



## **FINANCIAL STATEMENTS**

**PERIOD ENDED 12 SEPTEMBER 2009**  
(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**

**H Davenport, resigned 01/05/09**

**G De Jaegher, appointed 01/05/09**

**T Dornan, appointed 01/05/09**

**D R Langlands**

**R Rankin, resigned 01/05/09**

**M Rowlands**

**J W Sutcliffe**

*Company Secretary*  
**R S Schofield**

**Registered Office:** Weston Centre, 10 Grosvenor Street, London, W1K 4QY  
**Head Office:** 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 12 September 2009.

### 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 has increased during the period by 7.2%. Operating profit margin has increased from 8% to 12%, excluding exceptional items, including exceptional items the Total Operating Profit has increased from £78.1m to £84.3m. This is mainly due to currency gains and improvements in sales margins.

As described in Note 28 the increase in shareholders funds of £25.7m relates principally to the profit after taxation of £58m (2008: £25.3m) offset by a dividend payment of £33m (2008: £55m).

Further changes to the EU Sugar Regime were implemented by the EU Commission in October 2007 and as one of the most efficient European sugar producers, British Sugar is well placed to meet the challenges of reform and take advantage of any opportunities it offers.

### 3. Dividends

A dividend of £33m was paid during the period. (2008: £55m). The directors did not recommend the payment of a final dividend (2008: nil).

### 4. Principal Risks and Uncertainties

A full analysis of the principal risks and uncertainties applicable to the ABF Group are disclosed on page 38 of the 2009 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.

	<b>52 Week period to 12 September 2009</b>	<b>52 Week Period to 13 September 2008</b>
Euro spot rate at period end	<b>1.1452</b>	1.2604
Euros Average Rate	<b>1.1525</b>	1.3167

# **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 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 12 September 2009, 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

D R Langlands and J W Sutcliffe retire by rotation and being eligible offer themselves for re-election at the Annual General Meeting

### **6. Directors' and Officers' Liability Insurance**

During the 52 week period ended 12 September 2009 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

### **9. Research and Development**

The company continued its expenditure on research and development and during the period this amounted to £5.6 million (2008 £5.4 million). It is anticipated that this level of expenditure will continue.

# **BRITISH SUGAR plc**

## **Directors' Report continued**

### **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 £48,000 (2008: £34,000). 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 (2008: NIL).

### **13. Employment Policies**

Details of the number of employees and related costs can be found in Note 10 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.

# BRITISH SUGAR plc

## Directors' Report continued

### 13. Employment Policies continued

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.

### 14. 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 34 days purchases (2008: 35 days)


### 15. Disclosure of Information to Auditors

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 auditors are unaware, and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### 16. Auditors

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

By Order of the Board

  
**R S Schofield**  
Secretary

23 December 2009

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## **BRITISH SUGAR plc**

### **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



# **BRITISH SUGAR plc**

## **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 12 September 2009 set out on pages 9 to 32. 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 sections 495 and 496 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 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/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### **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 12 September 2009 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.

## **BRITISH SUGAR plc**

**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

**Paul Sawdon (Senior Statutory Auditor)**

**for and on behalf of KPMG Audit Plc, Statutory Auditor**

Chartered Accountants  
London

# BRITISH SUGAR plc

## Profit & Loss Account

(£ millions)

Notes	52 Week Period to 12 September 2009	52 Week Period to 13 September 2008
4 <b>TURNOVER</b>	<b>742.1</b>	<b>692.3</b>
Cost of sales	(560.5)	(536.3)
<b>Gross Profit</b>	<b>181.6</b>	<b>156.0</b>
Distribution costs	(73.4)	(72.6)
Administrative expenses	(27.5)	(35.9)
5 Net exceptional (expenses) / income	(4.8)	22.4
Other operating income	8.4	8.2
<b>Total operating profit</b>	<b>84.3</b>	<b>78.1</b>
Split as		
Operating profit - excluding exceptional items	89.1	55.7
5 Exceptional items	(4.8)	22.4
Profit on sale of property	-	-
6 Interest receivable and income from fixed asset investments	6.7	5.9
7 Interest payable and similar charges	(29.7)	(33.9)
<b>8 Profit on Ordinary Activities Before Taxation</b>	<b>61.3</b>	<b>50.1</b>
12 Taxation on Profit on Ordinary Activities	(3.3)	(24.8)
<b>Profit on Ordinary Activities after Taxation</b>	<b>58.0</b>	<b>25.3</b>

A statement of movements on reserves is given in note 27

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 2009

The notes on pages 12 to 32 form part of these financial statements.

