

1942-43

Report & Accounts 1942

315158

22-4-39

061

BRITISH SUGAR

Contents

715170

<i>Safent Figures</i> .....	2
<i>Chairman's Statement</i> .....	3
<i>Managing Director's Review</i> .....	4-5
<i>Report of the Directors</i> .....	5-7
<i>Report of the Auditors</i> .....	8
<i>Consolidated Statement of Profit and Loss</i> .....	9
<i>Consolidated Balance Sheet</i> .....	10
<i>Balance Sheet (Company)</i> .....	11
<i>Consolidated Statement of Source and Application of Funds</i> .....	12
<i>Consolidated Statement of Value Added</i> .....	13
<i>Notes to the Financial Statements</i> .....	14-23
<i>Ten Year Summary</i> .....	24-25
<i>Additional Financial Information</i> .....	26-28

22-4-88  
061



## Salient Figures

(£ thousands)	1988	1987	1986	1985	1984
Turnover	629,816	619,201	595,527	637,712	617,245
Dividend per share	<u>59.34p</u>	<u>50.25p</u>	<u>399.0p</u>	<u>52.5p</u>	<u>53.0p</u>
Historic Cost Accounts					
Profit on ordinary activities before tax	82,160	72,104	57,135	53,564	61,740
Dividend cover	1.6 times	1.5 times	0.2 times	1.5 times	1.7 times
Net assets per share	<u>470p</u>	<u>439p</u>	<u>380p</u>	<u>701p</u>	<u>657p</u>

## Board of Directors

### Chairman

E S Margulies\*

### Managing Director

P A Jacobs\*

### Executive Directors

R J Bass

R B Begy

M F Branch

P R Butler

M Desforges

T P J Dyke

P J Jackson

A G Taylor

H N Lewis\*

### Company Secretary

J W C Letchford

\*Also Directors of S & W Berisford PLC

## Chairman's Statement

We look back on 1988 with a genuine sense of achievement, reflecting twelve months of sustained hard work and effort which have contributed to another good financial performance by British Sugar.

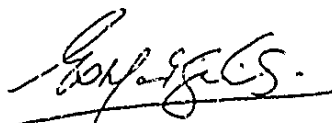
We have achieved record profits for the second year running. This is a most encouraging result which reflects the sterling efforts of the management team led by Peter Jacobs and all our workforce during the past twelve months.

I must therefore personally thank all of our employees for the hard work and commitment they have put into the business.

This satisfactory performance has resulted from further efficiency improvements across the Company and continuing low fuel costs. It was also the first full year of higher prices in the market place, and the large crop enabled us to sell C sugar onto the world market. Factories operated well, achieving further efficiency improvements during the 1987/88 campaign.

A year ago, further profits growth was predicted and that has been the case with a 14% increase to £82.2 million (historic cost) pre-tax profits. This compares with £72.1 million for the previous year.

I again expect our profits to continue on this upward trend as we move into the 1990s - but we are likely to have a number of new, potential challenges. These points are taken up in the Managing Director's Review which follows.



E.S. MARGULIES

During the year, our factories processed nearly 8 million tonnes of beet, which produced 1.228 million tonnes of sugar -- again exceeding our EEC quota -- and 674,000 tonnes of animal feed.

A major feature of the campaign was the long spells of extremely wet weather which caused significant delivery problems at several factories.

After two years of exceptionally high beet sugar contents, there was a return to more traditional levels with a sugar content averaging 16.5%.

British Sugar's commitment to further increasing operational efficiency -- on cost and quality -- was underlined by another substantial capital programme.

Much of the £47.6 million spent on capital investment and engineering projects was aimed at further reducing energy and processing costs.

A massive reconstruction programme has taken place at Ipswich (which has new falling film evaporators, a prescaler and a new central process control room) and other major work was completed at Bardney, Cantley, Allscott, King's Lynn and York.

Although the retail sugar market (which represents about one-third of our sugar business) has declined -- there has been an 8% drop in volume during the past year -- Silver Spoon still dominates the retail sector with a 57% brand share. Silver Spoon granulated sugar remains one of the largest single grocery brands in all outlets.

On the industrial sales front there is evidence that the market is still growing, even though sales this year in this area have been constrained by our EEC quota limitations.

There was a small contraction in the animal feed market. Trident Feeds managed to sell all the campaign volume by the end of July assisted by the growth in demand for the use of our product in silage.

I am pleased to welcome Peter Butler to the British Sugar Board in preparation for the imminent retirement of Geoff Taylor. I would like to thank Geoff for his many years of distinguished service to British Sugar and

wish him well in retirement.

British Sugar is the first company in the UK to register to BS 5750 for food manufacture. British Standard 5750 is the UK operational standard for quality management systems. Newark factory was the first to register its management systems and all other British Sugar sites are on target to receive accreditation by the end of 1988.

The interim review of the European sugar regime confirmed existing arrangements for member countries, leaving Britain's total annual sugar production quota unchanged at 1.144 million tonnes. This regime runs until June 30 1991.

During the year British Sugar issued a 25 year, £75 million quoted debenture. Since the year end, a further £75 million has been raised by increasing the size of this issue to £150 million. The funds have assisted long-term borrowing arrangements through the use of fixed interest funds rather than short-term borrowings with fluctuating interest rates.

1988 has seen the beginning of Team Talk -- a regular, structured method of communication with people at all levels within the Company. This has been operating at several locations for nine months. It is part of the more general approach to working which places more emphasis on employees working together in small, well-led groups.

A major cash incentive has been offered by British Sugar to employees to raise money for charities and other worthy causes during the year. Employees who organised or took part in suitable fund-raising events have had the amount they raised matched pound for pound in 1988 which was designated the Bristar Charity Year. To date, more than £60,000 has been given to local and national charitable groups.

Returning now to the challenges of the future mentioned earlier by the Chairman. A number of factors must be addressed if the Company is to maintain its profit growth -- not least of which are the re-negotiation of the EEC Sugar Regime which will operate from 1991 and the Single Market in 1992.

## Managing Director's Review

These have to be viewed together with possible increased competition from other European sugar and sweetener manufacturers as well as the changing conditions in the retail sugar and animal feeds markets.

Our goal is to further improve our profitability so that we can maintain, if not increase, the current level of capital investment in the business at an acceptable rate of return.

In order to meet these changing conditions of the '90s all aspects of the core business are currently being assessed and the necessary plans to secure the Company's strong position are being developed. At the same time through appropriate training and involvement, employees will be equipped to meet the challenges of the 1990s. All of the challenges can and will be managed satisfactorily.

Employees across the Company have made important contributions to our current strong position. We have shown ourselves capable of being adaptable and flexible to suit the changing needs of the business in the past. I am confident that by all pulling together over the next couple of years the Company has an exciting and secure future.

A handwritten signature in black ink, appearing to read "Peter A. Jacobs". The signature is fluid and cursive, with a large initial "P" and "A".

P.A. JACOBS

## Report of the Directors

The Directors present their report and financial statements for the 52 weeks ended September 25 1988.

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

### Basis of Accounting

The Group financial statements have been prepared on an historic cost accounting basis, modified to include the revaluation of certain assets.

### Results and Dividends

The Group's net profit on ordinary activities after tax for the period shown in the financial statements was £55,459,000 (1987 £46,404,000). The profit has been utilised as follows:

(£ thousands)

Interim dividend and recommended final dividend	35,602
Transfer to reserves	19,857
	<u>55,459</u>

On December 30 1988, the Company will pay an interim dividend of £8,277,345 (1987 £NIL) outside the group election for advance corporation tax, which is equivalent with the associated tax credit to 18.3941 pence per share (1987 NIL pence per share).

The Directors recommend the payment on January 15 1989 of a final dividend of 45.5411 pence per share making the total for the year 59.34 pence per share (1987 50.25 pence per share) to shareholders whose names appear on the register at the close of business on December 31 1988, which is equivalent with the associated tax credit to

75.6617 pence per share (1987 60.11 pence per share)

### Debenture Stock

On July 4 1988 the Company issued £75,000,000 stock by way of a debenture. The rate of the stock is 10¾% redeemable 2013. The stock is listed on the International Stock Exchange of the United Kingdom. The stock is secured by a floating charge on the assets of the Company.

### Post Balance Sheet Event

On November 4 1988, the Company issued a further tranche of £75,000,000 of its 10¾% Debenture Stock 2013.

### Holding Company

The ultimate holding company of British Sugar plc is S & W Berisford PLC, a company incorporated in Great Britain.

### Directors

The names of the present Directors and the Secretary of the Company are shown on page 2.

P R Butler was appointed a Director on July 8 1988 and in accordance with the Articles of Association holds office until the next Annual General Meeting and being eligible offers himself for election.

R J Bass, R B Begy and M F Branch retire by rotation and being eligible offer themselves for re-election.

