NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation

Description of business

Tate & Lyle PLC (the Company) is a public limited company incorporated and domiciled in the United Kingdom. The Company's ordinary shares are listed on the London Stock Exchange.

The Company, its subsidiaries and proportionately consolidated joint ventures (together 'the Group') provides ingredients and solutions to the food, beverage and other industries. The Group operates from more than 30 production facilities around the world.

The Group's continuing operations comprise two operating segments: Speciality Food Ingredients and Bulk Ingredients. Segment information is presented in Note 4.

Accounting period

The Group's annual financial statements are drawn up to 31 March. These financial statements cover the year ended 31 March 2014 with comparative amounts for the year ended 31 March 2013.

Basis of accounting

The consolidated financial statements on pages 77 to 133 have been prepared on the going concern basis in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and those parts of the Companies Act 2006 that are applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, modified in respect of the revaluation to fair value of available-for-sale financial assets, derivative financial instruments, assets classified as held for sale and assets held by defined benefit pension plans.

The Group's principal accounting policies are set out in Note 2.

Company financial statements

The Company has not adopted IFRS and prepares its separate financial statements in accordance with applicable law and UK Accounting Standards (UK GAAP). The Company's separate financial statements are set out on pages 135 to 140.

Going concern

For the reasons set out on page 28, the Directors have adopted the going concern basis in preparing the Company's and the Group's financial statements.

Discontinued operations

In the Group's financial statements, the results, assets and liabilities and cash flows of discontinued operations are presented separately from those of continuing operations. An operation is classified as discontinued if it is a component of the Group that: (i) has been disposed of, or meets the criteria to be classified as held for sale; and (ii) represents a separate major line of business or geographic area of operations or will be disposed of as part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can assess at the measurement date
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability either directly or indirectly
- Level 3 inputs are unobservable inputs for the asset or liability.

Use of adjusted measures

Tate & Lyle presents adjusted performance measures including adjusted operating profit, adjusted profit before tax and adjusted earnings per share that are used for internal performance analysis and incentive compensation arrangements for employees and are presented because they provide investors with valuable additional information about the performance of the business. For the periods presented, adjusted performance measures exclude, where relevant, exceptional items, the amortisation of acquired intangible assets, net retirement benefit interest and tax on those adjustments. Adjusted performance measures reported by the Group are not defined terms under IFRS and may therefore not be comparable with similarly-titled measures reported by other companies. The Directors do not regard these measures as a substitute for, or superior to, the equivalent measures presented in accordance with IFRS.

Reconciliations of the adjusted performance measures to the most directly comparable measures presented in accordance with IFRS are presented in Note 42.

Accounting standards adopted during the year

At the beginning of the year, the Group adopted a number of new or revised accounting standards that are outlined below. With the exception of the changes arising from the adoption of IAS 19 (Revised 2011) 'Employee Benefits', the Group's principal accounting policies are unchanged compared with the year ended 31 March 2013.

IAS 19 (Revised 2011) 'Employee Benefits'

IAS 19 (Revised 2011) caused the Group to change the way it accounts for defined benefit pension and other retirement benefit plans. It had no impact on the Group's financial position but it changed the allocation of movements in the deficits or surpluses on the plans within and between profit or loss and other comprehensive income. Comparative amounts for 2013 have been restated on a consistent basis. An explanation and analysis of the effect of IAS 19 (Revised 2011) on the Group's results for the year and the prior year is presented in Note 43.

IFRS 13 Fair Value Measurement

IFRS 13 established a single source of guidance for measuring fair value and introduced consistent disclosures about fair value measurements. From the Group's perspective, IFRS 13 is relevant to the measurement of available-for-sale financial assets, derivative financial instruments, assets classified as held for sale and assets held by defined benefit pension plans, and in relation to impairment testing and in accounting for business combinations. IFRS 13 was adopted prospectively from 1 April 2013 so there was no change in any fair values determined in previous periods.

IAS 1 (Revised 2011) Presentation of Financial Statements

IAS 1 (Revised 2011) had no overall impact on the amount of other comprehensive income, but requires that items of other comprehensive income that may be reclassified to profit or loss are presented separately from those that will not be reclassified to profit or loss.

Other standards

At the beginning of the year, the Group adopted various minor improvements to accounting standards arising from the IASB's 2009 – 2011 review cycle and Amendments to IFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities*.

2 Principal accounting policies

Basis of consolidation

(a) Subsidiaries

A subsidiary is an entity controlled, either directly or indirectly, by the Company, where control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. Control generally exists where the Group owns a shareholding that gives it more than one half of the voting rights in the entity.

A non-controlling interest in a subsidiary represents the share of the net assets of the subsidiary that is attributable to the equity interest in the subsidiary that is not owned by the Group.

The Group's income and expenses, assets and liabilities and cash flows include those of each of its subsidiaries from the date on which the Company obtains control until such time as control is lost. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

(b) Joint ventures

A joint venture is a contractual arrangement under which the Group and other parties undertake an activity that is subject to joint control, whereby strategic financial and operating policy decisions require unanimous consent of the Group and the other parties. The Group's interests in jointly controlled entities are accounted for by proportionate consolidation, whereby the Group's share of the income and expenses, assets and liabilities and cash flows of those entities are combined on a line-by-line basis in the financial statements with those of the Company and its subsidiaries.

Intra-Group balances and unrealised profits or losses on transactions between the Group and joint ventures are normally eliminated to the extent of the Group's interest in the joint venture. Losses are, however, recognised in full where they represent a reduction in the net realisable value of a current asset or an impairment loss.

(c) Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in financial and operating policy decisions but not to control or jointly control them. Significant influence generally exists where the Group holds more than 20% and less than 50% of the shareholders' voting rights. Associates are accounted for under the equity method, whereby the Group's share of the profit or loss, other comprehensive income and net assets are shown on one line of the relevant primary financial statements.

Losses of an associate in excess of the Group's interest in the entity are not recognised, except to the extent that the Group has incurred obligations or made payments on behalf of the associate.

Unrealised profits or losses on transactions between the Group and its associates are normally eliminated to the extent of the Group's interest in the associate. Losses are, however, recognised in full where they represent a reduction in the net realisable value of a current asset or an impairment loss.

Business combinations

A business combination is a transaction or other event in which the Group obtains control over a business such that it becomes a subsidiary.

Business combinations are accounted for using the acquisition method.

Goodwill arising in a business combination represents the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquired business and, in a business combination achieved in stages, the fair value at the acquisition date of the Group's previously held equity interest, over the net total of the identifiable assets and liabilities of the acquired business at the acquisition date. Any shortfall is recognised immediately as a gain in the income statement.

Consideration transferred represents the sum of the fair values at the acquisition date of the assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control over the acquired business.

Acquisition-related costs are charged to the income statement in the period in which they are incurred.

Identifiable assets and liabilities of the acquired business are measured at their fair value at the acquisition date, except for certain items that are measured in accordance with the relevant Group accounting policy, including retirement benefit obligations and deferred tax assets and liabilities.

Any non-controlling interest in the acquired business is measured either at fair value or at the non-controlling interest's proportionate share of the identifiable assets and liabilities of the business.

Put options issued by the Group over non-controlling interests are initially recognised as a liability measured at fair value with a corresponding charge directly to equity. Subsequently, the liability is measured at amortised cost using the effective interest method and changes in its carrying amount are recognised in the income statement.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for within equity. Any gain or loss on loss of control is recognised in the income statement.

Foreign currency translation

At entity level, transactions in foreign currencies are translated into the entity's functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the period-end date. Currency translation differences arising at entity level are recognised in the income statement.

The consolidated financial statements are presented in pounds sterling which is the Company's functional currency.

On consolidation, the results of foreign operations are translated into pounds sterling at the average rate of exchange for the period and their assets and liabilities are translated into pounds sterling at the exchange rate ruling at the period-end date. Currency translation differences arising on consolidation are recognised in other comprehensive income and taken to the currency translation reserve.

In the event that a foreign operation is sold, the gain or loss on disposal recognised in the income statement is determined after taking into account the cumulative currency translation differences arising on consolidation of the operation subsequent to the adoption of IFRS.

In the cash flow statement, the cash flows of foreign operations are translated into pounds sterling at the average exchange rate for the period.

Revenue recognition

(a) Sales of goods and services

Sales comprise the amount receivable in the ordinary course of business, net of value added and sales taxes, for goods and services provided. It comprises the fair value of the consideration received or receivable for the sale of goods and services. Sales are recognised at the point or points at which the Group has performed its obligations in connection with the contractual terms of the sales agreement, primarily at the point of delivering to the customer, and in exchange obtains the right to consideration.

(b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate method.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

Exceptional items

Exceptional items comprise items of income and expense, including tax items, that are material in amount and unlikely to recur and which merit separate disclosure in order to provide an understanding of the Group's underlying financial performance. Examples of events giving rise to the disclosure of material items of income and expense as exceptional items include, but are not limited to, impairment events, significant business transformation activities, disposals of operations or significant individual assets, litigation claims by or against the Group and the restructuring of components of the Group's operations.

Borrowing costs

Borrowing costs directly arising from the purchase, construction or production of an asset are capitalised as part of the cost of that asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | CONTINUED

2 Principal accounting policies continued

Goodwill

Goodwill arising in a business combination is recognised as an intangible asset and is allocated to the cash-generating unit ('CGU') or group of CGUs that is expected to benefit from the synergies of the business combination.