## **BRITISH SUGAR plc**

### **Note of Historical Cost Profits & Losses**

(£ millions)

	<b>52 Week Period to 12 September 2009</b>	<b>52 Week Period to 13 September 2008</b>
Reported profit on ordinary activities before taxation	<b>61.3</b>	50.1
Difference between the historical cost depreciation charge and the actual depreciation charge of the period calculated on the revalued amount	<b>1.2</b>	2.2
Historical cost profit on ordinary activities before taxation	<b>62.5</b>	52.3
Historical Cost of Profit after Taxation	<b>59.2</b>	<b>27.5</b>

# BRITISH SUGAR plc

## Balance Sheet

(£ millions)

	As at 12 September 2009	As at 13 September 2008
Notes		
<b>Fixed Assets</b>		
14 Intangible assets	29.7	35.7
15 Tangible assets	351.9	357.9
16 Investments	3.4	3.4
	<u>385.0</u>	<u>397.0</u>
<b>Current Assets</b>		
17 Stocks	100.8	88.7
18 Debtors due within one year	84.4	280.0
18 Debtors due after more than one year	192.2	96.3
Cash at bank and in hand	6.5	0.7
	<u>383.9</u>	<u>465.7</u>
19 <b>Creditors:</b> amounts falling due within one year	(119.5)	(221.1)
<b>Net Current Assets</b>	<u>264.4</u>	<u>244.6</u>
<b>Total Assets less Current Liabilities</b>	<b>649.4</b>	<b>641.6</b>
20 <b>Creditors:</b> amounts falling due after more than one year	(189.0)	(202.9)
21 <b>Provisions for liabilities and charges</b>	(48.5)	(52.5)
	<u>(237.5)</u>	<u>(255.4)</u>
<b>Net Assets</b>	<u>411.9</u>	<u>386.2</u>
<b>Capital and Reserves</b>		
26 Ordinary share capital	80.0	80.0
11 Share based payment reserve	1.5	0.8
27 Revaluation reserve	31.8	48.0
27 Profit and loss account	298.6	257.4
28 <b>Shareholders' Funds (all equity)</b>	<u>411.9</u>	<u>386.2</u>

The notes on pages 12 to 32 form part of these financial statements.

These financial statements were approved by the Board of Directors on 23 December 2009 and were signed on its behalf by:



**M I Carr**  
Director

# **BRITISH SUGAR plc**

## **Notes to the Financial Statements**

### **1 Accounting Reference Date**

These financial statements have been prepared for the 52 week period ended 12 September 2009

### **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 16 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**

### **3 Accounting Policies continued**

#### **Depreciation**

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 - 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 (2008: £3.1 million) and to increase intangible fixed assets by £17.6 million (2008: £20.7 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**

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 in equal instalments over the term of the lease

# **BRITISH SUGAR plc**

## **Notes to the Financial Statements**

### **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 2009 / 10 crop is carried forward to the next financial period as production work-in-progress at actual cost

#### **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, for defined contribution schemes, contributions 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. 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.



# **BRITISH SUGAR plc**

## **Notes to the Financial Statements**

### **3 Accounting Policies continued**

#### **Pension Costs continued**

Particulars of the latest actuarial valuation are detailed in the financial statements of Associated British Foods plc for the period ended 12 September 2009, which is available from [www.abf.co.uk](http://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 £7.8m (2008: £9.1m).

#### **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**

**4 Segmental Information**  
(£ millions)

	<b>52 Week Period to 12 September 2009</b>	<b>52 Week Period to 13 September 2008</b>
<b>Turnover by class of business:</b>		
Sugar	617.0	570.3
Animal feeds	63.6	64.0
Ethanol	24.0	23.3
Other	37.5	34.7
	<u>742.1</u>	<u>692.3</u>
	<b>52 Week Period to 12 September 2009</b>	<b>52 Week Period to 13 September 2008</b>
<b>Turnover by geographic destination:</b>		
United Kingdom	644.0	611.8
Other EU Countries	72.3	78.9
Rest of World	25.8	1.6
	<u>742.1</u>	<u>692.3</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 Exceptional Items**  
(£ millions)

	<b>52 Week Period to 12 September 2009</b>	<b>52 Week Period to 13 September 2008</b>
Renunciation Income	<u>2.3</u>	<u>65.5</u>
<b>Costs:</b>		
Quota Written off	0.0	(37.5)
Restructuring cost	<u>(1.7)</u>	<u>(4.8)</u>
	(1.7)	(42.3)
Net Renunciation exceptional	0.6	23.2
Other Reorganisation costs	(5.4)	(0.8)
	<u>(4.8)</u>	<u>22.4</u>

Tax relief on the Exceptional Items amounts to £1.3m (2008 tax charge £6.5m).

