



BRITISH SUGAR

315158

**FINANCIAL STATEMENTS**

**PERIOD ENDED 15 SEPTEMBER 2001**



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**BRITISH SUGAR plc**

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# **BRITISH SUGAR plc**

## **BOARD OF DIRECTORS**

### *Chairman*

H W Bailey \*

### *Managing Director and Chief Executive*

K C Field

### *Directors*

H J Davenport

J W Sutcliffe

T Strain

(resigned on 1 November 2001)

G H Weston \*

(resigned on 15 December 2000)

P J Jackson \*

### *Secretary*

R S Schofield

\* Also Directors of Associated British Foods plc

Registered Office: Weston Centre, Bowater House, 68 Knightsbridge,  
London, SW1X 7LQ

Head Office: Oundle Road, Peterborough, PE2 9QU

# BRITISH SUGAR plc

## Directors' Report

The directors present their annual report and the audited financial statements for the 52 week period ended 15 September 2001.

### 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 profit and loss account for the period is set out on page 7. Both the level of business and the period end position remain satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

### 3 Dividends

On 29 August 2001 the company paid an interim dividend of £125 million (2000: £90 million). During the year the company paid dividends on the preference shares totalling £6.4 million.

### 4 Directors

The directors at 15 September 2001, 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.

H W Bailey and P J Jackson retire by rotation and being eligible offer themselves for re-election at the Annual General Meeting.

### Directors' Declarable Interests

H W Bailey and P J Jackson, being directors of the parent company, Associated British Foods plc, are not required to notify the company of their interests in the ordinary share capital of Associated British Foods plc. J W Sutcliffe notified interests in 4,000 ordinary shares of 5 <sup>15</sup>/<sub>22</sub>p each in Associated British Foods plc both at the end and at the beginning of the period. K C Field notified interests in 787 ordinary shares of 5 <sup>15</sup>/<sub>22</sub>p each in Associated British Foods plc at both the end and at the beginning of the period. No other director has an interest in the ordinary share capital of Associated British Foods plc and no directors have any interests in the debenture stock of British Sugar plc.

The following directors had outstanding options to acquire ordinary shares of 5 <sup>15</sup>/<sub>22</sub>p each in Associated British Foods plc.

		<u>Number at</u> <u>end of period</u>	<u>Number at</u> <u>beginning</u> <u>of period</u>	<u>Exercise</u> <u>Price</u>	<u>Date from</u> <u>which</u> <u>exercisable</u>	<u>Expiry</u> <u>date</u>
H J Davenport	(i)	50,000	50,000	561.5p	28 April 2003	27 April 2008
	(ii)	30,000	Nil	484.0p	17 January 2004	16 January 2011
K C Field	(i)	30,000	30,000	561.5p	28 April 2003	27 April 2008
	(ii)	45,000	Nil	484.0p	17 January 2004	16 January 2011
J W Sutcliffe	(i)	40,000	40,000	561.5p	28 April 2003	27 April 2008
	(ii)	40,000	Nil	484.0p	17 January 2004	16 January 2011
T Strain		15,000	15,000	561.5p	28 April 2003	27 April 2008

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

## **BRITISH SUGAR plc**

### **5 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 is set out in its financial statements.

### **6 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.

### **7 Research and Development**

The company continued its expenditure on research and development and during the period this amounted to £5.6 million (2000: £6.8 million). It is anticipated that this level of expenditure will continue.

### **8 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.

### **9 Charitable Donations and Political Contributions**

Donations to UK charities are funded through the British Sugar Foundation, a charitable organisation funded and managed by British Sugar plc. The Foundation has particular interests in projects in the areas of health and healthcare, education, environment and enterprise, with employee inspired community projects receiving special attention. The Foundation matches employees' efforts pound for pound. Donations amounted to £0.1 million (2000: £0.1 million).

No political contributions were made (2000: NIL).

### **10 Employment Policies**

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

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

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

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

## **BRITISH SUGAR plc**

### **11 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 outstanding trade creditors at the balance sheet date, as a proportion of the invoices received from suppliers during the year, represent 32 days purchases (2000: 17.1 days).