Goodwill is not amortised but is tested for impairment annually and whenever there are events or changes in circumstances that indicate that its carrying amount may not be recoverable.

Goodwill is carried at cost less any recognised impairment losses.

Other intangible assets

Other intangible assets are stated at cost less accumulated amortisation and any recognised impairment losses. All intangible assets recognised by the Group have finite useful lives.

(a) Acquired in business combinations

An intangible resource acquired in a business combination is recognised as an intangible asset if it is separable from the acquired business or arises from contractual or legal rights. Acquired intangible assets, for example, patents and customer relationships, are amortised on a straight-line basis so as to charge their cost, which represents their fair value at the date of acquisition, over the periods of their expected benefit to the Group, which are in the range three to 15 years.

(b) Other intangibles

Other intangible assets mainly comprise certain product development expenditure, marketing-related intangibles, computer software costs and assets under construction relating to the common global IS/IT system.

Costs incurred on the development, design and testing of new or improved products are capitalised only when the technical and commercial feasibility of the product has been proven and prior to the product going into full production. Research and other development expenditures are charged to the income statement in the period in which they are incurred.

Other intangibles include marketing-related intangibles relating to the SPLENDA® Sucralose alliance with McNeil Nutritionals, LLC.

Other intangible assets are amortised on a straight-line basis so as to charge their cost over the periods of their expected benefit to the Group, which are in the range three to ten years.

Capitalised costs in respect of the global IS/IT system will be amortised once the system is deployed into the Group's businesses.

Property, plant and equipment

Land and buildings mainly comprise manufacturing sites and administrative facilities. Plant and machinery mainly comprises equipment used in the manufacturing and operating process. Assets under the course of construction comprise property, plant and equipment which is in the process of being completed and not ready for use.

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All repairs and maintenance expenditures are charged to the income statement during the period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of each asset to its residual value over its useful economic life as follows:

Freehold land	No depreciation
Freehold buildings	20 to 50 years
Leasehold property	Period of the lease
Bulk liquid storage tanks	12 to 20 years
Plant and machinery	3 to 28 years

Residual values and useful lives are reviewed at each period-end date and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the income statement.

Leased assets

Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets held under finance leases are capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The corresponding leasing commitments, net of finance charges, are included in liabilities.

Leasing payments are analysed between capital and interest components so that the interest element is charged to the income statement over the period of the lease at a constant periodic rate of interest on the remaining balance of the liability outstanding.

Depreciation on assets held under finance leases is charged to the income statement, and depreciated over the shorter of the lease term and its useful life. All other leases are treated as operating leases with annual rentals charged to the income statement, net of any incentives granted to the lessee, over the term of the lease with incentives recognised over the period of the lease at a constant periodic rate.

Impairment of non-financial assets

Goodwill, other intangible assets and property, plant and equipment are tested for impairment whenever events or circumstances indicate that their carrying amounts may not be recoverable. Additionally, goodwill is subject to an annual impairment test.

An asset is impaired to the extent that its carrying amount exceeds its recoverable amount. An asset's recoverable amount represents the higher of the asset's value in use and its fair value less costs to sell. An asset's value in use represents the present value of the future cash flows expected to be derived from continued use of the asset. Fair value less costs to sell is the amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount is determined for the CGU to which the asset belongs. An asset's CGU is the smallest group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill does not generate cash inflows independently of other assets and is, therefore, tested for impairment at the level of the CGU or group of CGUs to which it is allocated.

Value in use is based on estimates of pre-tax cash flows discounted at a pre-tax discount rate that reflects the risks specific to the CGU to which the asset belongs.

Where necessary, impairment of non-financial assets other than goodwill is recognised before goodwill is tested for impairment. When goodwill is tested for impairment and the carrying amount of the CGU or group of CGUs to which it is allocated exceeds its recoverable amount, the impairment is allocated first to reduce the carrying amount of the goodwill and then pro-rata to the other non-financial assets belonging to the CGU or group of CGUs on the basis of their respective carrying amounts.

Impairment losses are recognised in the income statement. Impairment losses recognised in previous periods for assets other than goodwill are reversed if there has been a change in the estimates used to determine the asset's recoverable amount, but only to the extent that the carrying amount of the asset does not exceed its carrying amount had no impairment been recognised in previous periods. Impairment losses recognised in respect of goodwill cannot be reversed.

2 Principal accounting policies continued

Inventories

Inventories are stated at the lower of cost and net realisable value with the exception of certain items of merchandisable agricultural commodities which are stated at market value, in line with regional industry accounting practices.

Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the 'first in/first out' or weighted average cost methods, appropriate to the materials and production processes involved. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Provisions are made for any slow moving, obsolete or defective inventories.

Financial instruments

(a) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement.

(b) Trade payables

Non-current and current trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

(c) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less and, for the purposes of the cash flow statement only, bank overdrafts where the legal right of offset exists.

(d) Available-for-sale financial assets

Equity instruments held by the Group and designated as available-for-sale are carried at fair value, with movements in fair value recognised in other comprehensive income.

Where fair value cannot be reliably measured, the assets are approximated at cost. Cumulative fair value gains or losses on an asset are recycled through the income statement when the asset is disposed or impaired. A significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. Impairments are recognised in the income statement.

(e) Borrowings

Borrowings are initially measured at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate method, whereby any difference between the proceeds (net of transaction costs) and the initial fair value is recognised in the income statement over the period of the borrowings. As explained under 'Hedge accounting' below, the carrying amount of a borrowing may be subject to adjustment where it is a hedged liability in a fair value hedge.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after period-end date.

Dividends on preference shares are recognised in the income statement as interest expense.

(f) Derivative financial instruments

The Group uses derivative financial instruments to reduce its exposure to commodity price, currency exchange rate and interest rate movements. The Group does not hold or issue derivatives for speculative purposes.

All derivative financial instruments held by the Group are recognised as assets or liabilities measured at their fair values at the period-end date. As explained under 'Hedge accounting' below, unless and to the extent that a derivative is in a designated and effective cash flow or net investment hedging relationship, fair value gains and losses on derivatives are recognised in the income statement.

Derivative financial instruments that are not in a designated hedging relationship are classified as held for trading.

(g) Embedded derivatives

Where an embedded derivative is not closely related to the host contract and where the host contract itself is not already recognised at fair value, movements in the fair value of the embedded derivative are separated from the associated transaction and, except where the embedded derivative is designated as a cash flow hedging instrument, recognised in the income statement.

(h) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Hedge accounting

For a hedging relationship to qualify for hedge accounting, it must be documented at inception together with the Group's risk management objective and strategy for initiating the hedge and it must both be expected to be highly effective in offsetting the changes in cash flows or fair value attributed to the hedged risk and actually be highly effective in doing so.

(a) Cash flow hedges

Hedging relationships are classified as cash flow hedges where the hedging instrument hedges exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability (such as interest payments on variable rate debt), a highly probable forecast transaction (such as commodity purchases) or the foreign currency risk in a firm commitment (such as the purchase of an item of equipment).

Where a hedging relationship is classified as a cash flow hedge, to the extent that the hedge is effective, changes in the fair value of the hedging instrument are recognised in other comprehensive income rather than in the income statement. When the hedged item affects the income statement, the cumulative fair value gain or loss recognised in other comprehensive income is transferred to the income statement. When a hedged firm commitment results in the recognition of a non-current asset, the initial carrying amount of the asset is adjusted for the cumulative fair value gain or loss.

If the hedging instrument expires or is sold, or if the hedging relationship no longer meets the conditions for hedge accounting, the cumulative fair value gain or loss remains in equity until the forecast transaction is recognised in the income statement. If a hedged forecast transaction is no longer expected to occur, the cumulative fair value gain or loss is immediately transferred to the income statement.

(b) Net investment hedges

A net investment hedge is the hedge of the currency exposure on the retranslation of the Group's net investment in a foreign operation.

Net investment hedges are accounted for similarly to cash flow hedges. Changes in the fair value of the hedging instrument are, to the extent that the hedge is effective, recognised in other comprehensive income.

In the event that the foreign operation is disposed of, the cumulative fair value gain or loss recognised in other comprehensive income is transferred to the income statement where it is included in the gain or loss on disposal of the foreign operation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | CONTINUED

2 Principal accounting policies continued

Hedge accounting

(c) Fair value hedges

Hedging relationships are classified as fair value hedges where the hedging instrument hedges the exposure to changes in the fair value of a recognised asset or liability that is attributable to a particular risk (such as the fair value of fixed rate debt).

Where the hedging relationship is classified as a fair value hedge, the carrying amount of the hedged asset or liability is adjusted by the change in its fair value attributable to the hedged risk and the resulting gain or loss is recognised in the income statement where, to the extent that the hedge is effective, it offsets the fair value gain or loss on the hedging instrument.

Provisions

A provision is a liability of uncertain timing or amount that is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is more likely than not that a payment will be required to settle the obligation and the amount can be estimated reliably.

Where the effect is material, the expected future payments are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of any discount is recognised in the income statement within finance expense.

Provision is made for restructuring costs when a detailed formal plan for the restructuring has been determined and the plan has been communicated to those affected by it. Gains from the expected disposal of assets are not taken into account in measuring restructuring provisions.

Provisions are not recognised for future operating losses.

Provisions are recognised for onerous contracts to the extent that the benefits expected to be derived from a contract are lower than the unavoidable cost to the Group of meeting its obligations under the contract.