M S Ansher resigned on September 5 1988. The unexpired period of the service contract with the Company of each director proposed for re-election at the Annual General Meeting is three years.

### Directors Declarable Interest

The declared interests in S & W Berisford PLC of the Directors holding office at the end of the financial year are shown in the notes to the accounts.

### Research and Development

The Group continued its expenditure on research and development and during the period this amounted to £3,471,000 (1987 £2,945,000). It is anticipated that at least this level of expenditure will continue.

### Charitable Donations and Political Contributions

Donations to UK charities by the Group amounted to £95,000 (1987 £80,000). No political contributions were made.

### Employment Policies

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

Communication channels and consultative systems exist between management, trade unions, works advisory committees (at both Central Office and factory level) and direct to the individual employee. These help to foster the mutual trust and recognition of common goals essential to the smooth running of the business. British Sugar News, a Company newspaper distributed regularly to all employees during the year, highlights key areas of both Company and individual achievement.

Every effort is made to ensure that procedures and prejudices regarding race, religion or sex do not hinder people from

obtaining jobs or in the development of their careers.

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

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

### Auditors

The auditors, Deloitte Haskins & Sells, have indicated their willingness to continue in office and a resolution that they be reappointed for the period prescribed by statute, at a fee to be fixed by the Directors, will be proposed at the Annual General Meeting.

By Order of the Board

J W C Letchford - Company Secretary

December 16 1988



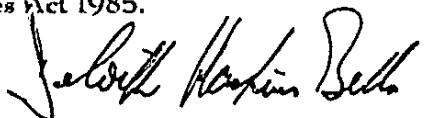
## Report of the Auditors

To the members of British Sugar plc

We have audited the financial statements on pages 9 to 23, which have been prepared under the historic cost convention, in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group at September 25 1988 and of the Group's profit, source and application of funds and value added and its distribution for the period then ended and comply with the Companies Act 1985.

Deloitte Haskins & Sells  
Chartered Accountants  
Cambridge  
December 16 1988



# Consolidated Statement of Profit and Loss

*Prepared on the Historic Cost Basis of Accounting  
For the 52 weeks ended September 25 1988 (£ thousands)*

1988

1987

Notes:

3	Turnover	629,816	619,201
	Cost of sales	<u>474,392</u>	<u>474,048</u>
	Gross Profit	155,424	145,153
	Distribution costs	41,441	44,477
	Administrative expenses	28,260	25,409
4	Other operating expenses (net)	1,346	2,872
5	Exceptional item	<u>1,964</u>	<u>—</u>
		73,011	72,758
	Operating Profit	82,413	72,395
4	Interest on term loans	<u>253</u>	<u>291</u>
6	Profit on Ordinary Activities before Taxation	82,160	72,104
8	Taxation	<u>26,701</u>	<u>25,700</u>
	Profit on ordinary activities after taxation	55,459	46,404
10	Earnings per Share	<u>92.4p</u>	<u>77.3p</u>
11	Profit for the Financial Year	55,459	46,404
12	Dividends	<u>35,602</u>	<u>30,150</u>
	Retained profit for the year	19,857	16,254
	Profit and loss account brought forward	<u>60,924</u>	<u>44,670</u>
	Retained Profit at September 25 1988	<u>80,781</u>	<u>60,924</u>

# Consolidated Balance Sheet

Prepared on the Historic Cost Basis of Accounting  
As at September 25 1988 (£ thousands)

1988

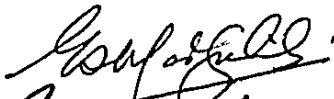

1987

Notes:

	Fixed Assets		
13	Tangible assets	473,954	449,672
14	Investments		32
	Current Assets		
15	Stocks	82,478	87,254
16	Debtors	178,010	81,202
	Cash at bank and in hand	11,528	8,284
		<u>272,016</u>	<u>176,740</u>
	Current Liabilities		
17	(a) Creditors: amounts falling due within one year	<u>149,789</u>	<u>122,797</u>
	Net Current Assets	<u>122,227</u>	<u>53,943</u>
	Total Assets less Current Liabilities	<u>596,181</u>	<u>503,647</u>
17	(b) Creditors: amounts falling due after more than one year	309,694	235,931
21	Deferred income	<u>4,562</u>	<u>4,420</u>
	Net Assets	<u>281,925</u>	<u>263,296</u>
	Capital and Reserves		
	Called up share capital (authorised, allotted and fully paid Ordinary shares of 50 pence each)	30,000	30,000
22	Revaluation reserve	171,144	172,372
	Profit and loss account	<u>80,781</u>	<u>60,924</u>
		<u>281,925</u>	<u>263,296</u>

The financial statements on pages 9 to 23 were approved by the Board on December 16 1988 and signed on its behalf by:

E S Margulies Director  
P A Jacobs Director

# Balance Sheet (Company)

Prepared on the Historic Cost Basis of Accounting  
As at September 25 1988 (£ thousands)

1988

1987

Notes:

	<b>Fixed Assets</b>		
13	Tangible assets	473,954	449,672
14	Investments	1	33
	<b>Current Assets</b>		
15	Stocks	82,478	87,254
16	Debtors	178,010	81,202
	Cash at bank and in hand	11,528	8,284
		<u>272,016</u>	<u>176,740</u>
	<b>Current Liabilities</b>		
17	(a) Creditors: amounts falling due within one year	149,790	122,798
	<b>Net Current Assets</b>	<u>122,226</u>	<u>53,942</u>
	<b>Total Assets less Current Liabilities</b>	<u>396,181</u>	<u>503,647</u>
17	(b) Creditors: amounts falling due after more than one year	309,694	235,931
21	Deferred income	4,562	4,130
	<b>Net Assets</b>	<u>281,925</u>	<u>263,296</u>
	<b>Capital and Reserves</b>		
	Called up share capital (authorised, allotted and fully paid Ordinary shares of 50 pence each)	30,000	30,000
22	Revaluation reserve	171,144	172,372
	Profit and loss account	80,781	60,924
		<u>281,925</u>	<u>263,296</u>

E S Margulies Director

P A Jacobs Director

# Consolidated Statement of Source and Application of Funds

Prepared on the Historic Cost Basis of Accounting  
For the 52 weeks ended September 25 1988 (£ thousands)

	1988	1987
Source of Funds	82,160	72,104
Profit on ordinary activities before taxation		
Items not involving the movement of funds:		
Depreciation	21,919	20,595
Funds generated from operations	104,079	92,699
Funds from other sources:	75,000	210,000
Term loan	339	122
Investment grants and loans	1,142	4
Finance leases	151	1,556
Proceeds of disposals of fixed assets	32	-
Proceeds of disposal of investment	180,743	304,381
Total source of funds		
Application of funds	47,778	32,682
Purchase of fixed assets - tangible	30,150	29,400
Dividends	11,097	20,257
Corporation tax and group relief	2,937	2,378
Finance lease payments	75,000	-
Loan to ultimate holding company	300	210,300
Loan repayments	167,262	295,017
Total application of funds	13,481	9,364
Net source of funds		
The net source of funds shown above is represented by the following movements in working capital:		
Stocks	(4,776)	5,645
Debtors	17,931	27,319
Creditors falling due within one year	(2,918)	(20,039)
	10,237	12,925
Movement in net liquid funds:		
Cash at bank and in hand	3,244	(3,561)
Increase in working capital	13,481	9,364

# Consolidated Statement of Value Added

Prepared on the Historic Cost Basis of Accounting  
For the 52 weeks ended September 25 1988 (£ thousand)

	1988	1987
Turnover	629,816	619,301
Cost of beet	246,165	249,845
Other bought in materials and services	<u>168,584</u>	<u>163,433</u>
	<u>414,749</u>	<u>413,278</u>
	<u>215,067</u>	<u>205,923</u>
Value added		
Distributed in the following way:		
Payments to Employees		
Wages, social security and pension contributions, canteen, training and other similar payments	71,746	71,465
Less: Own labour costs on capital	<u>(1,458)</u>	<u>(975)</u>
	70,288	70,490
Payments to Lenders of Capital		
Interest on term loans	253	291
Operating interest	<u>1,346</u>	<u>2,872</u>
	1,599	3,163
Payment for Tax and Levies		
Corporation tax and group relief	26,701	25,700
Net EEC payments	<u>39,101</u>	<u>39,571</u>
	65,802	65,271
Provision for Maintenance and Expansion of Assets		
Depreciation	21,919	20,595
Transferred to reserves	<u>19,857</u>	<u>16,254</u>
	41,776	36,849
	<u>35,602</u>	<u>30,150</u>
Payments to Shareholders	<u>215,067</u>	<u>205,923</u>

## Notes to the Financial Statements

### 1. Accounting Policies

#### Basis of Accounting

The financial statements are prepared in accordance with historic cost principles, as modified by the revaluation of land and buildings.

#### Consolidation

The consolidated financial statements incorporate the financial statements of the parent company and those of its subsidiaries (Note 14) for the accounting period ended September 25 1988.