### **12 Increase in Authorised Share Capital**

On 19 September 2000 the authorised share capital of the company was increased to £165 million by the creation of 85 million new non-cumulative redeemable preference shares of £1 each.

By Order of the Board



R S Schofield  
*Secretary*

29 October 2001

## **BRITISH SUGAR plc**

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

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

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They safeguard the assets of the company and have general responsibility for taking such steps as are reasonably open to them to prevent and detect fraud and other irregularities.

# BRITISH SUGAR plc

## Auditor's Report

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

We have audited the financial statements on pages 7 to 23.

#### *Respective responsibilities of directors and auditor*

The directors are responsible for preparing the directors' report and, as described on page 5, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you, if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.


#### *Basis of opinion*

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

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

#### *Opinion*

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 15 September 2001 and of its profit for the 52 week period then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
London



# BRITISH SUGAR plc

## Profit and Loss Account (£ millions)

Notes	52 week period to <u>15 September 2001</u>	52 week period to <u>16 September 2000</u>
4 Turnover	688.4	690.7
Cost of sales	(459.7)	(493.1)
	<hr/>	<hr/>
Gross Profit	228.7	197.6
Distribution costs	(53.5)	(55.0)
Administrative expenses	(28.5)	(32.2)
Other operating income	(1.0)	4.0
	<hr/>	<hr/>
Operating Profit	145.7	114.4
Profit on sale of property	1.3	-
5 Interest receivable and income from other Fixed Asset investments	1.7	2.4
6 Interest payable and similar charges	(16.7)	(18.3)
	<hr/>	<hr/>
7 Profit on Ordinary Activities before Taxation	132.0	98.5
10 Taxation on Profit on Ordinary Activities	(40.0)	(37.3)
	<hr/>	<hr/>
Profit on Ordinary Activities after Taxation	92.0	61.2
11 Dividends	(131.4)	(90.0)
	<hr/>	<hr/>
24 Retained loss for the financial period	(39.4)	(28.8)
	<hr/>	<hr/>

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

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

The company has made no acquisitions or discontinued any operations, within the meaning of Financial Reporting Standard 3, during either 2001 or 2000. Turnover and profit on ordinary activities, therefore, derive entirely from continuing operations.

The notes on pages 10 to 23 form part of these financial statements.

## BRITISH SUGAR plc

### Note of Historical Cost Profits and Losses (£ millions)

	52 week period to <u>15 September 2001</u>	52 week period to <u>16 September 2000</u>
Reported profit on ordinary activities before taxation	132.0	98.5
Realisation of property revaluation gains of previous periods	-	-
Property revaluations charged in the period	-	-
Difference between the historical cost depreciation charge and the actual depreciation charge of the period calculated on the revalued amount	0.4	27.1
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	132.4	125.6
	<hr/>	<hr/>
Historical cost loss for the period retained after taxation and dividends	(38.8)	(1.7)
	<hr/>	<hr/>

# BRITISH SUGAR plc

## Balance Sheet

(£ millions)

Notes	15 September 2001	16 September 2000
<b>Fixed Assets</b>		
12 Tangible assets	408.9	400.9
13 Investments	3.2	3.2
	<u>412.1</u>	<u>404.1</u>
<b>Current Assets</b>		
14 Stocks	81.9	100.1
15 Debtors	268.5	190.5
Cash at bank and in hand	4.4	26.4
	<u>354.8</u>	<u>316.6</u>
16 Creditors: amounts falling due within one year	(112.7)	(121.5)
<b>Net Current Assets</b>	<u>242.1</u>	<u>195.1</u>
<b>Total Assets less Current Liabilities</b>	<u>654.2</u>	<u>599.6</u>
17 Creditors: amounts falling due after more than one year	(154.4)	(160.8)
18 Provisions for liabilities and charges	(12.6)	(37.2)
	<u>(167.0)</u>	<u>(198.0)</u>
<b>Net Assets</b>	<u>487.2</u>	<u>401.6</u>
<b>Capital and Reserves</b>		
22 Ordinary share capital	80.0	30.0
22 Preference share capital	75.0	-
23 Revaluation reserve	75.2	75.6
23 Profit and loss account	257.0	296.0
	<u>487.2</u>	<u>401.6</u>
24 Shareholders' Funds	<u>487.2</u>	<u>401.6</u>
<b>Total capital and reserves analysed between:</b>		
Equity	412.2	401.6
Non-equity	75.0	-
	<u>487.2</u>	<u>401.6</u>