Income taxes

Current tax is the amount of tax payable or recoverable in respect of the taxable profit or loss for the period. Taxable profit differs from accounting profit because it excludes income and expenses that are recognised in the period for accounting purposes but are either not taxable or not deductible for tax purposes or are taxable or deductible in earlier or subsequent periods. Current tax is calculated using tax rates that have been enacted or substantively enacted at the period-end date.

Deferred tax is tax expected to be payable or recoverable on temporary differences between the carrying amount of an asset or liability in the financial statements and its tax base used in the computation of taxable profit. Deferred tax is accounted for using the liability method, whereby deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available in the foreseeable future against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction other than a business combination that affects neither accounting profit nor taxable profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in foreign subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is calculated using the enacted or substantively enacted rates that are expected to apply when the asset is recovered or the liability is settled.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the amounts and management intends to settle on a net basis. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax is recognised in the income statement unless it relates to an item that is recognised in the same or a different period outside the income statement, in which case it too is recognised outside the income statement, either in other comprehensive income or directly in equity.

Retirement benefits

As described in Note 30, the Group operates pension plans in most of the countries in which it operates. Defined benefit pension plans are principally in the UK and the US and, until December 2013, in the Netherlands, and the Group operates a number of defined contribution pension plans.

The Group also operates defined benefit retirement medical plans in the US.

(a) Defined benefit plans

A valuation of each of the defined benefit plans for accounting purposes is carried out annually at 31 March by independent qualified actuaries. Benefit obligations are measured using the projected unit credit method and are discounted using the market yields on high quality corporate bonds denominated in the same currency as, and of similar duration to, the benefit obligations. Plan assets are measured at their fair value at the period-end date. Where a plan holds a qualifying insurance policy, the fair value of the policy is deemed to be equivalent to the present value of the related benefit obligations. A deficit or surplus is recognised on each plan which represents the difference between the present value of the benefit obligation and the fair value of the plan assets. Where a plan is in surplus, the surplus recognised is limited to the present value of any amounts that the Group expects to recover by way of refunds or a reduction in future contributions.

The defined benefit cost recognised in the income statement comprises the current service cost, any past service cost and the net interest on the deficit or surplus. Gains or losses on curtailments or settlements of the plans are also recognised in the income statement in the period in which the curtailment or settlement occurs.

Remeasurements of the deficit or surplus are recognised in other comprehensive income.

Current service cost represents the increase in the present value of the benefit obligation due to benefits accrued during the period, less employee contributions. Past service cost represents the change in the present value of the benefit obligation that arises from benefit changes that are applied retrospectively to benefits accrued in previous years. Any past service cost is recognised in full in the period in which the benefit changes are made.

Net interest on the deficit or surplus is calculated by applying the discount rate that is used in measuring the present value of the benefit obligation to the deficit or surplus.

Plan administration costs incurred by the Group are also recognised in the income statement.

Remeasurements comprise differences between the actual return on plan assets (less asset management expenses) and the interest on the plan assets and actuarial gains and losses. Actuarial gains and losses represent the effect of changes in the actuarial assumptions made in measuring the present value of the benefit obligation and experience differences between those assumptions and actual outcomes. Actuarial gains and losses are recognised in full in the period in which they occur.

(b) Defined contribution plans

Contributions made by the Group to defined contribution pension schemes are recognised in the income statement in the period in which they fall due.

2 Principal accounting policies
continued

Share-based incentives

As described in Note 26, the Company operates share-based compensation plans under which it grants awards over its ordinary shares to its own employees and to those of its subsidiaries. All of the awards granted under the existing plans are classified as equity-settled awards. The Group recognises a compensation expense that is based on the fair value of the awards measured at the grant date using the Black-Scholes option pricing formula. Fair value is not subsequently remeasured unless relevant conditions attaching to the award are modified.

Fair value reflects any market performance conditions and all non-vesting conditions. Adjustments are made to the compensation expense to reflect actual and expected forfeitures due to failure to satisfy service conditions or non-market performance conditions.

Generally, the resulting compensation expense is recognised in the income statement on a straight-line basis over the vesting period and a corresponding credit is recognised in equity. In the event of the cancellation of an award, whether by the Group or a participating employee, the compensation expense that would have been recognised over the remainder of the vesting period is recognised immediately in the income statement.

Dividends

Dividends on the Company's ordinary shares are recognised when they have been appropriately authorised and are no longer at the Company's discretion. Accordingly, interim dividends are recognised when they are paid and final dividends are recognised when they are declared following approval by shareholders at the Company's AGM. Dividends are recognised as an appropriation of shareholders' equity.

Own shares

Own shares represent the Company's ordinary shares that are held by the Company in treasury or by a sponsored Employee Benefit Trust that are used to satisfy awards made under the Company's share-based incentive plans. When own shares are acquired, the cost of purchase in the market is deducted from equity. Gains or losses on the subsequent transfer or sale of own shares are also recognised in equity.

Assets held for sale

An asset or group of assets is classified as held for sale if its carrying amount will be principally recovered through a sale transaction rather than through continuing use in the business, it is available for immediate sale in its present condition and management has committed to, and has initiated, a plan to sell the asset which, when initiated, was expected to result in a completed sale within 12 months. Assets that are classified as held for sale are measured at the lower of their carrying amount when they were classified as held for sale and their fair value less costs to sell.

Accounting standards issued but not yet adopted

A number of new or revised accounting standards have been issued that are relevant to the Group but had not been adopted at 31 March 2014. With the exception of IFRS 11 *Joint Arrangements*, the Directors do not expect that these standards will have a material impact on the Group's reported results, cash flows or financial position.

(a) Consolidation, joint arrangements and associates

With effect from 1 April 2014, the Group adopted five related standards dealing with consolidation, joint arrangements and associates.

IFRS 10 *Consolidated Financial Statements*
IFRS 10 replaces the parts of the existing IAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and SIC-12 *Consolidation – Special Purpose Entities.* IFRS 10 establishes a single control model for consolidation that applies to all entities, including special purpose entities.

IFRS 11 *Joint Arrangements*
IFRS 11 will change significantly the accounting for the Group's interests in joint ventures in the consolidated financial statements.

At present, the Group's interests in joint ventures are accounted for by proportionate consolidation. IFRS 11 prohibits the use of proportionate consolidation and requires that joint ventures are accounted for using the equity method of accounting. While these changes will have no net impact on the Group's results or financial position, they will affect many of the individual line items in the consolidated financial statements. In the 2015 financial year, comparative amounts for the 2014 financial year will be restated on a consistent basis. An explanation and analysis of the effect of IFRS 11 is presented in Note 44.

IAS 27 (Revised 2011) *Separate Financial Statements*
IAS 27 was revised such that it now deals only with the requirements for separate financial statements because the requirements for consolidated financial statements are now contained in IFRS 10.

IAS 28 (Revised 2011) *Investments in Associates and Joint Ventures*
IAS 28 was revised as a consequence of the issuance of IFRS 11 in order to set out the requirements for the application of the equity method when accounting for joint ventures.

IFRS 12 Disclosure of Interests in Other Entities
IFRS 12 is a new and comprehensive standard that prescribes disclosure requirements for all forms of interests in other entities, including joint ventures and associates.

(b) Financial instruments

IFRS 9 *Financial Instruments* will eventually replace IAS 39 *Financial Instruments: Classification and Measurement.* IFRS 9 is being issued in stages. While the sections dealing with the classification and measurement of financial instruments have been issued, the IASB is currently revisiting certain aspects of them. The section of the standard dealing with the impairment of financial assets is still under development. During the year, the IASB issued the section dealing with hedge accounting that sets out a new hedge accounting model that is intended to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial exposures.

In February 2014, the IASB tentatively decided to defer the effective date of IFRS 9 and it is not now expected to become mandatory for the Group until the year ending 31 March 2019 (though this will be subject to its endorsement for use in the European Union).

(c) Other pronouncements

With effect from 1 April 2014, the Group adopted Amendments to IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting,* which clarifies that, provided certain conditions are met, hedge accounting need not be discontinued where a hedging derivative is novated.

Also with effect from 1 April 2014, the Group adopted Amendments to IAS 32 *Offsetting Financial Assets and Liabilities,* which clarifies the conditions that must be met in order to set off financial assets and financial liabilities, and Amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets.*

Subject to its endorsement for use in the European Union, with effect from 1 April 2015, the Group will adopt Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions,* which clarifies how employee contributions that are linked to service should be attributed to periods of service and when such contributions may be treated as a reduction in the service cost that is recognised in the income statement.

Also with effect from 1 April 2015, the Group will adopt various minor improvements to accounting standards arising from the IASB's 2010 – 2012 and 2011 – 2013 review cycles.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | CONTINUED

3 Critical accounting estimates and judgements

In order to prepare these consolidated financial statements in accordance with the accounting policies set out in Note 2, management has used estimates and judgements to establish the amounts at which certain items are recorded. Critical accounting estimates and judgements are those that have the greatest impact on the financial statements and require the most difficult, subjective and complex judgements about matters that are inherently uncertain. Estimates are based on factors including historical experience and expectations of future events that management believe to be reasonable. However, given the judgemental nature of such estimates, actual results could be different from the assumptions used. The critical accounting estimates and judgements are set out below.

Taxation

The Group operates in a large number of tax jurisdictions around the world. Tax regulations generally are complex and in some jurisdictions agreeing tax liabilities with local tax authorities can take several years. Consequently, at the period-end date, tax liabilities and assets are based on management's best estimate of the future amounts that will be settled. While the Group aims to ensure that the estimates recorded are accurate, the actual amounts could be different from those expected.