#### Taxation

Corporation tax and group relief payable is provided at the current rate on the taxable profit. This comprises the profit computed on the historic cost basis, adjusted for items permanently disallowable for tax purposes and for the effect of timing differences in the recognition of income or expenses for tax purposes.

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

#### Tangible Fixed Assets

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

Industrial buildings and freehold houses	50 years
Plant and equipment	10 to 30 years
Mobile plant	5 years
Electronic equipment	3 to 8 years
Land is not depreciated.	

#### Deferred Income

Deferred income consists of government grants which are released to the profit and loss account over the expected useful life of the related asset.

#### Stocks

These are valued as follows:

Consumable stores, sugar and other products	At lower of cost and net realisable value.
---------------------------------------------	--------------------------------------------

New crop expenditure	All expenditure relating to the 1988/89 crop is carried forward to the next financial period as production work-in-progress at actual cost.
----------------------	---------------------------------------------------------------------------------------------------------------------------------------------

#### Research and Development Expenditure

All expenditure on research and development relating to the activities of the Group is charged to the profit and loss account in the financial period in which it is incurred.

#### Turnover

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

#### Foreign Currencies

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

#### Leases

Finance leases are capitalised and depreciated over the shorter of the lease term and the expected useful life of the asset. Operating leases are charged to the profit and loss account on a straight line basis.

## 1. Accounting Policies

### Basis of Accounting

The financial statements are prepared in accordance with historic cost principles, as modified by the revaluation of land and buildings.

### Consolidation

The consolidated financial statements incorporate the financial statements of the parent company and those of its subsidiaries (Note 14) for the accounting period ended September 23 1988.

### Taxation

Corporation tax and group relief payable is provided at the current rate on the taxable profit. This comprises the profit computed on the historic cost basis, adjusted for items permanently disallowable for tax purposes and for the effect of timing differences in the recognition of income or expenses for tax purposes.

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

### Tangible Fixed Assets

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

Industrial buildings and freehold houses	50 years
Plant and equipment	10 to 30 years
Mobile plant	5 years
Electronic equipment	3 to 8 years
Land is not depreciated.	

### Deferred Income

Deferred income consists of government grants which are released to the profit and loss account over the expected useful life of the related asset.

### Stocks

These are valued as follows:

Consumable stores, sugar and other products	At lower of cost and net realisable value.
---------------------------------------------	--------------------------------------------

New crop expenditure	All expenditure relating to the 1988-89 crop is carried forward to the next financial period as production work-in-progress at actual cost.
----------------------	---------------------------------------------------------------------------------------------------------------------------------------------

### Research and Development Expenditure

All expenditure on research and development relating to the activities of the Group is charged to the profit and loss account in the financial period in which it is incurred.

### Turnover

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

### Foreign Currencies

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

### Leases

Finance leases are capitalised and depreciated over the shorter of the lease term and the expected useful life of the asset. Operating leases are charged to the profit and loss account on a straight line basis.



## 2. Profit and Loss Account

The Company has taken advantage of the exemption from presenting its own profit and loss account.

## 3. Turnover and Profit on Ordinary Activities before Taxation

	1988	1987
(£ thousands)		
Class of business:		
Sugar	554,721	534,286
Animal feeds	68,055	75,928
Other	7,040	8,993
	<u>629,816</u>	<u>619,201</u>
Geographic market supplied:		
United Kingdom	627,787	618,887
Europe	2,029	314
	<u>629,816</u>	<u>619,201</u>

All sales of sugar for ultimate export are made through a fellow subsidiary based in the United Kingdom and are therefore included under sales to the United Kingdom in the analysis above. 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.

## 4. (a) Other operating expenses (net)

	1988	1987
(£ thousands)		
Interest payable:		
On bank loans, overdrafts and other loans repayable within 5 years, not by instalments	9,077	5,122
On finance leases	814	464
On amounts owed to group companies	51	553
Interest receivable:	(2,721)	(3,030)
On bank and other loans	(5,875)	(237)
On amounts owed from group companies	<u>1,346</u>	<u>2,872</u>

## (b) Interest on term loans

Interest payable:	263	291
9¾% Debenture Stock	1,859	-
10¾% Debenture Stock	(1,869)	-
Interest receivable:		
Term loan to group companies	<u>253</u>	<u>291</u>

## 5. Exceptional Item

	1988	1987
(£ thousands)		
A fine was levied against the Company in respect of a statement of objections issued by the European Commission during the year ended September 28 1986 concerning certain trading policies of the Company in previous years.	1,964	-

## 6. Profit on Ordinary Activities before Taxation is stated after:

	1988	1987
(£ thousands)		
(a) Hire of plant and machinery under operating leases:		
included in cost of sales	3,455	3,257
included in distribution costs	2,016	2,114
included in administrative expenses	1,084	829
	6,555	6,200
(b) Depreciation on owned tangible assets including adjustments on disposal of tangible assets	20,784	19,516
Depreciation on leased tangible assets under finance leases including adjustments on disposal of leased tangible assets	1,135	1,079
(c) Net EEC production/marketing levies payments included in cost of sales	39,101	39,571
(d) Auditors' remuneration including expenses	135	120
(e) Directors' emoluments	£	£
As Directors	NIL	NIL
Management remuneration	658,612	412,567

The emoluments of the Chairman were £NIL (1987 £NIL).

The emoluments of the highest paid Director were £121,943 (1987 £75,415).

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

	1988 Number	1987 Number
Up to £5,000	5	9
£ 5,001-£ 10,000	-	1
£ 10,001-£ 15,000	-	1
£ 25,001-£ 30,000	-	1
£ 50,001-£ 55,000	-	3
£ 55,001-£ 60,000	-	1
£ 65,001-£ 70,000	2	-
£ 70,001-£ 75,000	1	-
£ 75,001-£ 80,000	2	1
£ 85,001-£ 90,000	1	-
£120,001-£125,000	1	-

All Directors have agreed to waive their entitlement under the articles to their Directors' fees. The aggregate amount waived was £50,000 (1987 £50,000).

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

	1988 Number	1987 Number
£30,001-£35,000	22	24
£35,001-£40,000	12	7
£40,001-£45,000	5	4
£45,001-£50,000	2	1
£50,001-£55,000	2	-
£55,001-£60,000	1	-

7. Employees

(£ thousands)	1988	1987
Staff cost during the year:		
Wages and salaries	60,438	59,377
Social security costs	4,834	4,646
Other pension costs	3,958	5,369

The average weekly number of employees, including Directors, of the Group during the year was 4,631 (1987 4,828).

In the opinion of the Directors all employees fall into a single category.

8. Taxation

(£ thousands)	1988	1987
UK corporation tax at 35% (35%)	26,697	25,700
Prior years' adjustment	4	-
	<u>26,701</u>	<u>25,700</u>
The tax charge for the year has been decreased (increased) by:		
Excess of tax allowances over depreciation	1,138	(1,272)
Other	921	809
	<u>2,059</u>	<u>(463)</u>

9. Deferred Tax

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

(£ thousands)	1988	1987
Liability deferred by accelerated tax depreciation allowances	80,526	77,706
The effect of timing differences available for future tax relief	2	(2)
	<u>80,528</u>	<u>77,704</u>

There is a maximum potential corporation tax liability on the capital gains in respect of the revalued land and buildings amounting to £59,900,000 (1987 £60,330,000).

# 10. Earnings per Share

The calculation of earnings per share shown in the consolidated statement of profit and loss is based on 60,000,000 ordinary shares in issue throughout the two financial periods ended September 25 1988 and profit on ordinary activities after taxation.

# 11. Profit for the Financial Year

(£ thousands)	1988	1987
Dealt with in the accounts of the holding company	55,459	46,187
Profits in subsidiary companies	-	217
	<u>55,459</u>	<u>46,404</u>

# 12. Dividends

	1988 per share	1987 per share	1988 (£ thousands)	1987 (£ thousands)
Interim	13.80p	-	8,277	-
Final (recommended)	<u>45.54p</u>	<u>50.25p</u>	<u>27,325</u>	<u>30,150</u>
	<u>59.34p</u>	<u>50.25p</u>	<u>35,602</u>	<u>30,150</u>

# 13. Tangible Fixed Assets - Group and Company

(£ thousands)	Freehold land and buildings	Plant & machinery		Fixtures, fittings, tools & equipment		Total
		Owned	Leased	Owned	Leased	
Cost or valuation						
At September 27 1987	233,423	283,988	12,194	17,990	2,582	550,177
Additions	5,810	39,172	-	2,796	-	47,778
Disposals	(1,095)	(3,338)	(6)	(188)	(14)	(4,641)
Reclassification	-	(1,142)	1,142	-	-	-
At September 25 1988	<u>238,138</u>	<u>318,680</u>	<u>13,330</u>	<u>20,598</u>	<u>2,568</u>	<u>593,314</u>
Depreciation						
At September 27 1987	-	91,046	1,396	7,004	1,059	100,505
Charge for year	5,955	11,905	568	1,848	561	20,837
Eliminated in respect of dis	(31)	(1,797)	(1)	(140)	(13)	(1,982)
At September 25 1988	<u>5,924</u>	<u>101,154</u>	<u>1,963</u>	<u>8,712</u>	<u>1,607</u>	<u>119,360</u>
Net book value						
At September 25 1988	<u>232,214</u>	<u>217,526</u>	<u>11,367</u>	<u>11,886</u>	<u>961</u>	<u>473,954</u>
At September 27 1987	<u>233,423</u>	<u>192,942</u>	<u>10,798</u>	<u>10,986</u>	<u>1,523</u>	<u>449,672</u>

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

#### 14. Fixed Asset Investments

(£ thousands)	1988		1987	
	Group	Company	Group	Company
Shares in group companies	-	1	-	1
Other investments	-	-	32	32
	-	1	32	33

British Sugar plc had a 100% interest in all the share capital of the following subsidiaries incorporated and operating principally in the United Kingdom. The issued capital of the subsidiaries consists of ordinary shares. These companies are dormant.