**BRITISH SUGAR plc**  
**Notes to the Financial Statements**

**6 Interest Receivable and Income  
from Fixed Asset Investments**  
(£ millions)

	<b>52 Week Period to 12 September 2009</b>	<b>52 Week Period to 13 September 2008</b>
Interest on advances	3.0	1.9
Unwind of discount on receivables	0.2	0.3
Income from fixed asset investments	0.6	-
Interest receivable from fellow group companies	2.9	3.7
	<u>6.7</u>	<u>5.9</u>

**7 Interest Payable and Similar Charges**  
(£ millions)

	<b>52 Week Period to 12 September 2009</b>	<b>52 Week Period to 13 September 2008</b>
Amounts payable on: 10 3/4% Debenture stock	16.0	16.0
Interest payable to fellow group companies	13.7	17.9
	<u>29.7</u>	<u>33.9</u>

**8 Profit on Ordinary Activities Before Taxation**  
(£ millions)

	<b>52 Week Period to 12 September 2009</b>	<b>52 Week Period to 13 September 2008</b>
Profit on ordinary activities before taxation is stated after charging		
Hire of land and buildings under operating leases	1.4	0.6
Hire of plant and machinery under operating leases	0.6	0.5
Depreciation on owned tangible fixed assets	30.0	30.8
Amortisation of intangible assets	5.3	5.0
Research and Development expenditure	5.6	5.4
EU levies	105.2	142.2
Auditor's remuneration, including expenses - for statutory audit of this company	0.2	0.2

**BRITISH SUGAR plc**  
**Notes to the Financial Statements**

**9 Directors' Emoluments**

(£ millions)

	<b>52 Week Period to 12 September 2009</b>	<b>52 Week Period to 13 September 2008</b>
Directors' emoluments excluding pension scheme contributions	<b>2.5</b>	<b>2.2</b>
Pension scheme contributions	<b>0.3</b>	<b>0.2</b>
	<b><u>2.8</u></b>	<b><u>2.4</u></b>

The emoluments of the highest paid director, excluding pension scheme contributions, were £473,994. Employer funded retirement benefits paid by the company on his behalf were £80,667 in the 52 week period ending 12 September 2009.

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

**10 Employees**

(£ millions)

	<b>52 Week Period to 12 September 2009</b>	<b>52 Week Period to 13 September 2008</b>
Staff costs during the period		
Wages and salaries	<b>64.4</b>	<b>62.3</b>
Share based payment charge	<b>0.7</b>	<b>0.4</b>
Social security costs	<b>6.1</b>	<b>5.6</b>
Other pension costs	<b>7.8</b>	<b>9.1</b>
	<b><u>79.0</u></b>	<b><u>77.4</u></b>

The average monthly number of employees, including directors, of the company during the period was 1,944 (2008: 1,730).

# BRITISH SUGAR plc

## Notes to the Financial Statements

### 11 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 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

	12 September 2009	13 September 2008
Balance outstanding at the beginning of the period	230,074	112,938
Awarded	170,594	117,136
Vested	-	-
Lapsed	-	-
Balance outstanding at the end of the period	<u>400,668</u>	<u>230,074</u>

### 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 610 (2008 - 837) pence per share and the weighted average share price was 656 (2008 - 900) pence.