The notes on pages 10 to 23 form part of these financial statements.

These financial statements were approved by the Board of Directors on 29 October 2001 and were signed on its behalf by:



**K C Field**  
Director

# **BRITISH SUGAR plc**

## **Notes to the Financial Statements**

### **1 Accounting Reference Date**

The accounting reference date is the Saturday nearest to 15 September. Accordingly these financial statements have been prepared for the 52 week period ended 15 September 2001.

### **2 Group Accounts**

The company is not required to prepare group accounts in accordance with s.228 of the Companies Act 1985 as it is a wholly owned subsidiary of ABF Investments plc, a company incorporated in Great Britain and registered in England, therefore information contained within these financial statements relates to the company as an individual undertaking and not as a group.

### **3 Accounting Policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below:

#### **Basis of Accounting**

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

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

#### **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 $\frac{1}{3}$ %
Motor vehicles	20%

#### **Investments**

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

#### **Deferred Income**

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

#### **Leases**

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

## **BRITISH SUGAR plc**

### **Notes to the Financial Statements 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 normal activity levels. |
| New crop expenditure     | - | All expenditure relating to the 2001 / 02 crop is carried forward to the next financial period as production work-in-progress at actual cost.                                              |

#### **Turnover**

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

#### **Other Operating Income**

The net income generated from Combined Heat and Power plants is included in other operating income.

#### **Deferred Taxation**

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

#### **Research and Development**

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

#### **Pension Costs**

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

#### **Foreign Currencies**

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

#### **Financial Instruments**

The company uses forward foreign exchange contracts to manage exposures to fluctuations in exchange rates. This contract rate is used to determine the book value of the asset or liability.

# BRITISH SUGAR plc

## Notes to the Financial Statements continued ...

### 4 Segmental Information (£ millions)

	52 week period to <u>15 September 2001</u>	52 week period to <u>16 September 2000</u>
<b>Turnover by class of business:</b>		
Sugar	611.5	613.9
Animal feeds	76.9	76.8
	<hr/> 688.4	<hr/> 690.7
	52 week period to <u>15 September 2001</u>	52 week period to <u>16 September 2000</u>
<b>Turnover by geographic destination:</b>		
United Kingdom	681.4	677.7
Other EU Countries	7.0	12.0
Non EU Countries	-	1.0
	<hr/> 688.4	<hr/> 690.7

All turnover originates within the UK.

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

### 5 Interest receivable and income from other Fixed Asset investments (£ millions)

	52 week period to <u>15 September 2001</u>	52 week period to <u>16 September 2000</u>
Interest on advances	0.9	1.1
Interest on bank deposits	0.2	0.7
Income from fixed asset investments	0.6	0.6
	<hr/> 1.7	<hr/> 2.4

### 6 Interest Payable and Similar Charges (£ millions)

	52 week period to <u>15 September 2001</u>	52 week period to <u>16 September 2000</u>
Amounts payable on:		
10 3/4% Debenture stock	16.0	16.0
Bank overdrafts	0.1	1.8
Other	0.6	0.5
	<hr/> 16.7	<hr/> 18.3