British Sugar Pension Trustees Limited

Crystal Fund (Management) Limited

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

Barrico Limited

BSD Limited

Bristar Agricultural Management Services Limited

Trident Feeds Limited

#### 15. Stocks - Group and Company

(£ thousands)	1988	1987
Consumable stores	28,458	31,495
Sugar and other products	53,345	55,375
New crop expenditure	675	384
	<u>82,478</u>	<u>87,254</u>

#### 16. Debtors

(£ thousands)	1988		1987	
	Group	Company	Group	Company
Amounts falling due within one year				
Trade debtors	42,345	42,345	37,362	37,362
Amounts owed by group companies	43,424	43,424	19,189	19,189
Other debtors	4,232	4,232	4,303	4,303
Prepayments and accrued income	3,206	3,206	14,417	14,417
	<u>93,207</u>	<u>93,207</u>	<u>75,271</u>	<u>75,271</u>
Amounts falling due after more than one year				
Loan to ultimate parent company	75,000	75,000	-	-
Advance corporation tax recoverable	9,795	9,795	5,918	5,918
Other debtors	8	8	13	13
	<u>178,010</u>	<u>178,010</u>	<u>81,202</u>	<u>81,202</u>

On July 4 1988, the company made a term loan at 10½% to its ultimate parent company repayable in 2013, or earlier at the parent company's option.

# Notes to the Financial Statements

## 17. Creditors

(£ thousands)	1988		1987	
	Group	Company	Group	Company
(a) Amounts falling due within one year				
Debenture Stock (Note 18)	300	300	300	300
Trade creditors	37,554	37,554	36,512	36,512
Other creditors including taxation:				
Dividends payable	35,602	35,602	30,150	30,150
Taxation and social security costs	32,601	32,601	12,513	12,434
Obligations under finance leases (Note 20)	1,340	1,340	2,866	2,866
Accruals	41,602	41,602	37,361	37,361
Amounts owed to group companies	790	791	3,095	3,175
	<u>149,789</u>	<u>149,790</u>	<u>122,797</u>	<u>122,798</u>
(b) Amounts falling due after more than one year				
Debenture Stock (Note 18)	77,100	77,100	2,400	2,400
Term loans (Note 19)	210,115	210,115	210,115	210,115
Obligations under finance leases (Note 20)	2,267	2,267	2,536	2,536
UK corporation tax	20,200	20,200	20,868	20,868
Accruals	12	12	12	12
	<u>309,694</u>	<u>309,694</u>	<u>235,931</u>	<u>235,931</u>

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

## 18. Debenture Stock - Group and Company

	1988	1987
(£ thousands)	77,400	2,700
Debenture stock		

(a) 9¾% guaranteed secured debenture stock 1991/1996 repayable at par at the rate of £300,000 per annum, repayment having commenced in the period to September 30 1977. The stock is guaranteed by H.M. Treasury and secured by a floating charge on the Company's assets. The amount outstanding at September 25 1988 was £2,400,000 (1987 £2,700,000).

(b) On July 4 1988, the company issued £75,000,000 10¾% debenture stock redeemable in 2013. The stock is quoted on the International Stock Exchange of the United Kingdom. The stock is secured by a floating charge on the assets of the Company. The funds were lent on to S & W Berisford PLC to assist their long-term borrowing arrangements.

Repayment table	1988	1987
(£ thousands)		
Within one year	300	300
After one but within two years	300	300
Between two and five years	900	900
In five years or more	<u>75,900</u>	<u>1,200</u>
	<u>77,400</u>	<u>2,700</u>

## 19. Term Loans - Group and Company

(£ thousands)	1988	1987
Group Loans (a)	210,000	210,000
Investors In Industry plc. (b)	115	115
	<u>210,115</u>	<u>210,115</u>

(a) Bristar Group plc - an interest free loan to British Sugar plc, repayable in five equal annual instalments commencing on March 27 1992, or earlier at British Sugar plc's option.

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

### Repayment table

(£ thousands)	1988	1987
Between two and five years	84,086	42,057
In five years or more	126,029	168,058
	<u>210,115</u>	<u>210,115</u>

## 20. Lease Commitments - Group and Company

The future minimum lease payments to which the Group is committed at September 25 1988 under finance leases and non-cancellable operating leases are as follows:

(£ thousands)	1988	1987
(a) Finance leases		
Payable within one year	1,548	3,153
Payable between two and five years	1,991	2,724
Payable thereafter	654	53
	<u>4,193</u>	<u>5,930</u>
Less finance charges allocated to future periods	586	528
	<u>3,607</u>	<u>5,402</u>

### (b) Operating leases

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

Leases expiring within one year	532	479
Leases expiring between two and five years	2,574	2,603
Leases expiring thereafter	35	211
	<u>3,491</u>	<u>3,293</u>

## 21. Deferred Income - Group and Company

(£ thousands)	1988	1987
At September 27 1987	4,420	4,532
Government grants for period	339	122
	<u>4,759</u>	<u>4,654</u>
Released to profit in respect of current period	(197)	(234)
At September 25 1988	<u>4,562</u>	<u>4,420</u>

## 22. Reserves

<i>(£ thousands)</i>	1988	1987
Revaluation reserve - Group and Company		
At September 27 1987	172,372	153,433
Surplus on valuation of land and buildings	-	18,930
Disposals	(1,228)	-
At September 25 1988	171,144	172,363

## 23. Historical Cost Information

<i>(£ millions)</i>	Gross historical cost	Accumulated depreciation	Net book value
(a) Tangible fixed assets at September 25 1988			
Land and buildings	111.9	25.3	86.6
Plant and machinery:			
Owned	318.7	101.2	217.5
Leased	13.3	1.9	11.4
Fixtures, fittings, tools and equipment:			
Owned	20.6	8.7	11.9
Leased	2.6	1.6	1.0
	467.1	138.7	328.4

<i>(£ millions)</i>	1988	1987
(b) Historical cost profit		
Historical cost operating profit	86.5	78.4
Interest on term loans	0.3	0.3
Historical cost profit on ordinary activities before taxation	86.2	78.1
Taxation	26.7	25.7
Historical cost profit on ordinary activities after taxation	59.5	52.4

The historical cost profit on ordinary activities before taxation is calculated without reference to depreciation on the revaluation proportion of tangible fixed assets.

## 24. Capital Expenditure Commitments

Projects authorised by the Directors of the Company but not yet contracted for amount to £47,823,000 (1987 £53,204,000) including £6,905,000 (1987 £11,822,000) for which contracts have already been committed, but not provided for in the accounts. The subsidiaries have no capital expenditure commitments.



## 25. Contingent Liabilities

(a) British Sugar plc has entered into guarantees in respect of its employee pension funds which are described in Note 27.

(b) Other contingent liabilities, which have arisen in the ordinary course of business, relate to uncompleted foreign exchange contracts and documentary credits amounting to £11,267,000 (1987 £3,491,000)

## 26. Post Balance Sheet Events

On November 4 1988, the company issued a further tranche of £75,000,000 of its 10¾% Debenture Stock 2013, the proceeds of which were lent on to Bristar Group plc.

## 27. Pension Commitments

The Company operates a self-administered defined benefit Occupational Pension Scheme for all full-time permanent employees who are aged 21 or over. The Scheme is established by a Trust Deed and is subject to the surveillance of a Committee consisting of management and representatives elected by the contributing members. The next triennial Actuarial Valuation will be undertaken in 1989.