Deferred tax assets mainly arise from asset impairments and retirement benefit obligations that the Group expects to recover at some time in the future and by their nature the amounts recorded are therefore dependent on management's judgement about future events.

Further details are set out in Notes 11 and 29.

Derivatives and hedge accounting

The Group uses derivative financial instruments to reduce its exposure to commodity price, currency exchange rate and interest rate movements.

In particular, the Group uses corn and other commodity contracts to manage and hedge its corn book in the US. The US corn book is comprised of the commodity contracts, inventory and contracts for the purchase and sale of corn and co-products, some elements of which are expected to mature in more than 12 months' time, and is measured at fair value at each period-end date. The valuation of the corn book, which is underpinned by a number of judgements, has a material impact on the reported results of the Group.

At 31 March 2014, the Group recognised derivative assets of £102 million (including commodity pricing contracts of £65 million) and derivative liabilities of £52 million (including commodity pricing contracts of £45 million). The fair value of derivatives continually changes in response to changes in prevailing market conditions affecting future corn and other commodity prices, currency exchange rates and interest rates. Where practicable, the Group uses hedge accounting to mitigate the impact of changes in the fair value of its hedging instruments on the income statement, but the Group's results may be affected by these fair value changes where hedge accounting cannot be applied or due to hedge ineffectiveness.

Retirement benefits

The Group operates defined benefit pension plans in the UK and the US and unfunded retirement medical plans in the US. Generally, a deficit or surplus is recognised on each plan which represents the difference between the present value of the benefit obligation and the fair value of the plan assets (any surplus may be restricted in certain circumstances).

At 31 March 2014, the present value of the benefit obligations on the plans was £1,525 million (2013 – £1,672 million), including £54 million (2013 – £80 million) in respect of the unfunded medical plans. The present value of the benefit obligations is based on actuarial estimates of the future benefits that will be payable to the members of the plans. As such, the benefit obligations are based on a number of assumptions, changes to which could have a material impact on the reported amounts.

With regard to the pension plans, the present value of the benefit obligations is most sensitive to assumed life expectancies, expected future price inflation rates and the discount rate applied to the benefit obligations. At 31 March 2014, an increase of one year in life expectancy would have increased the obligations by £68 million, an increase in future price inflation of 50 basis points would have increased the obligations by £75 million and a reduction in the discount rate of 100 basis points would have increased the obligations by £255 million.

At 31 March 2014, the assets held by the pension plans amounted to £1,305 million (2013 – £1,407 million), of which £346 million (2013 – £275 million) comprised qualifying insurance policies. Plan assets are measured at their fair value at the period-end date. The fair values of qualifying insurance policies held by the plans are deemed to be equivalent to the present value of the related benefit obligations. Otherwise, the carrying amounts of the plan assets are affected more by market risks, including interest rate risk, and other risks than by assumptions made in estimating the fair values of unquoted assets.

Whilst changes in the assumptions used in determining the present value of the benefit obligations will have an impact on the Group's income statement through their effect on the service cost and the net interest on the deficit or surplus in the plans, most of the impact of such changes, together with fluctuations in the actual return on the plan assets, will be reflected in other comprehensive income.

Full details of the assumptions made, which are based on advice from the Group's actuaries, are set out in Note 30.

Impairment of assets

Asset impairments have the potential to significantly impact operating profit. In order to determine whether impairments are required the Group estimates the recoverable amount of the asset. This calculation is usually based on projecting future cash flows over a five-year period and using a terminal value to incorporate expectations of growth thereafter. A discount factor is applied to obtain a current value ('value in use'). The 'fair value less costs to sell' of an asset is used if this results in an amount in excess of 'value in use'.

Estimated future cash flows for impairment calculations are based on management's expectations of future volumes and margins based on plans and best estimates of the productivity of the assets in their current condition. Future cash flows therefore exclude benefits from major expansion projects requiring future capital expenditure where that expenditure has not been approved at the period-end date.

Future cash flows are discounted using a discount rate based on the Group's weighted average cost of capital, adjusted if appropriate for circumstances specific to the asset being tested. The weighted average cost of capital is impacted by estimates of interest rates, equity returns and market- and country-related risks. The Group's weighted average cost of capital is reviewed on an annual basis.

If the cash flow or discount rate assumptions were to change because of market conditions, the level of impairment could be different and could result in the asset impairment being increased or reversed, in part or in full, at a future date. Goodwill impairment is never reversed.

Sensitivities are performed around the discount rate and operating profit growth which are considered the critical assumptions in the review.

Further details are set out in Notes 15 and 16.

Provisions

The Group recognises a provision where a legal or constructive obligation exists at the period-end date and a reliable estimate can be made of the likely outcome. Where appropriate, future cash outflows that are expected to arise over a number of years are discounted to a present value using a relevant discount rate.

At 31 March 2014, provisions included amounts for insurance claims payable by the Group's reinsurance company, legal matters, employee termination and other restructuring costs.

Although provisions are reviewed on a regular basis and adjusted for management's best current estimates, the judgemental nature of these items means that future amounts settled may be different from those provided.

Further details are set out in Note 31.

4 Segment information

Segment information is presented in the financial statements on a consistent basis with the information presented to the Board for the purposes of allocating resources within the Group and assessing the performance of the Group's businesses.

Continuing operations comprise two operating segments: Speciality Food Ingredients and Bulk Ingredients. Central, which comprises central costs including head office, treasury and reinsurance activities, does not meet the definition of an operating segment under IFRS 8 'Operating Segments' but no sub-total is shown for the Group's operating segments in the tables below so as to be consistent with the presentation of segment information to the Board.

The Board uses adjusted operating profit as the measure of the profitability of the Group's businesses. Adjusted operating profit is, therefore, the measure of segment profit presented in the Group's segment disclosures. Adjusted operating profit represents operating profit before specific items that are considered to hinder comparison of the trading performance of the Group's businesses either year-on-year or with other businesses. During the periods presented, the items excluded from operating profit in arriving at adjusted operating profit were the amortisation of acquired intangible assets and exceptional items.

An analysis of total assets and total liabilities by operating segment is not presented to the Board but it does receive segmental analysis of net working capital (inventories, trade and other receivables, less trade and other payables). Accordingly, the amounts presented for segment assets and segment liabilities in the tables below represent those assets and liabilities that comprise elements of net working capital.

Analysis by business segment

		Continuing operations					
	Notes	Speciality Food Ingredients £m	Bulk Ingredients £m	Central £m	Total £m	Discontinued operations (Note 12) £m	Total operations £m
Year ended 31 March 2014							
Segment sales							
External sales (Note a)		**983**	**2 164**	**–**	**3 147**	**–**	**3 147**
Segment results							
Adjusted operating profit/(loss)		**213**	**172**	**(36)**	**349**	**–**	**349**
Adjusting items:							
Exceptional items	7	**–**	**–**	**(14)**	**(14)**	**–**	**(14)**
Amortisation of acquired intangible assets	15	**(10)**	**–**	**–**	**(10)**	**–**	**(10)**
Operating profit/(loss)		**203**	**172**	**(50)**	**325**	**–**	**325**
Finance income	10				**2**	**–**	**2**
Finance expense	10				**(37)**	**–**	**(37)**
Profit before tax					**290**	**–**	**290**
Other segment information							
Capital investments (Note b)		**93**	**66**	**34**	**193**	**–**	**193**
Depreciation	16	**38**	**55**	**4**	**97**	**–**	**97**
Amortisation of intangible assets	15	**18**	**2**	**1**	**21**	**–**	**21**
Share-based payments	26	**2**	**1**	**5**	**8**	**–**	**8**
At 31 March 2014							
Segment assets							
Working capital items		**242**	**447**	**44**	**733**	**–**	**733**
Other assets							**1 794**
Total assets							**2 527**
Segment liabilities							
Working capital items		**(94)**	**(181)**	**(42)**	**(317)**	**–**	**(317)**
Other liabilities							**(1 160)**
Total liabilities							**(1 477)**
Net working capital		**148**	**266**	**2**	**416**	**–**	**416**

(a) The Group's internal structure is such that there are no inter-segment sales.

(b) Capital investments comprise the cost of acquisition of businesses and capital expenditure on property, plant and equipment, intangible assets and investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | CONTINUED

4 Segment information continued

	Notes	Continuing operations: Speciality Food Ingredients £m	Continuing operations: Bulk Ingredients £m	Continuing operations: Central* £m	Continuing operations: Total* £m	Discontinued operations (Note 12) £m	Total operations* £m
Restated* – Year ended 31 March 2013							
Segment sales							
External sales (Note a)		947	2 309	–	3 256	10	3 266
Segment results							
Adjusted operating profit/(loss)		213	182	(39)	356	(8)	348
Adjusting items:							
Exceptional items	7	(3)	8	(17)	(12)	26	14
Amortisation of acquired intangible assets	15	(10)	–	–	(10)	–	(10)
Operating profit/(loss)		200	190	(56)	334	18	352
Finance income	10				1	–	1
Finance expense	10				(34)	–	(34)
Profit before tax					301	18	319
Other segment information							
Capital investments (Note b)		43	66	34	143	–	143
Depreciation	16	36	52	3	91	–	91
Amortisation of intangible assets	15	15	1	1	17	–	17
Share-based payments	26	3	3	7	13	–	13
At 31 March 2013							
Segment assets							
Working capital items		304	566	23	893	3	896
Other assets							1 891
Total assets							2 787
Segment liabilities							
Working capital items		(115)	(223)	(46)	(384)	(1)	(385)
Other liabilities							(1 366)
Total liabilities							(1 751)
Net working capital		189	343	(23)	509	2	511

* Restated for the adoption of IAS 19 (Revised 2011) *Employee Benefits*, which increased Central costs by £2 million and increased net finance expense by £6 million (see Note 43).