# BRITISH SUGAR plc

## Notes to the Financial Statements continued ...

### 7 Profit on Ordinary Activities before Taxation (£ millions)

	52 week period to <u>15 September 2001</u>	52 week period to <u>16 September 2000</u>
Profit on ordinary activities before taxation is stated after (crediting) / charging:		
Hire of land and buildings under operating leases	4.0	3.9
Hire of plant and machinery under operating leases	2.1	0.4
Depreciation on owned tangible assets	29.6	68.9
Depreciation on tangible assets held under finance leases	-	0.3
Research and Development expenditure	5.6	6.8
Net EU production/marketing levies	20.4	28.2
Auditor's remuneration, including expenses:		
- for audit services	0.2	0.2
- for other services	-	0.1
Government grants released	(0.1)	(0.1)
	<hr/>	<hr/>

### 8 Directors' emoluments (£ millions)

	52 week period to <u>15 September 2001</u>	52 week period to <u>16 September 2000</u>
Directors' emoluments excluding pension scheme contributions	0.6	0.6
Pension scheme contributions	0.1	0.1
	<hr/>	<hr/>
	0.7	0.7
	<hr/>	<hr/>

The emoluments of the highest paid director, excluding pension scheme contributions, were £209,681 (2000: £180,357). He is a member of a defined benefit pension scheme, under which his accrued pension at the year end was £85,929 (2000: £73,156 ).

Each of the directors with the exception of H W Bailey and G H Weston, are members of the British Sugar Pension Fund, which is a defined benefit pension scheme.

### 9 Employees (£ millions)

	52 week period to <u>15 September 2001</u>	52 week period to <u>16 September 2000</u>
Staff costs during the period:		
Wages and salaries	54.4	51.8
Social security costs	4.4	4.4
Other pension costs	2.7	2.4
	<hr/>	<hr/>
	61.5	58.6
	<hr/>	<hr/>

The average monthly number of employees, including directors, of the company during the period was 1,806 (2000: 1,953). In the opinion of the directors all employees fall into a single category.

# BRITISH SUGAR plc

## Notes to the Financial Statements continued ...

### 10 Taxation (£ millions)

	52 week period to 15 September 2001	52 week period to 16 September 2000
The tax charge for the period comprises:		
UK corporation tax at 30% (2000: 30%)	39.8	40.2
Amounts under-provided in prior periods	0.2	(2.9)
	<hr/> 40.0	<hr/> 37.3

### 11 Dividends

An interim dividend of 78.125p per share (2000: 150p) was paid on 29 August 2001. This amounted to a total payment of £125 million (2000: £90 million).

Quarterly dividend payments totalling £6.4 million (2000: NIL) were paid in respect of the preference shares.

### 12 Tangible Fixed Assets

(£ millions)	Freehold land and buildings	Plant & machinery	Fixtures, fittings tools & equipment Owned	Total
<b>Cost or valuation</b>				
At 16 September 2000	269.6	503.3	40.7	813.6
Additions	4.6	37.9	1.1	43.6
Disposals	(3.7)	(61.7)	(5.5)	(70.9)
Re-classifications	0.1	(0.4)	0.3	-
<b>At 15 September 2001</b>	<hr/> 270.6	<hr/> 479.1	<hr/> 36.6	<hr/> 786.3
<b>Depreciation</b>				
At 16 September 2000	93.5	286.4	32.8	412.7
Charge for period	4.0	23.0	2.6	29.6
Disposals	0.5	(60.5)	(4.9)	(64.9)
<b>At 15 September 2001</b>	<hr/> 98.0	<hr/> 248.9	<hr/> 30.5	<hr/> 377.4
<b>Net book value</b>				
<b>At 15 September 2001</b>	<hr/> 172.6	<hr/> 230.2	<hr/> 6.1	<hr/> 408.9
At 16 September 2000	<hr/> 176.1	<hr/> 216.9	<hr/> 7.9	<hr/> 400.9
<b>Cost or valuation</b>				
<b>At 15 September 2001</b>				
is represented by				
Valuation	207.6	-	-	207.6
Cost	63.0	479.1	36.6	578.7
	<hr/> 270.6	<hr/> 479.1	<hr/> 36.6	<hr/> 786.3



# BRITISH SUGAR plc

## Notes to the Financial Statements continued ...

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

Included in fixed assets are sites held for disposal which at 15 September 2001, have been valued by the directors at £15 million on an open market valuation basis. At 15 September 2001, the value of freehold land and buildings included £214.5 million (2000: £221.2 million) of depreciable assets.