The company recognised a total equity-settled share-based payment expense of £0.7m (2008 - £0.4), with a corresponding entry in reserves

**BRITISH SUGAR plc**  
**Notes to the Financial Statements**

**12 Taxation**

(£ millions)

	<b>52 Week Period to 12 September 2009</b>	<b>52 Week Period to 13 September 2008</b>
The tax charge for the period comprises:		
UK corporation tax at 28% (2008 29.1%) on ordinary activities	<b>18.6</b>	11.7
Adjustments in respect of prior years	<b>(12.0)</b>	-
UK corporation taxation on exceptional items	<b>(1.3)</b>	6.5
Total current tax	<b><u>5.3</u></b>	<u>18.2</u>
Deferred tax		
Abolition of UK industrial buildings allowance	-	7.9
Origination and reversal of timing differences	<b>(2.0)</b>	(1.3)
Tax on profit on ordinary activities	<b><u>3.3</u></b>	<u>24.8</u>

**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 (28%). The differences are explained below:

	<b>52 Week Period to 12 September 2009</b>	<b>52 Week Period to 13 September 2008</b>
Profit on ordinary activities before tax	<b><u>61.3</u></b>	<u>50.1</u>
Profit on ordinary activities before tax at the standard rate of corporation tax	<b>17.2</b>	14.6
Expenses not deductible for tax purposes	<b>2.3</b>	5.3
Non taxable income	<b>(0.2)</b>	(0.4)
Amounts over provided in prior periods	<b>(12.0)</b>	-
Capital allowances for period in (excess of) / less than depreciation	<b>(1.4)</b>	0.9
Other timing differences	<b>(0.6)</b>	(2.2)
Total current tax	<b><u>5.3</u></b>	<u>18.2</u>

**BRITISH SUGAR plc**  
**Notes to the Financial Statements**  
**13 Dividends**

A dividend of £33m was paid during the period (2008: £55m)

**14 Intangible Assets**

(£ millions)

	Goodwill	Operating Intangibles	Total
<i><b>Cost</b></i>			
At 13 September 2008	50.2	6.7	56.9
Additions	-	12.3	12.3
Disposals	-	(13.0)	(13.0)
<b>At 12 September 2009</b>	<b>50.2</b>	<b>6.0</b>	<b>56.2</b>
<i><b>Amortisation</b></i>			
At 13 September 2008	21.1	0.1	21.2
Charge for the period	5.0	0.3	5.3
Disposals	-	-	-
<b>At 12 September 2009</b>	<b>26.1</b>	<b>0.4</b>	<b>26.5</b>
<i><b>Net Book Value</b></i>			
<b>At 12 September 2009</b>	<b>24.1</b>	<b>5.6</b>	<b>29.7</b>
At 13 September 2008	29.1	6.6	35.7

**BRITISH SUGAR plc**  
**Notes to the Financial Statements**

**15 Tangible Assets**

(£ millions)

	Freehold Land & Buildings	Plant & Machinery	Fixtures, fittings & equipment owned	Total
<b><i>Cost or Valuation</i></b>				
At 13 September 2008	271.2	614.2	48.6	934.0
Additions	3.6	22.7	1.9	28.2
Disposals	(37.9)	(109.8)	(5.4)	(153.1)
<b>At 12 September 2009</b>	<b>236.9</b>	<b>527.1</b>	<b>45.1</b>	<b>809.1</b>
<b><i>Depreciation</i></b>				
At 13 September 2008	139.4	395.7	41.0	576.1
Charge for period	4.5	23.4	2.1	30.0
Impairment	0.5	2.4	0.1	3.0
Disposals	(37.4)	(109.2)	(5.3)	(151.9)
<b>At 12 September 2009</b>	<b>107.0</b>	<b>312.3</b>	<b>37.9</b>	<b>457.2</b>
<b><i>Net Book Value</i></b>				
<b>At 12 September 2009</b>	<b>129.9</b>	<b>214.8</b>	<b>7.2</b>	<b>351.9</b>
At 13 September 2008	131.8	218.5	7.6	357.9
<b><i>Cost or Valuation</i></b>				
<b>At 12 September 2009</b>				
<b>is represented by</b>				
Valuation	122.6			122.6
Cost	114.3	527.1	45.1	686.5
	236.9	527.1	45.1	809.1

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:

	<b>12 September 2009</b>	<b>13 September 2008</b>
Historical Cost	<b>171.8</b>	189.5
Depreciation based on cost	<b>(79.7)</b>	(106.4)
<b>Net Book Value</b>	<b>92.1</b>	83.1



**BRITISH SUGAR plc**  
**Notes to the Financial Statements**

**16 Fixed Asset Investments**

(£ millions)