Geographical information

The United Kingdom is the home country of the Parent Company. Sales (from continuing operations) and non-current assets, other than financial instruments, deferred tax assets and retirement benefit assets in the principal territories are as follows:

	Sales by destination Year ended 31 March		Sales by origin Year ended 31 March		Location of non-current assets At 31 March	
	2014 £m	2013 £m	**2014 £m**	2013 £m	**2014 £m**	2013 £m
United Kingdom	**64**	63	**22**	23	**42**	38
United States	**1 858**	1 965	**2 282**	2 404	**763**	829
Other European countries	**520**	502	**546**	528	**321**	309
Rest of world	**705**	726	**297**	301	**135**	147
Total	**3 147**	3 256	**3 147**	3 256	**1 261**	1 323

Concentration of revenue

During 2014, one customer contributed 11% of the Group's external sales from continuing operations (2013 – none over 10%).

5 Sales from continuing operations

Analysis of sales by category:

	Note	Year ended 31 March 2014 £m	2013 £m
Sales of goods (excluding share of sales of joint ventures)		**2 707**	2 780
Share of sales of joint ventures	17	**440**	476
Total		**3 147**	3 256

6 Operating profit

Analysis of operating expenses/(income) by nature:

	Notes	**Year ended 31 March 2014** Continuing operations £m	Discontinued operations £m	Restated* Year ended 31 March 2013 Continuing operations £m	Discontinued operations £m
External sales	5,12	**3 147**	**–**	3 256	10
Operating expenses/(income)					
Cost of inventories (included in cost of sales)		**1 961**	**–**	2 066	6
Staff costs (of which £129 million (2013 – £125 million) was included in cost of sales)	9	**245**	**–**	256	–
Gain on settlement of defined benefit pension plan	30	**(4)**	**–**	–	–
Depreciation of property, plant and equipment:					
– owned assets (of which £90 million (2013 – £86 million) was included in cost of sales)	16	**92**	**–**	87	–
– leased assets (included in cost of sales)	16	**5**	**–**	4	–
Exceptional items	7	**14**	**–**	12	(26)
Amortisation of intangible assets:					
– acquired intangible assets	15	**10**	**–**	10	–
– other intangible assets	15	**11**	**–**	7	–
Operating lease rentals:					
– plant and machinery		**17**	**–**	19	–
Research and development expenditure		**33**	**–**	32	–
(Decrease)/increase in allowance for doubtful debts	23	**(1)**	**–**	1	2
Gain on disposal of property, plant and equipment		**(3)**	**–**	(1)	(1)
Other operating expenses		**442**	**–**	429	11
Total operating expenses		**2 822**	**–**	2 922	(8)
Operating profit		**325**	**–**	334	18

* See Note 43.

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7 Exceptional items

Exceptional items recognised in arriving at operating profit were as follows:

	Year ended 31 March	
	2014 £m	2013 £m
Continuing operations		
Business transformation costs	**(14)**	(20)
Gain on disposal of interest in joint venture – Sucromiles	**–**	8
	(14)	(12)
Discontinued operations		
Gain on disposal of businesses – Vietnam Sugar	**–**	21
Gain on disposal of assets – Molasses	**–**	5
	–	26
Total exceptional (expense)/income before tax	**(14)**	14

Continuing operations

During the year, the Group incurred further business transformation costs on the implementation of a common global IS/IT platform and, in the prior year, also on the implementation of the global Shared Services Centre, of which £14 million (2013 – £18 million) did not meet the criteria to be capitalised. During the prior year, the Group also incurred costs of £2 million to complete the relocation of employees and restructuring associated with establishing the Commercial and Food Innovation Centre in Chicago, USA.

During the prior year, the Group completed the disposal of its share in Sucromiles SA, its Colombian citric acid joint venture, on which it recognised a gain of £8 million (including cumulative currency translation gains transferred from other comprehensive income).

Exceptional items are analysed by operating segment in Note 4.

Profit for the year from continuing operations includes an income tax credit of £9 million (2013 – credit of £5 million) in relation to exceptional items (see Note 11). Tax credits on exceptional costs are only recognised to the extent that losses incurred will result in tax recoverable in the future.

Discontinued operations

During the year, the Group recognised an exceptional income tax credit of £28 million in discontinued operations (see Note 12).

During the prior year, the Group completed the sale of its Vietnam Sugar operations on which it recognised a gain of £21 million (including cumulative currency translation gains transferred from other comprehensive income). Also during the prior year, the Group completed the sale of land and buildings of its former Molasses business on which it recognised a gain of £5 million. Exceptional items recognised during the prior year had no impact on the income tax expense of discontinued operations.

8 Auditors' remuneration

Fees payable to the Company's auditors, PricewaterhouseCoopers LLP, and its associates were as follows:

	Year ended 31 March	
	2014 £m	2013 £m
Fees payable for the audit of the Company and consolidated financial statements	**0.7**	0.7
Fees payable for other services:		
– the audit of the Company's subsidiaries and joint ventures	**1.3**	1.2
– audit-related services	**–**	0.3
– tax advisory services	**0.1**	–
	2.1	2.2
Fees in respect of the audit of the Group's pension schemes	**0.1**	0.1
Total	**2.2**	2.3

Audit-related services in the prior year related to review work performed on the controls configured within the common global IS/IT platform.

9 Staff costs

Staff costs were as follows:

	Notes	Year ended 31 March 2014 Continuing operations £m	Year ended 31 March 2014 Discontinued operations £m	Year ended 31 March 2013 Continuing operations £m	Year ended 31 March 2013 Discontinued operations £m
Wages and salaries		**209**	**–**	210	–
Social security costs		**18**	**–**	22	–
Other pension costs:					
– defined benefit pension schemes	30	**5**	**–**	4	–
– defined contribution pension schemes	30	**3**	**–**	4	–
Retirement medical benefits	30	**2**	**–**	3	–
Share-based payments	26	**8**	**–**	13	–
Total		**245**	**–**	256	–

The monthly average number of people employed by the Group, excluding associates' employees and including the Group's proportionate share of people employed by joint ventures, is set out below. As required by the Companies Act 2006, this includes part-time employees:

By business segment	Year ended 31 March 2014	Year ended 31 March 2013
Continuing operations		
Speciality Food Ingredients	**1 802**	1 731
Bulk Ingredients	**2 233**	2 187
Central	**432**	404
	4 467	4 322
Discontinued operations	**–**	60
Total	**4 467**	4 382

At 31 March 2014, the Group employed 4,523 (2013 – 4,326) people (all in continuing operations).

Central includes shared service employees who perform activities for the whole Group, including the Speciality Food Ingredients and Bulk Ingredients segments.

Key management compensation

	Year ended 31 March 2014 £m	Year ended 31 March 2013 £m
Salaries and short-term employee benefits	**5**	5
Retirement benefits	**1**	1
Share-based payments	**4**	6
Total	**10**	12

Key management is represented by the Group Executive Committee and the Company's directors. Remuneration details of the Company's directors are given in the Directors' Remuneration Report on pages 52 to 71. Members of the Group Executive Committee are identified on page 39.

The aggregate emoluments of directors in respect of qualifying services to the Company were £2 million (2013 – £2 million).

As determined in accordance with the Companies Act 2006, the aggregate gains made by the directors on the exercise of share options were £4 million (2013 – £1 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | CONTINUED

10 Finance income and finance expense

	Notes	2014 £m	Restated* 2013 £m
		Year ended 31 March	
Finance income			
Interest receivable		**2**	1
Total finance income		**2**	1
Finance expense			
Interest payable on bank and other borrowings		**(28)**	(28)
Fair value hedges:			
– fair value loss on interest rate derivatives	20	**(20)**	–
– fair value adjustment of hedged borrowings	20	**20**	1
Fair value loss on derivatives not designated as hedges		**–**	(1)
Finance lease interest		**(1)**	(2)
Net retirement benefit interest	30	**(8)**	(4)
Total finance expense		**(37)**	(34)
Net finance expense		**(35)**	(33)

* See Note 43.

Finance expense is shown net of borrowing costs of £2 million (2013 – £2 million) capitalised within intangible assets at a capitalisation rate of 3.9% (2013 – 3.8%).

Interest payable on other borrowings includes £0.2 million (2013 – £0.2 million) of dividends in respect of the Group's 6.5% cumulative preference shares.

Finance income and finance expense relate wholly to continuing operations.

11 Income tax expense

Analysis of charge for the year

Continuing operations	Note	2014 £m	Restated* 2013 £m
		Year ended 31 March	
Current tax:			
– UK		**–**	–
– overseas		**43**	23
		43	23
Deferred tax:	29		
Charge for the year		**7**	27
Adjustments in respect of previous years		**(5)**	(4)
Income tax expense		**45**	46

* See Note 43.

Profit for the year from continuing operations reflected an income tax expense of £45 million (2013 – expense of £46 million), including an income tax credit of £9 million (2013 – credit of £5 million) in respect of exceptional items (see Note 7).