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

	15 September 2001	16 September 2000
Historical cost	151.2	148.7
Depreciation based on cost	(53.7)	(48.2)
Net book value	97.5	100.5

### 13 Fixed asset investments (£ millions)

	15 September 2001	16 September 2000
Unlisted subsidiary undertakings	0.3	0.3
Fixed asset investments	2.9	2.9
	3.2	3.2

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
British Sugar Pension Trustees	Great Britain	Dormant	100% Ord.Shares
Crystal Fund Management Ltd	Great Britain	Dormant	100% Ord.Shares
Wereham Gravel Co Ltd	Great Britain	Land Reclamation	100% Ord.Shares
C Czarnikow Sugar Ltd	Great Britain	Trading	42.5% Ord.Shares

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

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

# BRITISH SUGAR plc

## Notes to the Financial Statements continued ...

### 14 Stocks (£ millions)

	<u>15 September 2001</u>	<u>16 September 2000</u>
Consumable stores	12.3	11.9
Sugar and other products	69.4	87.9
New crop expenditure	0.2	0.3
	<u>81.9</u>	<u>100.1</u>

### 15 Debtors (£ millions)

	<u>15 September 2001</u>	<u>16 September 2000</u>
Trade debtors	52.7	47.5
Amounts owed by group undertakings	209.4	132.3
Other debtors	4.6	9.9
Prepayments and accrued income	1.8	0.8
	<u>268.5</u>	<u>190.5</u>

Of the above £60.7 million of amounts owed by group undertakings is recoverable after more than one year (2000: £96.4 million).

### 16 Creditors: amounts falling due within one year (£ millions)

	<u>15 September 2001</u>	<u>16 September 2000</u>
Trade creditors	15.9	13.9
Mainstream corporation tax	24.6	40.9
Other creditors including tax and social security costs	0.8	2.3
Accruals and deferred income	71.4	64.4
	<u>112.7</u>	<u>121.5</u>

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

	<u>15 September 2001</u>	<u>16 September 2000</u>
Debenture stock (Note 19)	150.0	150.0
Accruals and deferred income	4.4	10.8
	<u>154.4</u>	<u>160.8</u>

# BRITISH SUGAR plc

## Notes to the Financial Statements continued ...

### 18 Provisions for liabilities and charges (£ millions)

	<u>Regulatory, compliance and other provisions</u>
At 16 September 2000	37.2
Profit & loss account - charged	2.0
Utilised in period	(26.6)
	<hr/>
At 15 September 2001	12.6
	<hr/>

### Deferred Taxation (£ millions)

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

	<u>15 September 2001</u>	<u>16 September 2000</u>
Liability deferred by accelerated capital allowances	57.6	60.0
The effect of other timing differences available for future tax relief	(2.3)	(1.3)
	<hr/>	<hr/>
	55.3	58.7
	<hr/>	<hr/>

There is a maximum potential corporation tax liability subject to indexation allowance on the capital gains in respect of the revalued land and buildings amounting to £29.8 million (2000: £26.7 million).

The deferred tax liability has been calculated using the current rate of UK corporation tax of 30% (2000: 30%).

### 19 Debenture Stock (£ millions)

	<u>15 September 2001</u>	<u>16 September 2000</u>
10¾% redeemable debenture stock 2013	150.0	150.0
	<hr/>	<hr/>

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:

	<u>15 September 2001</u>	<u>16 September 2000</u>
In five years or more	150.0	150.0
	<hr/>	<hr/>

# BRITISH SUGAR plc

## Notes to the Financial Statements continued ...

### 20 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.

##### Financial Liabilities

Other than short term creditors, the only material financial liability held is the redeemable debenture stock (see note 19).