## 28. Directors Declarable Interest

The following Directors have notified British Sugar plc of their declarable interest in S & W Berisford PLC:

Beristord PLC:				
	25.09.88		27.09.87 (or appointment date)	
<hr/>				
(a) Beneficial interest in Ordinary Shares				
T P J Dyke	2,240		2,240	
A G Taylor	3,616		3,616	
<hr/>				
(b) Beneficial interest in Ordinary Share Options				
	Executive share options	S.A.Y.E. options	Executive share options	S.A.Y.E. options
R J Bass	46,262	4,449	36,363	4,449
R B Begy	52,970		36,363	
M F Branch	48,004	3,682	36,363	2,151
P R Butler	100,666	4,065	59,463	4,065
M Desforges	61,188			
T P J Dyke	70,286		50,363	
P J Jackson	54,804			
A G Taylor	50,010	4,449	39,090	4,449

(i) The above interests are in the ordinary share capital of S & W Berisford PLC. No director had any interest in the 10¾% Debenture stock 2013 or the 9¾% Guaranteed Debenture 1991/96.

(ii) The above options were mainly granted under the S & W Berisford PLC Executive Share Option Scheme at prices of £2.29 to £3.49 and are exercisable at various times between July 1989 and August 1998. Those options which were granted with the SAYE scheme at prices of £1.61, £1.72 and £2.35 are exercisable at various times between June 1989 and May 1993.

(iii) Between September 25 1988 and December 16 1988 there have been no changes in the interests of the Directors in the shares of S & W Berisford PLC.

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

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

## Ten Year Summary

(£ thousands)	1988	1987	1986
<b>Turnover and Profits</b>			
Turnover	629,816	619,201	595,577
Profit before items below (a)	83,759	75,267	60,921
Interest – term loans	253	291	320
– finance leases	814	464	379
– operating	532	2,408	3,143
Profit on ordinary activities before tax	82,160	72,104	57,135
Tax	26,701	25,700	11,799
Profit on ordinary activities after tax	55,459	46,404	45,336
Extraordinary charge	–	–	–
Dividends	35,602	30,150	239,400
Retained profits	19,857	16,254	(194,064)
<b>Capital employed</b>			
Subscribed capital	30,000	30,000	30,000
Revaluation reserve	171,144	172,372	153,432
Retained profits	80,781	60,924	44,670
Deferred income	4,562	4,420	4,532
Term loans net (d)	212,515	212,815	213,115
Finance lease obligations	3,607	5,402	7,776
	502,609	485,933	453,526
<b>Represented by</b>			
Fixed assets	473,954	449,704	420,468
Net current assets	28,655	36,229	33,058
	502,609	485,933	453,526
<b>Earnings and Dividends</b>			
Return on capital employed (b)	16.8%	15.5%	13.0%
Earnings per ordinary share	92.4p	77.3p	75.6p
Dividends per ordinary share (c)	59.34p	50.25p	399.0p

(a) For 1980 and subsequent years, the "profit before items below" is stated after charging depreciation on revalued assets.

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

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

(d) Term loans for 1988 excludes the Debture Stock 2013 issued during the year as this is off-set by an equivalent term loan to S & W Berisford PLC.

1985	1984	1983	1982	1981	1980	1979
637,712	617,245	594,667	533,742	488,200	439,380	381,031
62,312	70,474	76,947	77,957	64,930	49,375	39,029
349	380	23,28	6,889	7,064	7,685	4,334
76	8	28	44	33	-	-
8,383	8,346	10,302	6,378	6,678	7,483	3,179
5,504	61,740	64,189	64,646	51,155	44,167	31,516
1,982	8,314	13,078	2,095	6,477	3,969	1,980
46,482	53,426	51,111	62,551	44,678	30,198	29,536
-	(123)	421	83	13,717	-	-
31,560	31,800	32,400	34,444	15,000	9,240	4,620
14,982	21,749	18,290	28,024	15,461	20,958	24,916
30,000	30,000	30,000	30,000	30,000	30,000	30,000
151,984	140,314	133,775	129,265	120,612	77,409	-
238,734	223,752	202,003	183,713	155,689	139,728	118,770
4,836	3,606	2,246	2,096	2,094	2,103	1,869
3,300	3,600	3,900	45,867	47,833	49,800	30,600
9,483	7,390	196	434	616	-	-
438,337	408,662	373,120	391,375	356,844	299,040	181,239
402,479	381,002	355,609	361,950	301,400	248,929	149,161
35,858	27,660	16,511	29,416	55,354	50,111	32,078
438,337	408,662	373,120	391,375	356,844	299,040	181,239
12.8%	15.9%	17.5%	19.1%	17.8%	17.4%	21.4%
77.7p	89.0p	85.2p	104.3p	74.5p	50.3p	49.2p
52.5p	53.0p	54.0p	57.4p	25.0p	15.4p	7.7p

# Consolidated Statement of Profit and Loss

Prepared on the Historic Cost Basis of Accounting  
For the 52 weeks ended September 25 1988 (£ thousands)

	1988	1987
Notes:		
3 Turnover	629,816	619,201
Cost of sales	<u>474,392</u>	<u>474,048</u>
Gross Profit	155,424	145,153
Distribution costs	41,441	44,477
Administrative expenses	28,260	25,409
4 Other operating expenses (net)	1,346	2,872
5 Exceptional item	<u>1,964</u>	<u>-</u>
Operating Profit	73,011	72,758
4 Interest on term loans	<u>82,413</u>	<u>72,395</u>
6 Profit on Ordinary Activities before Taxation	253	291
8 Taxation	<u>82,160</u>	<u>72,104</u>
Profit on ordinary activities after taxation	26,701	25,700
10 Earnings per Share	<u>55,459</u>	<u>46,404</u>
	<u>92.4p</u>	<u>77.3p</u>
11 Profit for the Financial Year	55,459	46,404
12 Dividends	<u>35,602</u>	<u>30,150</u>
Retained profit for the year	19,857	16,254
Profit and loss account brought forward	<u>60,924</u>	<u>44,670</u>
Retained Profit at September 25 1988	<u>80,781</u>	<u>60,924</u>

# Consolidated Balance Sheet

Prepared on the Historic Cost Basis of Accounting  
As at September 25 1988 (£ thousands)

1988

1987

Notes:

Fixed Assets			
13	Tangible assets	473,954	449,612
14	Investments	-	32
Current Assets			
15	Stocks	82,478	87,254
16	Debtors	178,010	81,202
	Cash at bank and in hand	11,528	8,284
		<u>272,016</u>	<u>176,740</u>
Current Liabilities			
17	(a) Creditors: amounts falling due within one year	<u>149,789</u>	<u>122,797</u>
Net Current Assets		<u>122,227</u>	<u>53,943</u>
Total Assets less Current Liabilities		<u>596,181</u>	<u>503,647</u>
17	(b) Creditors: amounts falling due after more than one year	309,694	235,931
21	Deferred income	<u>4,562</u>	<u>4,420</u>
Net Assets		<u>281,925</u>	<u>263,296</u>
Capital and Reserves			
Called up share capital (authorised, allotted and fully paid Ordinary shares of 50 pence each)		30,000	30,000
22	Revaluation reserve	171,144	172,372
	Profit and loss account	<u>80,781</u>	<u>60,924</u>
		<u>281,925</u>	<u>263,296</u>

The financial statements on pages 9 to 23 were approved by the Board on December 16 1988 and signed on its behalf by:

E S Margulies Director

P A Jacobs Director

*[Signature]*  
*Peter A. Jacobs*

# Balance Sheet (Company)

Prepared on the Historic Cost Basis of Accounting  
As at September 25 1988 (£ thousands)

1988

1987

Notes:

	Fixed Assets	473,954	449,672
13	Tangible assets	1	33
14	Investments		
	Current Assets		
15	Stocks	82,478	87,254
16	Debtors	178,010	81,202
	Cash at bank and in hand	11,528	8,284
		<u>272,016</u>	<u>176,740</u>
	Current Liabilities		
17	(a) Creditors: amounts falling due within one year	<u>149,790</u>	<u>122,798</u>
	Net Current Assets	<u>122,226</u>	<u>53,942</u>
	Total Assets less Current Liabilities	596,181	503,647
17	(b) Creditors: amounts falling due after more than one year	309,694	236,931
		<u>4,562</u>	<u>4,420</u>
21	Deferred income	<u>281,925</u>	<u>263,296</u>
	Net Assets		
	Capital and Reserves		
	Called up share capital (authorised, allotted and fully paid Ordinary shares of 50 pence each)	30,000	30,000
		171,144	172,372
22	Revaluation reserve	<u>80,781</u>	<u>60,924</u>
	Profit and loss account	<u>281,925</u>	<u>263,296</u>

E S Margulies Director

P A Jacobs Director

# Consolidated Statement of Source and Application of Funds

Prepared on the Historic Cost Basis of Accounting  
For the 52 weeks ended September 25 1988 (£ thousands)