Adjustments to deferred tax in respect of prior years totalled a credit of £5 million (2013 – credit of £4 million). The amount recognised in the current year reflects non-recurring tax credits in relation to prior years in the US, following a detailed review of underlying tax information. The amount recognised in the 2013 financial year principally related to the settlement of prior year tax in a number of jurisdictions.

The standard rate of corporation tax in the United Kingdom reduced from 23% to 21% with effect from 1 April 2014 and will reduce further to 20% from 1 April 2015.

The tax on the Group's profit before tax differs from the standard rate of corporation tax in the United Kingdom as follows:

	2014 £m	Restated* 2013 £m
	Year ended 31 March	
Profit before tax	**290**	301
Corporation tax charge thereon at 23% (2013 – 24%)	**67**	72
Adjusted for the effects of:		
– items not taxable	**(2)**	(5)
– losses not recognised	**3**	9
– adjustments to tax in respect of previous years	**(5)**	(4)
– different tax rates applied on overseas earnings	**(18)**	(26)
Total	**45**	46

11 Income tax expense continued

The Group's effective tax rate is sensitive to the geographic mix of profits and losses and reflects a combination of higher tax rates in certain jurisdictions such as the US, nil effective tax rates in the UK (due to brought forward tax losses) and in Singapore (due to having 'pioneer status' awarded by the government in 2008) and rates that lie somewhere in between, for example, in certain eastern European countries. Our tax rate is favourably affected by our internal financing which involves borrowing by our US operations from the UK, the interest on which has the effect of reducing the amount of tax payable in the US.

The Group's effective tax rate on continuing operations, calculated on the basis of the income tax expense as a proportion of profit before tax of £290 million (2013 – £301 million), was 15.6% (2013 – 15.3%). This compares with the standard rate of corporation tax in the UK of 23% (2013 – 24%).

The Group's adjusted effective tax rate on continuing operations, calculated on the basis of the adjusted income tax expense of £60 million (2013 – £59 million) as a proportion of adjusted profit before tax of £322 million (2013 – £327 million) was 18.5% (2013 – 18.0%).

Discontinued operations

Profit for the year from discontinued operations reflected an exceptional income tax credit of £28 million (2013 – £nil) as explained in Note 12.

Tax charge relating to components of other comprehensive income

		Year ended 31 March	
	Note	**2014 £m**	Restated* 2013 £m
Retirement benefit obligations		**(22)**	(6)
Cash flow hedges		**–**	(1)
Tax losses		**–**	(5)
Tax charge relating to components of other comprehensive income		**(22)**	(12)
Deferred tax	29	**(22)**	(12)

Tax on items recognised directly in equity

	Year ended 31 March	
	2014 £m	2013 £m
Current tax credit on share-based payments	**(1)**	(3)
Deferred tax charge on share-based payments	**1**	1
Total	**–**	(2)

* See Note 43.

12 Discontinued operations

During the year, the Group recognised a non-cash exceptional income tax credit of £28 million following the favourable resolution of outstanding tax matters associated with the starch facilities which formed part of the Group's former Food & Industrial Ingredients, Europe segment. During the prior year, the Group completed the sale of its Vietnam Sugar operations and the disposal of land and buildings of its former Molasses business, which related to the Group's former Sugars segment, on which it recognised an exceptional gain before tax of £26 million.

		Year ended 31 March			
		2014			2013
	Note	**£m**	Vietnam Sugar £m	Other £m	Total £m
Sales		**–**	9	1	10
Adjusted operating profit/(loss)		**–**	3	(11)	(8)
Exceptional items	7	**–**	21	5	26
Operating profit/(loss)		**–**	24	(6)	18
Profit/(loss) before tax		**–**	24	(6)	18
Income tax credit	7	**28**	–	–	–
Profit/(loss) for the year		**28**	24	(6)	18
Non-controlling interests		**–**	(1)	–	(1)
Profit/(loss) attributable to owners of the Company		**28**	23	(6)	17

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | CONTINUED

13 Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year, excluding an average of 3.5 million shares (2013 – 3.5 million shares) held by the Company or the Employee Benefit Trust to satisfy awards made under the Group's share-based incentive plans.

	Year ended 31 March 2014			Restated* Year ended 31 March 2013		
	Continuing operations	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
Profit attributable to owners of the Company (£million)	**245**	**28**	**273**	255	17	272
Weighted average number of ordinary shares in issue (millions)	**464.1**	**464.1**	**464.1**	464.2	464.2	464.2
Basic earnings per share	**52.8p**	**6.0p**	**58.8p**	54.9p	3.7p	58.6p

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all potentially dilutive ordinary shares. Potentially dilutive ordinary shares arise from awards made under the Group's share-based incentive plans. Where the vesting of these awards is contingent on satisfying a service or performance condition, the number of potentially dilutive ordinary shares is calculated based on the status of the condition at the end of the period. Potentially dilutive ordinary shares are actually dilutive only when the average market price of the Company's ordinary shares during the period exceeds their exercise price (options) or issue price (other awards). The greater any such excess, the greater the dilutive effect. The average market price of the Company's ordinary shares during the year was 788p (2013 – 720p). The dilutive effect of share-based incentives was 6.4 million shares (2013 – 9.3 million shares).

	Year ended 31 March 2014			Restated* Year ended 31 March 2013		
	Continuing operations	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
Profit attributable to owners of the Company (£million)	**245**	**28**	**273**	255	17	272
Weighted average number of diluted ordinary shares (millions)	**470.5**	**470.5**	**470.5**	473.5	473.5	473.5
Diluted earnings per share	**52.1p**	**5.9p**	**58.0p**	53.8p	3.6p	57.4p

Adjusted earnings per share

Adjusted earnings per share measures are calculated based on profit for the year from continuing operations attributable to owners of the Company before adjusting items as follows:

		Year ended 31 March	
Continuing operations	Notes	**2014 £m**	Restated* 2013 £m
Profit attributable to owners of the Company		**245**	255
Adjusting items:			
– exceptional items	7	**14**	12
– amortisation of acquired intangible assets	15	**10**	10
– net retirement benefit interest	10	**8**	4
– tax effect of the above adjustments		**(15)**	(13)
Adjusted earnings		**262**	268
Adjusted basic earnings per share		**56.5p**	57.7p
Adjusted diluted earnings per share		**55.7p**	56.6p

* See Note 43.

14 Dividends on ordinary shares

Dividends on ordinary shares in respect of the financial year:

	Year ended 31 March	
	2014 pence	2013 pence
Per ordinary share:		
– interim dividend paid	**7.8**	7.4
– final dividend proposed	**19.8**	18.8
Total dividend	**27.6**	26.2

The Directors propose a final dividend for the financial year of 19.8p per ordinary share that, subject to approval by shareholders, will be paid on 1 August 2014 to shareholders who are on the Register of Members on 27 June 2014.

Dividends on ordinary shares paid in the year:

	Year ended 31 March	
	2014 £m	2013 £m
Final dividend paid relating to the prior year	**88**	83
Interim dividend paid relating to the year	**36**	34
Total dividend paid	**124**	117

Based on the number of ordinary shares outstanding at 31 March 2014, the final dividend for the financial year is expected to amount to £92 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | CONTINUED

15 Goodwill and other intangible assets

	Goodwill £m	Patents and other intellectual property £m	Other acquired intangible assets £m	Total acquired intangible assets £m	Other intangible assets £m	Total £m
Cost						
At 1 April 2013	**217**	**34**	**119**	**370**	**116**	**486**
Subsidiaries acquired	**10**	**5**	**–**	**15**	**–**	**15**
Additions at cost	**–**	**–**	**–**	**–**	**57**	**57**
Currency translation differences	**(11)**	**–**	**(5)**	**(16)**	**(7)**	**(23)**
At 31 March 2014	**216**	**39**	**114**	**369**	**166**	**535**
Accumulated amortisation and impairment						
At 1 April 2013	**–**	**28**	**68**	**96**	**34**	**130**
Amortisation charge	**–**	**3**	**7**	**10**	**11**	**21**
Currency translation differences	**–**	**–**	**(3)**	**(3)**	**(2)**	**(5)**
At 31 March 2014	**–**	**31**	**72**	**103**	**43**	**146**
Net book value at 31 March 2014	**216**	**8**	**42**	**266**	**123**	**389**
Cost						
At 1 April 2012	217	33	116	366	70	436
Additions at cost	–	1	–	1	43	44
Currency translation differences	–	–	3	3	3	6
At 31 March 2013	217	34	119	370	116	486
Accumulated amortisation and impairment						
At 1 April 2012	–	27	57	84	27	111
Amortisation charge	–	1	9	10	7	17
Currency translation differences	–	–	2	2	–	2
At 31 March 2013	–	28	68	96	34	130
Net book value at 31 March 2013	217	6	51	274	82	356

(a) Goodwill

The carrying amount of goodwill is allocated as follows:

	At 31 March	
	2014 £m	2013 £m
Allocated by geographical area		
United States	**55**	60
Europe	**83**	85
	138	145
Allocated by business segment		
Speciality Food Ingredients	**77**	71
Bulk Ingredients	**1**	1
	78	72
Total	**216**	217

(i) Impairment tests carried out during the year

Goodwill is tested for impairment annually and whenever there is an indication of impairment at the level of the cash-generating unit (CGU) or group of CGUs to which it is allocated. Tate & Lyle is principally managed as an integrated network in the United States and Europe, with a large amount of interdependency between plants servicing both the Speciality Food Ingredients and Bulk Ingredients segments. Goodwill is therefore tested for impairment on a geographical basis, except where it can be allocated to a specific CGU or group of CGUs.