	Unlisted Subsidiary Undertakings	Associated Undertakings	Total
Cost and net book value			
At 13 September 2008	0.5	2.9	3.4
<b>At 12 September 2009</b>	<b>0.5</b>	<b>2.9</b>	<b>3.4</b>

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	Land Reclamation	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 are 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**

**17 Stocks**

(£ millions)	<b>12 September 2009</b>	13 September 2008
Consumable stores	<b>29.3</b>	24.8
Sugar and other products	<b>71.5</b>	63.9
	<b>100.8</b>	88.7

**18 Debtors**

(£ millions)	<b>12 September 2009</b>	13 September 2008
Trade debtors	<b>63.6</b>	69.8
(i) Amounts owed by group undertakings	<b>192.4</b>	119.3
Other debtors	<b>5.2</b>	79.6
Prepayments and accrued income	<b>15.4</b>	107.6
	<b>276.6</b>	376.3

- (i) Of the above £192.2 million relates to amounts owed by group undertakings which were recoverable after more than one year (2008 £96.3 million)

**19 Creditors: Amounts Falling Due  
Within One Year**

(£ millions)	<b>12 September 2009</b>	13 September 2008
Trade creditors	<b>22.3</b>	15.4
Corporation tax	<b>9.3</b>	12.2
Other creditors including tax and social security costs	<b>0.6</b>	-
Amounts owed to group undertakings	<b>0.4</b>	8.5
Accruals and deferred income	<b>86.9</b>	185.0
	<b>119.5</b>	221.1

**BRITISH SUGAR plc**  
**Notes to the Financial Statements**

**20 Creditors: Amounts Falling Due  
After More Than One Year**

(£ millions)	12 September 2009	13 September 2008
Debenture stock (Note 23)	150.0	150.0
Amounts owed to group undertakings	34.6	47.6
Government grant	4.4	5.3
	<u>189.0</u>	<u>202.9</u>

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

**21 Provisions for Liabilities & Charges**  
(£ millions)

	Deferred tax	Restructuring	Other	Total
At 13 September 2008	48.0	3.0	1.5	52.5
(Credited) / Charged to profit and loss	(1.4)	0.3	0.3	(0.8)
Provisions utilised	(0.6)	(2.6)	-	(3.2)
Provision released	-	-	-	-
At 12 September 2009	<u>46.0</u>	<u>0.7</u>	<u>1.8</u>	<u>48.5</u>

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

**22 Deferred Tax**  
(£ millions)

	12 September 2009	13 September 2008
Accelerated capital allowances	55.1	56.5
Other short term timing differences	(9.1)	(8.5)
Total deferred tax provision	<u>46.0</u>	<u>48.0</u>

**BRITISH SUGAR plc**  
**Notes to the Financial Statements**

**23 Debenture Stock**

(£ millions)	12 September 2009	13 September 2008
10¾% 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

	12 September 2009	13 September 2008
Two to five years	150.0	150 0

**24 Financial Instruments**

(£ millions)

**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. These have been excluded from all the following disclosures other than currency risk as relevant. The fair value of current asset receivables approximates to the carrying values because of their short maturity. Deferred tax has been excluded from the following disclosures

Financial Liabilities

Other than short term creditors, the only material financial liability held is the redeemable debenture stock (see note 23). This is a Sterling denominated fixed interest rate liability. The weighted average interest rate is 10.8% and the weighted average period for which the rate is fixed is 5 years

**Borrowing facilities**

At 13 September 2008, the company had the following undrawn committed borrowing facilities, of which all conditions precedent had been met

	12 September 2009	13 September 2008
Expiring in less than one year	4	5

# BRITISH SUGAR plc

## Notes to the Financial Statements

### 24 Financial Instruments continued

(£ millions)

#### Currency exposure

The table below shows an analysis as at 12 September 2009 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

Functional Currency Sterling	12 September 2009	13 September 2008
<b>Net foreign currency monetary (liabilities)/assets</b>		
Euro	(5.0)	(49.5)
US Dollar	(0.1)	-
	<u>(5.1)</u>	<u>(49.5)</u>

#### Fair values

There are no material differences between current and book values of financial instruments at 13 September 2008 other than those listed below:

	Net Book Value	Estimated Fair Value	Net Book Value	Estimated Fair Value
<b>Primary Financial Instruments</b>				
Long term debt	150	180	150	176