#### Borrowing facilities

At 15 September 2001, the company had the following undrawn committed borrowing facilities, of which all conditions precedent had been met:

Expiring in more than two years	<u>4</u>
---------------------------------	----------

#### Currency exposure

The table below shows an analysis as at 15 September 2001 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
Net foreign currency monetary assets / (liabilities)	
Euro	4.5
	<u><u>          </u></u>

#### Fair values

There are no differences between current and book values of financial instruments at 15 September 2001 other than those listed below:

	<u>Net Book Value</u>	<u>Estimated Fair Value</u>
Primary financial instruments		
Long term debt (see note 19)	150.0	201.0

The estimated fair value of the long term debt is based on quoted market prices where available.

# BRITISH SUGAR plc

## Notes to the Financial Statements continued ...

### Hedges

The company enters into forward currency contracts to eliminate the currency exposures that arise on foreign currency sales and purchases. Changes in the fair value of instruments used as hedges are not recognised in the financial statements until the hedged position matures. An analysis of these unrecognised gains and losses is as follows:

	<u>Gains / (losses)</u>
At 16 September 2000	(0.4)
Realised in the period	0.4
Arising in the period	(0.1)
	<hr/>
At 15 September 2001	(0.1)
	<hr/>
Expected to be recognised	
Within one year or less	(0.1)
In more than one year	-

### 21 Operating Leases (£ millions)

	<u>15 September 2001</u>	<u>16 September 2000</u>
Payments to which the company is committed in the following year are as follows:		
Leases expiring:		
Within one year		
- land & buildings	2.8	3.9
- other	0.1	0.1
Between two and five years		
- land and buildings	-	-
- other	0.2	0.3
	<hr/>	<hr/>
	3.1	4.3
	<hr/>	<hr/>

### 22 Called up Share Capital (£ millions)

		<u>15 September 2001</u>		<u>16 September 2000</u>
	<u>Number</u>	<u>£millions</u>	<u>Number</u>	<u>£millions</u>
<b>Authorised</b>				
Ordinary shares of 50p each	160,000,000	80.0	60,000,000	30.0
Non cumulative redeemable Preference share of £1 each	85,000,000	85.0	-	-
		<hr/>		<hr/>
		165.0		30.0
		<hr/>		<hr/>
<b>Allotted, called up and fully paid</b>				
Ordinary shares of 50p each	160,000,000	80.0	60,000,000	30.0
Non cumulative redeemable Preference share of £1 each	75,000,000	75.0	-	-
		<hr/>		<hr/>
		155.0		30.0
		<hr/>		<hr/>

# BRITISH SUGAR plc

## Notes to the Financial Statements continued ...

On 19 September 2000 the authorised share capital of the Company was increased to £165 million by the creation of a further 100 million ordinary shares of 50p each and the creation of 85 million new non-cumulative redeemable preference shares of £1 each. 100 million ordinary shares of 50p each and 75 million non-cumulative redeemable preference shares of £1 each were allotted and fully paid on 19 September 2000.

The preference shares may be redeemed by the Company or shareholders giving not less than 5 days notice at any time until the final redemption date of 10 September 2005 when any remaining shares will be redeemed. The holders of preference shares are entitled to dividends at the rate of 3% per annum above LIBOR although voting rights are limited to matters affecting the rights attaching to preference shares.

In the event of a winding up of the holders of the redeemable preference shares shall be entitled, in priority to the holders of any other class of shares, to the repayment of amounts paid up together with any accrued dividends.

### 23 Reserves (£ millions)

	<u>Revaluation Reserve</u>	<u>Profit and Loss Account</u>
At beginning of period	75.6	296.0
Retained loss for the financial period	-	(39.4)
Movement in Reserves (i)	(0.4)	0.4
<b>At end of period</b>	<b><u>75.2</u></b>	<b><u>257.0</u></b>

- (i) A release from reserves has been made in respect of the annual depreciation on and disposal of revalued assets, and other transfers.
- (ii) Deferred taxation has not been provided on the revaluation surplus. Details of the maximum potential liability are set out in note 18.