	1988	1987
<b>Source of Funds</b>		
Profit on ordinary activities before taxation	82,160	72,104
Items not involving the movement of funds:		
Depreciation	<u>21,919</u>	20,595
Funds generated from operations	104,079	92,699
Funds from other sources:		
Term loan	75,000	210,000
Investment grants and loans	339	122
Finance leases	1,142	4
Proceeds of disposals of fixed assets	151	1,550
Proceeds of disposal of investment	<u>32</u>	-
Total source of funds	<u>180,743</u>	304,381
<b>Application of funds</b>		
Purchase of fixed assets - tangible	47,778	32,682
Dividends	30,150	29,400
Corporation tax and group relief	1,097	20,257
Finance lease payments	2,937	2,378
Loan to ultimate holding company	75,000	-
Loan repayments	<u>300</u>	210,300
Total application of funds	<u>167,262</u>	295,017
Net source of funds	<u>13,481</u>	9,364
The net source of funds shown above is represented by the following movements in working capital:		
Stocks	(4,726)	5,645
Debtors	17,931	27,311
Creditors falling due within one year	<u>(2,918)</u>	(20,033)
	10,237	12,925
Movement in net liquid funds:		
Cash at bank and in hand	<u>3,244</u>	(3,561)
Increase in working capital	<u>13,481</u>	9,364

# Consolidated Statement of Value Added

Prepared on the Historic Cost Basis of Accounting  
For the 52 weeks ended September 25 1988 (£ thousands)

	1988	1987
Turnover	629,816	619,201
Cost of beet	246,165	249,845
Other bought in materials and services	<u>168,584</u>	<u>163,433</u>
	414,749	413,278
Value added	<u>215,067</u>	<u>205,923</u>
Distributed in the following way:		
Payments to Employees		
Wages, social security and pension contributions, canteen, training and other similar payments	71,746	71,465
Less: Own labour costs on capital	<u>(1,458)</u>	<u>(975)</u>
	70,288	70,490
Payments to Lenders of Capital		
Interest on term loans	253	291
Operating interest	<u>1,346</u>	<u>2,872</u>
	1,599	3,163
Payment for Tax and Levies		
Corporation tax and group relief	26,701	25,700
Net EEC payments	<u>39,101</u>	<u>39,571</u>
	65,802	65,271
Provision for Maintenance and Expansion of Assets		
Depreciation	21,919	20,595
Transferred to reserves	<u>19,857</u>	<u>16,254</u>
	41,776	36,849
Payments to Shareholders	<u>35,602</u>	<u>30,150</u>
	<u>215,067</u>	<u>205,923</u>



## Notes to the Financial Statements

### 1. Accounting Policies

#### Basis of Accounting

The financial statements are prepared in accordance with historic cost principles, as modified by the revaluation of land and buildings.

#### Consolidation

The consolidated financial statements incorporate the financial statements of the parent company and those of its subsidiaries (Note 14) for the accounting period ended September 25 1988.

#### Taxation

Corporation tax and group relief payable is provided at the current rate on the taxable profit. This comprises the profit computed on the historic cost basis, adjusted for items permanently disallowable for tax purposes and for the effect of timing differences in the recognition of income or expenses for tax purposes.

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

#### Tangible Fixed Assets

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

#### Industrial buildings and

freehold houses	50 years
Plant and equipment	10 to 30 years
Mobile plant	5 years
Electronic equipment	3 to 8 years

Land is not depreciated.

#### Deferred Income

Deferred income consists of government grants which are released to the profit and loss account over the expected useful life of the related asset.

#### Stocks

These are valued as follows:

Consumable stores, sugar and other products	At lower of cost and net realisable value.
---------------------------------------------	--------------------------------------------

New crop expenditure	All expenditure relating to the 1988/89 crop is carried forward to the next financial period as production work-in-progress at actual cost.
----------------------	---------------------------------------------------------------------------------------------------------------------------------------------

#### Research and Development Expenditure

All expenditure on research and development relating to the activities of the Group is charged to the profit and loss account in the financial period in which it is incurred.

#### Turnover

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

#### Foreign Currencies

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

#### Leases

Finance leases are capitalised and depreciated over the shorter of the lease term and the expected useful life of the asset. Operating leases are charged to the profit and loss account on a straight line basis.

## 2. Profit and Loss Account

The Company has taken advantage of the exemption from presenting its own profit and loss account.

## 3. Turnover and Profit on Ordinary Activities before Taxation

	1988	1987
(£ thousands)	Turnover	
Class of business:		
Sugar	554,721	534,280
Animal feeds	68,055	75,928
Other	7,040	8,993
	<u>629,816</u>	<u>619,201</u>
Geographic market supplied:		
United Kingdom	627,787	618,887
Europe	2,029	314
	<u>629,816</u>	<u>619,201</u>

All sales of sugar for ultimate export are made through a fellow subsidiary based in the United Kingdom and are therefore included under sales to the United Kingdom in the analysis above.

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.

## 4. (a) Other operating expenses (net)

(£ thousands)	1988	1987
Interest payable:		
On bank loans, overdrafts and other loans repayable within 5 years, not by instalments	9,077	5,122
On finance leases	814	464
On amounts owed to group companies	51	553
Interest receivable:		
On bank and other loans	(2,721)	(3,030)
On amounts owed from group companies	(5,875)	(237)
	<u>1,346</u>	<u>2,872</u>

## (b) Interest on term loans

Interest payable:		
9¾% Debenture Stock	263	291
10¾% Debenture Stock	1,859	-
Interest receivable:		
Term loan to group companies	(1,869)	-
	<u>253</u>	<u>291</u>

## Notes to the Financial Statements

### 5. Exceptional Item

(£ thousands)	1988	1987
A fine was levied against the Company in respect of a statement of objections issued by the European Commission during the year ended September 28 1986 concerning certain trading policies of the Company in previous years.	1,964	-

### 6. Profit on Ordinary Activities before Taxation is stated after:

(£ thousands)	1988	1987
(a) Hire of plant and machinery under operating leases:		
included in cost of sales	3,455	3,257
included in distribution costs	2,016	2,114
included in administrative expenses	1,084	829
	6,555	6,200
(b) Depreciation on owned tangible assets including adjustments on disposal of tangible assets	20,784	19,516
Depreciation on leased tangible assets under finance leases including adjustments on disposal of leased tangible assets	1,135	1,079
(c) Net EEC production/marketing levies payments included in cost of sales	39,101	39,571
(d) Auditors' remuneration including expenses	135	120
(e) Directors' emoluments	£	£
As Directors	NIL	NIL
Management remuneration	658,612	412,567

The emoluments of the Chairman were £NIL (1987 £NIL).

The emoluments of the highest paid Director were £121,943 (1987 £75,415).

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

	1988 Number	1987 Number
Up to £5,000	5	9
£ 5,001-£ 10,000	-	1
£ 10,001-£ 15,000	-	1
£ 25,001-£ 30,000	-	1
£ 50,001-£ 55,000	-	3
£ 55,001-£ 60,000	-	1
£ 65,001-£ 70,000	2	-
£ 70,001-£ 75,000	1	-
£ 75,001-£ 80,000	2	1
£ 85,001-£ 90,000	1	-
£120,001-£125,000	1	-

All Directors have agreed to waive their entitlement under the articles to their Directors' fees. The aggregate amount waived was £50,000 (1987 £50,000).

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

	1988 Number	1987 Number
£30,001-£35,000	22	24
£35,001-£40,000	12	7
£40,001-£45,000	5	4
£45,001-£50,000	2	1
£50,001-£55,000	2	-
£55,001-£60,000	1	-

7. Employees

(£ thousands)	1988	1987
Staff cost during the year:		
Wages and salaries	60,438	59,377
Social security costs	4,834	4,646
Other pension costs	3,958	5,369

The average weekly number of employees, including Directors, of the Group during the year was 4,631 (1987 4,828).

In the opinion of the Directors all employees fall into a single category.

8. Taxation

(£ thousands)	1988	1987
UK corporation tax at 35% (35%)	26,697	25,700
Prior years' adjustment	4	-
	<u>26,701</u>	<u>25,700</u>
The tax charge for the year has been decreased (increased) by:		
Excess of tax allowances over depreciation	1,138	(1,272)
Other	<u>921</u>	<u>809</u>
	<u>2,059</u>	<u>(463)</u>

9. Deferred Tax

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

(£ thousands)	1988	1987
Liability deferred by accelerated tax depreciation allowances	80,526	77,706
The effect of timing differences available for future tax relief	<u>2</u>	<u>(2)</u>
	<u>80,528</u>	<u>77,704</u>

There is a maximum potential corporation tax liability on the capital gains in respect of the revalued land and buildings amounting to £59,900,000 (1987 £60,330,000).

## Notes to the Financial Statements

### 10. Earnings per Share

The calculation of earnings per share shown in the consolidated statement of profit and loss is based on 60,000,000 ordinary shares in issue throughout the two financial periods ended September 25 1988 and profit on ordinary activities after taxation.