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

### 24 Financial Instruments continued (£ millions)

	Foreign Exchange	Energy Derivatives	Total Net Gain / (Loss)
Unrecognised gains and (losses) on hedges at 13 September 2008	(5.9)	(9.9)	(15.8)
Gains and (losses) arising in previous periods were recognised in the period ended 12 September 2009	<u>(5.9)</u>	<u>(9.9)</u>	<u>(15.8)</u>
Gains and (losses) arising in the period ended 12 September 2009 that were not recognised in the period	<u>9.3</u>	<u>2.6</u>	<u>11.9</u>
<b>Unrecognised gains and (losses) on hedges at 12 September 2009</b>	<b><u>9.3</u></b>	<b><u>2.6</u></b>	<b><u>11.9</u></b>
Of which Gains and (losses) expected to be recognised in the period ended 18 September 2010	<u>9.3</u>	<u>2.4</u>	<u>11.7</u>

### 25 Operating Leases (£ millions)

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

Leases expiring

Within one year

- land & buildings

0.1

-

- plant & machinery

0.1

0.1

Between two and five years

- plant & machinery

0.3

0.4

Greater than five years

- land & buildings

0.1

0.6

- plant & machinery

0.5

-

1.1

1.1

**BRITISH SUGAR plc**  
**Notes to the Financial Statements**  
**26 Called Up Share Capital**

	<b>12 September 2009</b>		<b>13 September 2008</b>	
	<b>Number</b>	<b>£ millions</b>	<b>Number</b>	<b>£ millions</b>
<b>Authorised</b>				
Ordinary shares of 50p each	160,000,000	80.0	160,000,000	80.0
		<u>80.0</u>		<u>80.0</u>
<b>Allotted, Called Up and Fully</b>				
Ordinary shares of 50p each	160,000,000	80.0	160,000,000	80.0
		<u>80.0</u>		<u>80.0</u>

<b>27 Reserves</b> (£ millions)	<b>Share Based Payment</b>	<b>Revaluation Reserves</b>	<b>Profit &amp; Loss Account</b>
At beginning of period as previously stated	0.8	48.0	257.4
Profit for the financial period	-	-	58.0
Dividends Paid	-	-	(33.0)
Share Based Payment reserve	0.7	-	-
Movement in Reserves (i)	-	(16.2)	16.2
<b>At end of period</b>	<u>1.5</u>	<u>31.8</u>	<u>298.6</u>

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

**BRITISH SUGAR plc**  
**Notes to the Financial Statements**

**28 Reconciliation of Movements  
in Shareholders' Funds**

(£ millions)	12 September 2009	13 September 2008
<b>Profit/(Loss) on ordinary activities for the financial period after tax</b>	<b>58.0</b>	25.3
Equity dividends	(33.0)	(55.0)
Share based payment charge	<u>0.7</u>	<u>0.4</u>
	<b>25.7</b>	(29.3)
Opening shareholders' funds	<b>386.2</b>	415.5
<b>Closing shareholders' funds</b>	<u><b>411.9</b></u>	<u>386.2</u>

**29 Commitments**  
(£ millions)

**Capital Expenditure**

Projects authorised and contracted for amount to £4.1 million (2008: £3.5 million)

**30 Contingent Liabilities**  
(£ millions)

	12 September 2009	13 September 2008
Trading Guarantees	<b>23.6</b>	6.2

No security has been given against these contingent liabilities

During the year the company underwrote the trading activities of BSO China North (a fellow group company), this guarantee amounted to £17.6m (2008: £Nil)



**BRITISH SUGAR plc**  
**Notes to the Financial Statements**  
**31 Related Party Transactions**  
 (£ millions)

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 90 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

	<b>Sub Notes</b>	<b>C Czarnikow Sugar Ltd</b>	<b>Sukpak</b>	<b>BBRO</b>	<b>Total</b>
Sales to associated undertakings on normal trading terms	(i)&(iii)	2.1	-	0.7	2.8
Purchases from associated undertakings on normal trading terms	(i)&(iii)	-	(1.2)	0.8	(0.4)
Dividends received from associated undertakings	(i)	0.6	-	-	0.6
Amounts due from associated undertakings	(i)	(0.1)	-	-	(0.1)
Subscriptions to the Sugar Bureau	(ii)	-	-	-	(0.4)

(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 16 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.

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**BRITISH SUGAR plc**  
**Notes to the Financial Statements**  
**32 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](http://www.abf.co.uk)