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

	<u>15 September 2001</u>	<u>16 September 2000</u>
<b>Profit for the financial period</b>	<b>92.0</b>	<b>61.2</b>
Equity dividends	(125.0)	(90.0)
Non-equity dividends	(6.4)	-
<b>Retained loss for the financial period</b>	<b>(39.4)</b>	<b>(28.8)</b>
Increase in share capital	125.0	-
Opening shareholders' funds	401.6	430.4
<b>Closing shareholders' funds</b>	<b><u>487.2</u></b>	<b><u>401.6</u></b>

### 25 Commitments

#### Capital Expenditure

Projects authorised and contracted for amount to £13.2 million (2000: £2.2 million).

#### Other

Other commitments, which have arisen in the ordinary course of business, relate to outstanding foreign exchange contracts amounting to £15.1 million (2000: £8.1 million).

# BRITISH SUGAR plc

## Notes to the Financial Statements continued ...

### 26 Contingent Liabilities (£ millions)

The Company has entered into guarantees in respect of its employee pension funds. Pension details are disclosed in Note 27.

	<u>15 September 2001</u>	<u>16 September 2000</u>
Trading Guarantees	4.7	4.7

No security has been given against these contingent liabilities.

### 27 Pension Commitments

The Group has continued to account for pensions in accordance with SSAP 24 and the disclosures given in (a) are those required by that standard. FRS 17 Retirement Benefits was issued in November 2000 but will not be mandatory for the company until the year ending 13 September 2003. Prior to this, phased transitional disclosures are required and are set out in (b).

#### (a) British Sugar pension scheme

The pension cost charge for the year was £2.5 million (2000: £2.5 million). The pension costs are assessed in accordance with the advice of independent qualified actuaries using the projected unit method. The last actuarial valuation of the British Sugar Pension Scheme was carried out as at 1 October 1998. This valuation used a traditional actuarial approach in which it was assumed that the investment return would exceed price inflation by 4% per annum, that salary increases would exceed price inflation by 2% per annum and that increases in dividends would lag price inflation by 0.5% per annum.

At the valuation date the total market value of the schemes assets was £370.1 million and the value of these assets for actuarial valuation purposes represented 111% of the benefits that had accrued to members after allowing for expected future increases in earnings.

#### (b) FRS 17 Retirement Benefits

For the purposes of FRS 17 disclosures, the most recent actuarial valuations referred to above have been updated to 15 September 2001 by an independent qualified actuary.

The financial assumptions used to calculate scheme liabilities under FRS 17 are:

	UK %
Rate of general increase in salaries	4.5
Rate of increase in pensions in payment	2.5
Rate of increase of deferred pensions	2.5
Discount rate of scheme liabilities	6.0
Inflation	2.5

# BRITISH SUGAR plc

## Notes to the Financial Statements continued ...

The expected rates of return and market values of the assets of the principal funds at 15 September 2001 were as follows:

	Expected Long term rate of return %	UK Market Value  £million
<b>Fund assets</b>		
Equities	7.25	384
Government Bonds	5.00	66
Non-government Bonds	6.00	-
Property	6.50	10
Other	5.00	14
		<hr/> 474
Present value of scheme liabilities		(414)
		<hr/>
Surplus in the scheme		60
Deferred tax		(18)
		<hr/>
Net pension asset		42
		<hr/>

### 28 Related Party Transactions

The company, being a 100 per cent subsidiary of ABF Investments plc, has taken advantage of the Financial Reporting Standard 8 exemption not to disclose related party transactions with 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:

	Sub Notes	2001 £million
Sales to associated undertakings on normal trading terms	(i)	48.3
Dividends received from associated undertakings	(i)	0.6
Amounts due from associated undertakings	(i)	5.1
Subscriptions to the Sugar Bureau	(ii)	0.6

### Sub Notes

- (i) Details of the principal associated undertaking, C Czarnikow, are given in note 13 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 nine members, of whom four are directors or senior management of British Sugar plc.



## **BRITISH SUGAR plc**

### **Notes to the Financial Statements continued ...**

#### **29 Holding Company**

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

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