves

(£ millions)	Share Based payment	Revaluation Reserves	Profit & Loss Account
At beginning of period as previously stated	2.9	30.9	326.1
Profit for the financial period	-	-	93.7
Dividends Paid	-	-	(158.0)
Share based payment reserve	0.7	-	-
Movement in Reserves (i)	-	1.5	(1.5)
At end of period	<u>3.6</u>	<u>32.4</u>	<u>260.3</u>

(i) A release from reserves has been made in respect of the annual depreciation on, and disposal of, re-valued assets

BRITISH SUGAR plc

Notes to the Financial Statements continued

27 Reconciliation of Movement in Shareholder's Funds

(£ millions)	17 September 2011	18 September 2010
Profit on ordinary activities for the financial period after tax	93.7	86.6
Equity dividends	(158.0)	(60.0)
Share based payment charge	<u>0.7</u>	<u>1.4</u>
	(63.6)	28.0
Opening shareholder's funds	439.9	411.9
Closing shareholder's funds	<u>376.3</u>	<u>439.9</u>

28 Commitments

Capital Expenditure

Projects authorised and contracted for amount to £5.6 million (2010: £4.4 million)

29 Contingent Liabilities

(£ millions)	17 September 2011	18 September 2010
Trading Guarantees	40.0	35.0

No security has been given against these contingent liabilities

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. The guarantee contract is treated as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

During the year the company underwrote the trading activities of Bocheng Bei Fang Sugar Company Limited by shares (a fellow group company) this guarantee amounted to £20.0m (2010: £19m).

BRITISH SUGAR plc

Notes to the Financial Statements continued

30 Related Party Transactions

The company, being a 100 per cent subsidiary of ABF Investments plc, has taken advantage of the Financial Reporting Standard 8 exemption not to disclose related party transactions with 100 per cent entities in the same group. British Sugar plc's other related parties, as defined by Financial Reporting Standard 8, the nature of the relationship and the extent of transactions with them are summarised below.

(£ millions)	Sub Notes	C Czarnikow Sugar Ltd	Sukpak	Sugar Bureau	BBRO	Vivergo Fuels	Total
Sales to associated undertakings on normal trading terms	(i) & (iv)	9.2	-	-	-	0.5	9.7
Purchases from associated undertakings on normal trading terms	(i) (ii) & (iii)	5.6	1.6	0.4	1.0	-	8.6
Dividends received from associated undertakings	(i)	-	-	-	-	-	-
Amounts due from associate undertakings	(iv)	-	-	-	-	0.5	0.5

(i) C Czarnikow Sugar Ltd is a 100% subsidiary of C Czarnikow Ltd. Details of the associated undertakings, C Czarnikow Ltd and Sukpak, are given in note 15 to the financial statements.

(ii) The Sugar Bureau is an unincorporated association promoting the use of sugar and undertaking research into its role in a balanced diet. The board of directors consists of eleven members, of whom four are directors or senior managers of British Sugar plc.

(iii) The British Beet Research Organisation (BBRO) is a non-profit making company that commissions and implements research and technology transfer designed to increase the competitiveness and profitability of the UK beet sugar industry. The board of directors consists of four members, of whom two are senior managers of British Sugar plc.

(iv) Vivergo Fuels was formed in 2007 as a biorefinery for the future. The Company is a joint venture between ABF Investments, BP and Dupont.

BRITISH SUGAR plc

Notes to the Financial Statements continued

31 Holding Company

The ultimate holding company and controlling party as defined by FRS 8 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 Associated British Foods plc, which is incorporated in Great Britain and registered in England and Wales. The consolidated accounts of Associated British Foods plc are available to the public and may be obtained from Associated British Foods plc and are also available for download on the group's website at www.abf.co.uk