### 11. Profit for the Financial Year

(£ thousands)	1988	1987
Dealt with in the accounts of the holding company	55,459	46,187
Profits in subsidiary companies	-	217
	<u>55,459</u>	<u>46,404</u>

### 12. Dividends

	1988 per share	1987 per share	1988 (£ thousands)	1987 (£ thousands)
Interim	13.80p	-	8,277	-
Final (recommended)	45.54p	50.25p	27,325	30,150
	<u>59.34p</u>	<u>50.25p</u>	<u>35,602</u>	<u>30,150</u>

### 13. Tangible Fixed Assets - Group and Company

(£ thousands)	Freehold land and buildings	Plant & machinery Owned	Leased	Fixtures, fittings, tools & equipment Owned	Leased	Total
Cost or valuation						
At September 27 1987	233,423	283,988	12,194	17,990	2,582	550,177
Additions	5,810	39,172	-	2,796	-	47,773
Disposals	(1,095)	(3,338)	(6)	(188)	(14)	(4,641)
Reclassification	-	(1,142)	1,142	-	-	-
At September 25 1988	<u>238,138</u>	<u>318,680</u>	<u>13,330</u>	<u>20,598</u>	<u>2,568</u>	<u>593,314</u>
Depreciation						
At September 27 1987	-	91,046	1,396	7,004	1,059	100,505
Charge for year	5,955	11,905	568	1,848	561	20,837
Elimination in respect of disposals	(31)	(1,797)	(1)	(140)	(13)	(1,982)
At September 25 1988	<u>5,924</u>	<u>101,154</u>	<u>1,963</u>	<u>8,712</u>	<u>1,607</u>	<u>119,360</u>
Net book value						
At September 25 1988	<u>232,214</u>	<u>217,526</u>	<u>11,367</u>	<u>11,886</u>	<u>961</u>	<u>473,954</u>
At September 27 1987	<u>233,423</u>	<u>192,942</u>	<u>10,798</u>	<u>10,986</u>	<u>1,523</u>	<u>449,672</u>

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

#### 14. Fixed Asset Investments

(£ thousands)	1988		1987	
	Group	Company	Group	Company
Shares in group companies	-	1	-	1
Other investments	-	-	32	32
	-	1	32	33

British Sugar plc had a 100% interest in all the share capital of the following subsidiaries incorporated and operating principally in the United Kingdom. The issued capital of the subsidiaries consists of ordinary shares. These companies are dormant.

British Sugar Pension Trustees Limited

Crystal Fund (Management) Limited

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

Barrico Limited

BSD Limited

Bristar Agricultural Management Services Limited

Trident Feeds Limited

#### 15. Stocks - Group and Company

(£ thousands)	1988	1987
Consumable stores	28,458	31,495
Sugar and other products	53,345	55,375
New crop expenditure	675	384
	82,478	87,254

#### 16. Debtors

(£ thousands)	1988		1987	
	Group	Company	Group	Company
Amounts falling due within one year				
Trade debtors	42,345	42,345	37,362	37,362
Amounts owed by group companies	43,424	43,424	19,189	19,189
Other debtors	4,232	4,232	4,303	4,303
Prepayments and accrued income	3,206	3,206	14,417	14,417
	93,207	93,207	75,271	75,271
Amounts falling due after more than one year				
Loan to ultimate parent company	75,000	75,000	-	-
Advance corporation tax recoverable	9,795	9,795	5,918	5,918
Other debtors	8	8	13	13
	178,010	178,010	81,202	81,202

On July 4 1988, the company made a term loan at 10½% to its ultimate parent company repayable in 2013, or earlier at the parent company's option.

## 19. Term Loans - Group and Company

(£ thousands)	1988	1987
Group Loans (a)	210,000	210,000
Investors In Industry plc (b)	115	115
	<u>210,115</u>	<u>210,115</u>

(a) Bristar Group plc - an interest free loan to British Sugar plc, repayable in five equal annual instalments commencing on March 27 1992, or earlier at British Sugar plc's option.

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

### Repayment table

(£ thousands)	1988	1987
Between two and five years	84,086	42,057
In five years or more	<u>126,029</u>	<u>168,058</u>
	<u>210,115</u>	<u>210,115</u>

## 20. Lease Commitments - Group and Company

The future minimum lease payments to which the Group is committed as at September 25 1988 under finance leases and non-cancellable operating leases are as follows:

(£ thousands)	1988	1987
(a) Finance leases		
Payable within one year	1,548	3,153
Payable between two and five years	1,991	2,724
Payable thereafter	<u>654</u>	<u>53</u>
	4,193	5,930
Less finance charges allocated to future periods	<u>586</u>	<u>528</u>
	<u>3,607</u>	<u>5,402</u>

### (b) Operating leases:

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

Leases expiring within one year	532	479
Leases expiring between two and five years	2,574	2,603
Leases expiring thereafter	<u>385</u>	<u>211</u>
	<u>3,491</u>	<u>3,293</u>

## 21. Deferred Income - Group and Company

(£ thousands)	1988	1987
At September 27 1987	4,420	4,532
Government grants for period	<u>339</u>	<u>122</u>
	4,759	4,654
Released to profit in respect of current period	<u>(197)</u>	<u>(234)</u>
At September 25 1988	<u>4,562</u>	<u>4,420</u>

# Notes to the Financial Statements

## 22. Reserves

(£ thousands)	1988	1987
Revaluation reserve - Group and Company		
At September 27 1987	172,372	153,433
Surplus on valuation of land and buildings	-	18,939
Disposals	(1,228)	-
At September 25 1988	171,144	172,372

## 23. Historical Cost Information

(£ millions)	Gross historical cost	Accumulated depreciation	Net book value
(a) Tangible fixed assets at September 25 1988			
Land and buildings	111.9	25.3	86.6
Plant and machinery:			
Owned	318.7	101.2	217.5
Leased	13.3	1.9	11.4
Fixtures, fittings, tools and equipment:			
Owned	20.6	8.7	11.9
Leased	2.6	1.6	1.0
	467.1	138.7	328.4

(£ millions)	1988	1987
(b) Historical cost profit		
Historical cost operating profit	86.5	76.4
Interest on term loans	0.3	0.3
Historical cost profit on ordinary activities before taxation	86.2	76.1
Taxation	26.7	25.7
Historical cost profit on ordinary activities after taxation	59.5	50.4

The historical cost profit on ordinary activities before taxation is calculated without reference to depreciation on the revaluation proportion of tangible fixed assets.

## 24. Capital Expenditure Commitments

Projects authorised by the Directors of the Company but not yet contracted for amount to £47,823,000 (1987 £53,204,000) including £6,905,000 (1987 £11,822,000) for which contracts have already been committed, but not provided for in the accounts. The subsidiaries have no capital expenditure commitments.



## 25. Contingent Liabilities

(a) British Sugar plc has entered into guarantees in respect of its employee pension funds which are described in Note 27.

(b) Other contingent liabilities, which have arisen in the ordinary course of business, relate to uncompleted foreign exchange contracts and documentary credits amounting to £11,267,000 (1987 £3,491,000)

## 26. Post Balance Sheet Events

On November 4 1988, the company issued a further tranche of £75,000,000 of its 10¾% Debenture Stock 2013, the proceeds of which were lent on to Bristar Group plc.

## 27. Pension Commitments

The Company operates a self-administered defined benefit Occupational Pension Scheme for all full-time permanent employees who are aged 21 or over. The Scheme is established by a Trust Deed and is subject to the surveillance of a Committee consisting of management and representatives elected by the contributing members. The next triennial Actuarial Valuation will be undertaken in 1989.

## 28. Directors Declarable Interest

The following Directors have notified British Sugar plc of their declarable interest in S & W Berisford PLC:

	25.09.88		27.09.87 (or appointment date)	
<hr/>				
(a) Beneficial interest in Ordinary Shares				
T P J Dyke	2,240		2,240	
A G Taylor	3,616		3,616	
<hr/>				
(b) Beneficial interest in Ordinary Share Options	Executive share options	S.A.YE. options	Executive share options	S.A.YE. options
R J Bass	46,262	4,139	36,363	4,449
R B Begy	52,970		36,363	
M F Branch	48,004	3,682	36,363	2,151
P R Butler	100,666	4,065	59,463	4,065
M Desforges	61,188			
T P J Dyke	70,286		50,363	
P J Jackson	54,804			
A G Taylor	50,010	4,449	39,090	4,449

(i) The above interests are in the ordinary share capital of S & W Berisford PLC. No director had any interest in the 10¾% Debenture stock 2013 or the 9¾% Guaranteed Debenture 1991/96.

(ii) The above options were mainly granted under the S & W Berisford PLC Executive Share Option Scheme at prices of £2.29 to £3.49 and are exercisable at various times between July 1989 and August 1998. Those options which were granted with the SAYE scheme at prices of £1.61, £1.72 and £2.35 are exercisable at various times between June 1989 and May 1993.