A description of the impairment tests conducted in relation to the most significant goodwill amounts are set out below. In each case, the recoverable amount was calculated based on value in use. Value in use was calculated based on budgets and plans covering the next five years that have been approved by the Board. Cash flows were projected during the five-year period based on budgeted gross margin and management's expectations of market developments. Beyond the five-year plan, cash flows were assumed to grow at the long-term growth rate for the relevant geographical markets based on forecasts included in industry reports. Cash flows were discounted using pre-tax rates that are based on the Group's weighted average cost of capital adjusted, where appropriate, to reflect differences between the risk profile of the geographical areas or CGUs concerned and that of the Group as a whole.

United States

Goodwill allocated to the United States relates to the Staley acquisition in 1988. Cash flows beyond the five-year plan were assumed to grow at 2% per annum in perpetuity based on the long-term growth rate for this geographic market. Cash flows were discounted using a pre-tax rate of 10.1% (2013 – 10.1%). Significant headroom exists and management concluded that no impairment is required.

15 Goodwill and other intangible assets continued

Europe

Goodwill allocated to Europe relates to the acquisition in 2000 of the minority of 34% of shares of the former Amylum business. Cash flows beyond the five-year plan were assumed to grow at 2% per annum in perpetuity based on the long-term growth rate for this geographic market. Cash flows were discounted using a pre-tax rate of 10.1% (2013 – 10.1%). Significant headroom exists and management concluded that no impairment is required.

Speciality Food Ingredients

Goodwill allocated to the Speciality Food Ingredients segment includes £61 million (2013 – £63 million) that relates to the acquisition of G.C. Hahn and Company in June 2007 and that of Cesalpinia Foods in December 2005. As these businesses are integrated for operating purposes, they are tested for impairment as one CGU. Cash flows beyond the five-year plan were assumed to grow at 2% per annum in perpetuity based on the long-term growth rate for the geographic markets in which these businesses operate. Cash flows were discounted using a pre-tax rate of 10.1% (2013 – 10.1%). Management concluded that no impairment is required.

(ii) Possibility of impairment in the near future

Management considers that there is no reasonably possible change in one or more of the key assumptions used in the impairment tests that would give rise to an impairment loss during the coming year.

(b) Other intangible assets

Other intangible assets include capitalised development costs with a carrying amount of £77 million (2013 – £47 million) relating to the common global IS/IT platform, of which £51 million (2013 – £20 million) is under construction and will not be amortised until it is deployed into the business. In May 2014, the system was successfully deployed across our European operations and we remain on track to implement it in the US and Singapore by the end of the summer. Management considers that the costs capitalised to date are fully recoverable by way of incremental benefits over the system's useful life of seven years.

Additions to other intangible assets during the year included a marketing-related intangible of £10 million relating to the establishment of a renewed SPLENDA® Sucralose alliance with McNeil Nutritionals, LLC. and capitalised borrowing costs of £2 million (2013 – £2 million).

16 Property, plant and equipment

	Land and buildings £m	Plant and machinery £m	Assets in the course of construction £m	Total £m
Cost				
At 1 April 2013	**494**	**2 108**	**32**	**2 634**
Additions at cost	**18**	**16**	**80**	**114**
Subsidiaries acquired	**1**	**2**	**–**	**3**
Transfers on completion	**11**	**75**	**(86)**	**–**
Disposals and write-offs	**(32)**	**(5)**	**–**	**(37)**
Currency translation differences	**(41)**	**(182)**	**–**	**(223)**
At 31 March 2014	**451**	**2 014**	**26**	**2 491**
Accumulated depreciation and impairment				
At 1 April 2013	**223**	**1 453**	**–**	**1 676**
Depreciation charge	**11**	**86**	**–**	**97**
Disposals and write-offs	**(2)**	**(4)**	**–**	**(6)**
Currency translation differences	**(17)**	**(124)**	**–**	**(141)**
At 31 March 2014	**215**	**1 411**	**–**	**1 626**
Net book value at 31 March 2014	**236**	**603**	**26**	**865**
Cost				
At 1 April 2012	444	1 932	82	2 458
Additions at cost	2	7	86	95
Transfers on completion	33	103	(136)	–
Disposals and write-offs	(5)	(19)	–	(24)
Currency translation differences	20	85	–	105
At 31 March 2013	494	2 108	32	2 634
Accumulated depreciation and impairment				
At 1 April 2012	209	1 327	–	1 536
Depreciation charge	11	80	–	91
Disposals and write-offs	(5)	(17)	–	(22)
Currency translation differences	8	63	–	71
At 31 March 2013	223	1 453	–	1 676
Net book value at 31 March 2013	271	655	32	958

In December 2013, the Group completed the back-to-back purchase, sale and leaseback under an operating lease of its building at the global Commercial and Food Innovation Centre in Chicago, USA. The transaction generated a one-off gain of £6 million, which comprised a gain of £3 million on the recognition of the remainder of the lease incentive on the original lease and a gain of £3 million on the sale of the property. The majority of the gain was included in the results of the Speciality Food Ingredients segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | CONTINUED

16 Property, plant and equipment continued

Impairment reviews

Management conducted an impairment test on the plant in Dayton, Ohio, on which an impairment was recognised in previous years. The recoverable amount of the plant was calculated based on value in use, with estimated future cash flows based on internal forecasts of future gross margins for the next five years and by calculating a terminal value beyond that five-year period based on a growth rate of 2% per annum in perpetuity. Cash flows were discounted using a pre-tax discount rate of 12.1%, which was adjusted upwards to take into account the risk associated with the regulatory and competitive environment in which the plant operates. Management concluded that neither further impairment nor reversal of previous impairment was required.

Management conducted impairment reviews of other property, plant and equipment during the year and concluded that there were no indicators of impairment.

Leased assets

Property, plant and equipment includes plant and machinery held under finance leases with a net book value of £15 million (2013 – £18 million).

17 Investments in associates and joint ventures

Associates	£m
At 31 March 2013 and 31 March 2014	**6**

The Group's principal associate, which is accounted for under the equity method, is identified in Note 41.

The amounts equity accounted in the Group income statement and statement of financial position are summarised below:

	Year ended 31 March	
Income statement	**2014 £m**	2013 £m
Sales	**4**	4
Expenses	**(4)**	(4)
Profit before and after tax	–	–

	At 31 March	
Statement of financial position	**2014 £m**	2013 £m
Assets	**13**	13
Liabilities	**(7)**	(7)
Net assets	**6**	6

Joint ventures

The Group's principal joint ventures, which are proportionately consolidated, are listed in Note 41. The amounts proportionately consolidated in the Group income statement and statement of financial position (after the elimination of the Group's share of transactions and balances with the Company's subsidiaries) are summarised below:

		Year ended 31 March 2014		Year ended 31 March 2013	
	Note	**Continuing operations £m**	**Discontinued operations £m**	Continuing operations £m	Discontinued operations £m
Sales	5	**440**	**–**	476	–
Expenses		**(366)**	**–**	(428)	–
Profit before tax		**74**	**–**	48	–
Income tax expense		**(13)**	**–**	(14)	–
Profit for the year		**61**	**–**	34	–

17 Investments in associates and joint ventures continued

Statement of financial position	At 31 March 2014 £m	2013 £m
Assets		
Non-current assets	**139**	173
Cash and cash equivalents	**50**	73
Other current assets	**109**	158
Total	**298**	404
Liabilities		
Non-current borrowings	**2**	7
Other non-current liabilities	**4**	19
Current borrowings	**18**	31
Other current liabilities	**48**	56
Total	**72**	113
Net assets	**226**	291

There are guarantees in respect of banking facilities of a joint venture totalling £9 million (2013 – £9 million).

18 Available-for-sale financial assets

	£m
At 1 April 2012	24
Additions	4
Fair value loss	(1)
Currency translation differences	1
At 31 March 2013	28
Additions	4
Disposals	(2)
Currency translation differences	(2)
At 31 March 2014	**28**

Presented in the statement of financial position as follows:

	Note	At 31 March 2014 £m	2013 £m
Non-current assets		**28**	27
Assets held for sale	38	**–**	1
Total		**28**	28

Available-for-sale financial assets primarily comprise £28 million (2013 – £28 million) of unlisted securities. The fair values of non-current available-for-sale financial assets are approximated at cost where fair value cannot be reliably measured. The carrying value of the available-for-sale financial assets are denominated in the following currencies:

	At 31 March 2014 £m	2013 £m
US dollar	**23**	18
Sterling	**5**	8
Euro	**–**	2
Total	**28**	28

US dollar-denominated assets include £nil (2013 – £1 million) classified as assets held for sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | CONTINUED

19 Financial instruments by category

Set out below is a comparison by category of carrying values and fair values of all of the Group's financial assets and financial liabilities as at 31 March 2014 and 31 March 2013.