(iii) Between September 25 1988 and December 16 1988 there have been no changes in the interests of the Directors in the shares of S & W Berisford PLC.

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

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

## Ten Year Summary

(£ thousands)	1988	1987	1986
<b>Turnover and Profits</b>			
Turnover	629,816	619,201	595,572
Profit before items below (a)	83,759	75,267	60,972
Interest – term loans	253	291	320
– finance leases	814	464	739
– operating	532	2,408	3,143
Profit on ordinary activities before tax	82,160	72,104	57,138
Tax	26,701	25,700	11,709
Profit on ordinary activities after tax	55,459	46,404	45,430
Extraordinary charge	–	–	–
Dividends	35,602	30,150	239,400
Retained profits	19,857	16,254	(194,064)
<b>Capital employed</b>			
Subscribed capital	30,000	30,000	30,000
Revaluation reserve	171,144	172,372	153,433
Retained profits	80,781	60,924	44,670
Deferred income	4,562	4,420	4,532
Term loans net (d)	212,515	212,815	213,115
Finance lease obligations	3,607	5,402	7,776
	502,609	485,933	453,526
<b>Represented by</b>			
Fixed assets	473,954	449,704	420,468
Net current assets	28,655	36,229	33,058
	502,609	485,933	453,526
<b>Earnings and Dividends</b>			
Return on capital employed (b)	16.8%	15.5%	13.0%
Earnings per ordinary share	92.4p	77.3p	75.6p
Dividends per ordinary share (c)	59.34p	50.25p	390.0p

(a) For 1980 and subsequent years, the "profit before items below" is stated after charging depreciation on revalued assets.

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

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

(d) Term loans for 1988 excludes the Debenture Stock 2013 issued during the year as this is offset by an equivalent term loan to S & W Berisford PLC.

1985	1984	1983	1982	1981	1980	1979
637,712	617,245	594,667	523,742	488,500	439,380	381,031
62,372	70,474	76,947	77,957	64,930	49,335	39,079
349	380	2,428	6,889	7,064	7,685	-
76	8	28	44	33	-	-
8,383	8,346	10,302	6,378	6,678	7,483	3,114
53,564	61,740	64,189	64,646	51,155	34,167	31,510
7,082	8,314	13,078	2,095	6,477	3,969	1,980
46,482	53,426	51,111	62,551	44,678	30,198	29,536
-	(123)	421	83	13,717	-	-
31,500	31,800	32,400	34,444	15,000	9,240	4,620
14,982	21,749	18,290	28,024	15,961	20,958	24,916
30,000	30,000	30,000	30,000	30,000	30,000	30,000
151,984	140,314	133,775	129,265	120,612	77,409	-
238,734	223,752	202,003	183,713	155,680	139,138	118,770
4,836	3,606	2,246	2,096	2,094	2,103	1,869
3,300	3,600	3,900	45,867	47,833	49,800	30,600
9,483	7,390	196	434	616	-	-
438,337	408,662	372,120	391,375	356,844	299,040	181,239
402,479	381,002	355,609	361,959	301,490	248,929	149,161
35,858	27,660	16,511	29,416	55,354	50,111	32,078
438,337	408,662	372,120	391,375	356,844	299,040	181,239
12.8%	15.9%	17.5%	19.1%	17.8%	17.4%	21.4%
77.5p	89.0p	85.2p	104.3p	74.5p	50.3p	49.2p
52.5p	53.0p	54.0p	57.4p	25.0p	15.4p	7.7p

## Additional Financial Information

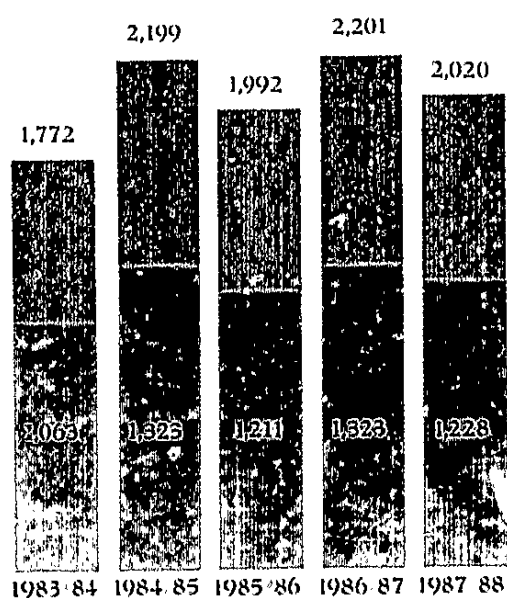
### Production

Despite sugar contents for the 1987/88 campaign being less than in previous years, the factories operated at high extraction rates and cost efficiency. A total of 1.228 million tonnes of sugar were produced, this being the tenth consecutive year when over 1 million tonnes of sugar have been produced.

### Sales

Sales increased to £630 million. Yet again the company succeeded in selling its total quota in the home market. With the volume constraint set by the quota, this still meant a marginal reduction in share. Trident Feeds sold all production within the year, with increased demand for inclusion in silage offsetting an overall contraction in the animal feed market.

Production 000 Tonnes



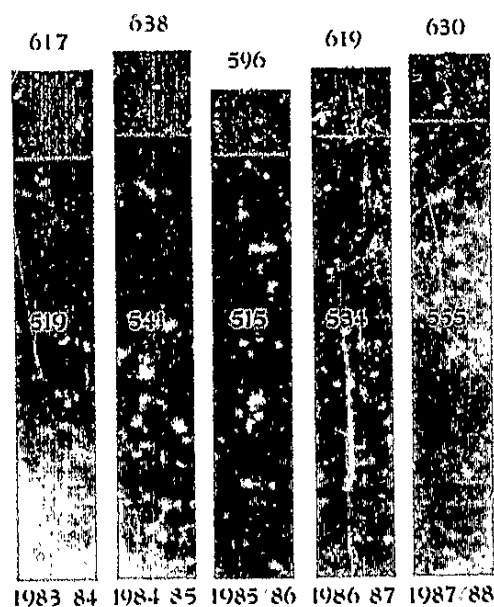
Sugar

Animal Feed

Other



Total Sales Value £ Million



Sugar

Animal Feed

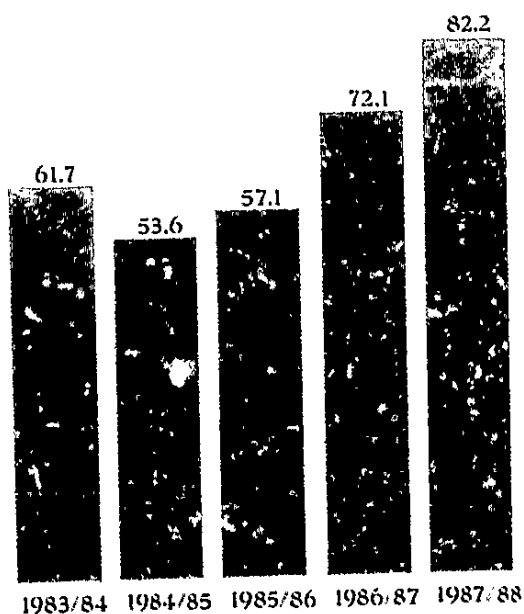
Other



### Historic Cost Profits

The historic cost profit of £82.2 million was 14% higher than the previous year. The increase in profit reflects higher selling prices for sugar and significant cost savings through further efficiencies. This profit increase was despite the lower crop with resulting lower levels of sales.

Historic Cost Profit\* Before Tax  
£ Million

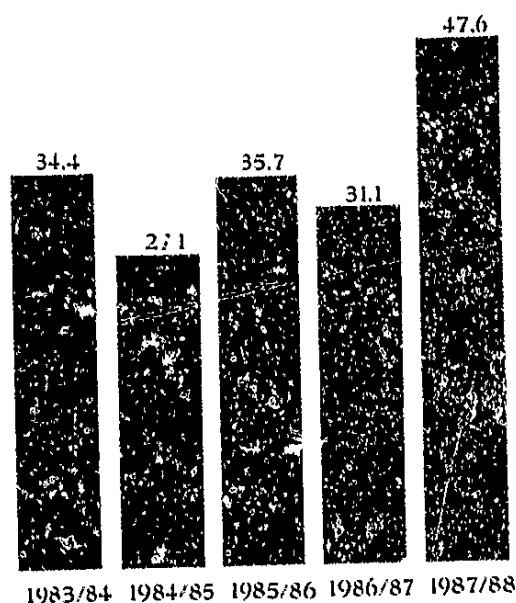


\*on ordinary activities

### Investment

Capital expenditure during the year was £47.6 million. This high level of investment is continuing in order to improve factory efficiency and reduce the impact of cost increases. Projects already authorised by the directors for future years amount to £47.8 million.

Capital Investment  
£ Million



## Additional Financial Information

### What Happens to Profit and Who Benefits?