At 31 March 2014

	Notes	**Amortised cost £m**	**Derivatives in a hedging relationship £m**	**Held for trading £m**	**Available-for-sale £m**	**Total carrying value £m**	**Fair value £m**
Available-for-sale financial assets	18	**–**	**–**	**–**	**28**	**28**	**28**
Trade and other receivables	23	**302**	**–**	**–**	**–**	**302**	**302**
Cash and cash equivalents	33	**396**	**–**	**–**	**–**	**396**	**396**
Derivative financial instruments – assets	20	**–**	**35**	**67**	**–**	**102**	**102**
Borrowings	28	**(778)**	**–**	**–**	**–**	**(778)**	**(812)**
Derivative financial instruments – liabilities	20	**–**	**(5)**	**(47)**	**–**	**(52)**	**(52)**
Trade and other payables	27	**(315)**	**–**	**–**	**–**	**(315)**	**(315)**
Total		**(395)**	**30**	**20**	**28**	**(317)**	**(351)**

At 31 March 2013

	Notes	Amortised cost £m	Derivatives in a hedging relationship £m	Held for trading £m	Available-for-sale £m	Total carrying value £m	Fair value £m
Available-for-sale financial assets	18	–	–	–	27	27	27
Trade and other receivables	23	372	–	–	–	372	372
Cash and cash equivalents	33	379	–	–	–	379	379
Derivative financial instruments – assets	20	–	56	84	–	140	140
Borrowings	28	(896)	–	–	–	(896)	(946)
Derivative financial instruments – liabilities	20	–	(17)	(64)	–	(81)	(81)
Trade and other payables	27	(382)	–	–	–	(382)	(382)
Total		(527)	39	20	27	(441)	(491)

Trade and other receivables presented above excludes £13 million (2013 – £14 million) relating to prepayments.

Trade and other payables presented above excludes £2 million (2013 – £3 million) relating to social security.

Included in borrowings are items in a hedging relationship which are held at amortised cost, with a fair value adjustment applied, as they are in a fair value hedge.

Fair value hierarchy

Set out on page 103 is how the Group's financial instruments measured at fair value, fit within the following fair value hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2)
- Inputs for the asset or liability that are not based on observable market data (level 3).

19 Financial instruments by category continued

The following tables illustrate the Group's financial assets and liabilities measured at fair value at 31 March 2014 and 31 March 2013:

	Notes	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
					At 31 March 2014
Assets at fair value					
Available-for-sale financial assets	18	**–**	**–**	**28**	**28**
Derivative financial instruments:					
– currency swaps	20	**–**	**3**	**–**	**3**
– interest rate swaps	20	**–**	**33**	**–**	**33**
– forward foreign exchange contracts	20	**–**	**1**	**–**	**1**
– commodity pricing contracts	20	**10**	**13**	**42**	**65**
Assets at fair value		**10**	**50**	**70**	**130**
Liabilities at fair value					
Derivative financial instruments:					
– currency swaps	20	**–**	**(2)**	**–**	**(2)**
– interest rate swaps	20	**–**	**(5)**	**–**	**(5)**
– forward foreign exchange contracts	20	**–**	**–**	**–**	**–**
– commodity pricing contracts	20	**(14)**	**(10)**	**(21)**	**(45)**
Liabilities at fair value		**(14)**	**(17)**	**(21)**	**(52)**

	Notes	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
					At 31 March 2013
Assets at fair value					
Available-for-sale financial assets	18	–	–	27	27
Derivative financial instruments:					
– currency swaps	20	–	2	–	2
– interest rate swaps	20	–	59	–	59
– forward foreign exchange contracts	20	–	1	–	1
– commodity pricing contracts	20	11	14	53	78
Assets at fair value		11	76	80	167
Liabilities at fair value					
Derivative financial instruments:					
– currency swaps	20	–	(13)	–	(13)
– interest rate swaps	20	–	(10)	–	(10)
– forward foreign exchange contracts	20	–	(2)	–	(2)
– commodity pricing contracts	20	(21)	(14)	(21)	(56)
Liabilities at fair value		(21)	(39)	(21)	(81)

Level 1 financial instruments

The fair value of financial instruments traded in active markets (commodity futures) is based on quoted market prices at the period-end date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 financial instruments

The fair values of financial instruments that are not traded in an active market (interest rate swaps, cross currency swaps, commodity pricing contracts and forward foreign exchange contracts) are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates.

The fair value of interest rate swaps, currency swaps and forward foreign exchange contracts is calculated as the present value of the future cash flows based on observable inputs drawn from interest yield curves sourced from a reputable third-party source.

Level 3 financial instruments

The fair value of financial instruments is based on unobservable inputs that are supported by little or no market activity at the statement of financial position date. These inputs generally reflect the entity's own assumptions about how a market participant would reasonably be expected to determine the price of a financial instrument.

For commodity pricing contracts, in evaluating the significance of fair value inputs, the Group generally classifies assets or liabilities as level 3 when their fair value is determined using unobservable inputs that individually, or when aggregated with other unobservable inputs, represent more than 10% of the fair value of the observable inputs of the assets or liabilities. An explanation of the key inputs used in calculating the fair value of these contracts is set out in Note 3 under the heading 'Derivatives and hedge accounting'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | CONTINUED

19 Financial instruments by category continued

Available-for-sale financial assets which are analysed at level 3 primarily represent investments in unlisted securities. The fair values of the unlisted securities are principally approximated at cost. Values are adjusted for permanent impairments and fair value movements as disclosed in Note 18.

For financial instruments in level 3, the Group does not consider that changes to inputs to reasonable alternatives would have a material impact on the income statement or equity.

The following table reconciles the movement in the Group's financial instruments classified in level 3 of the fair value hierarchy:

	Commodity pricing contracts – assets £m	Commodity pricing contracts – liabilities £m	Available-for-sale assets £m	Total £m
At 1 April 2012	22	(22)	23	23
Total gains or losses:				
– in operating profit	53	(21)	–	32
– in other comprehensive income	–	–	(1)	(1)
Purchases	–	–	4	4
Settlements	(22)	22	1	1
At 31 March 2013	53	(21)	27	59
Total gains or losses:				
– in operating profit	**42**	**(21)**	**–**	**21**
– in other comprehensive income	**–**	**–**	**(2)**	**(2)**
Purchases	**–**	**–**	**4**	**4**
Settlements	**(53)**	**21**	**(1)**	**(33)**
At 31 March 2014	**42**	**(21)**	**28**	**49**

20 Derivative financial instruments

	At 31 March 2014		At 31 March 2013	
	Assets £m	**Liabilities £m**	Assets £m	Liabilities £m
Non-current derivative financial instruments used to manage the Group's net debt profile				
Currency swaps:				
– net investment hedges	**3**	**(2)**	2	(13)
Interest rate swaps:				
– fair value hedges	**20**	**–**	45	–
– held for trading	**–**	**–**	7	(8)
	23	**(2)**	54	(21)
Current derivative financial instruments used to manage the Group's net debt profile				
Interest rate swaps:				
– accrued interest	**6**	**(2)**	7	(2)
– fair value hedges	**4**	**–**	–	–
– held for trading	**3**	**(3)**	–	–
	13	**(5)**	7	(2)
Total derivative financial instruments used to manage the Group's net debt profile	**36**	**(7)**	61	(23)
Other current derivative financial instruments				
Forward foreign exchange contracts:				
– cash flow hedges	**1**	**–**	1	(2)
Commodity pricing contracts:				
– cash flow hedges	**1**	**(1)**	1	–
– held for trading	**64**	**(44)**	77	(56)
	66	**(45)**	79	(58)
Total other derivative financial instruments	**66**	**(45)**	79	(58)
Total derivative financial instruments	**102**	**(52)**	140	(81)
Presented in the statement of financial position as follows:				
Non-current derivative financial instruments	**23**	**(2)**	54	(21)
Current derivative financial instruments	**79**	**(50)**	86	(60)
	102	**(52)**	140	(81)

20 Derivative financial instruments continued

The ineffective portion recognised in operating profit that arises from cash flow hedges amounts to £nil (2013 – £1 million gain).

The ineffective portion recognised in operating profit that arises from net investment hedges amounts to £nil (2013 – £nil).

The ineffective portion recognised in net finance expense that arises from fair value hedges amounts to £nil (2013 – £1 million gain).

Cash flow hedges

The Group employs forward foreign exchange contracts and commodity pricing contracts to hedge cash flow risk associated with forecast transactions. The notional principal amounts of the outstanding forward foreign exchange contracts are as follows:

	At 31 March	
	2014 £m	2013 £m
US dollar	**(55)**	(36)
Singapore dollar	**49**	32
Brazilian real	**25**	34
Mexican peso	**(16)**	(29)
Euro	**2**	1
Other	**(3)**	(3)

Gains and losses recognised in the hedging reserve in equity (Note 25) on forward foreign exchange and commodity pricing contracts at 31 March 2014 are expected to be reclassified to the income statement at various dates until December 2016.

Fair value hedges

The Group employs interest rate swap contracts to hedge interest rate risks associated with its borrowings. The notional principal amounts of the outstanding interest rate swap contracts applied in fair value hedging relationships as of 31 March 2014 were £345 million (2013 – £364 million).

Net investment hedges

The Group employs currency swap contracts to hedge the currency risk associated with its net investments in subsidiaries located primarily in the United States and Europe. The notional principal amounts of the outstanding currency swap contracts applied in net investment hedging relationships as of 31 March 2014 were £147 million (31 March 2013 – £158 million). Within net investment hedging gains/losses, a fair value gain of £12 million (2013 – £5 million loss) on translation of the currency swap contracts to pounds sterling at the period-end date was recognised in the translation reserve in shareholders' equity (Note 25).

In addition, at 31 March 2014, of the Group's borrowings, a total of £456 million (2013 – £495 million) are designated as hedges of the net investments in overseas subsidiaries.

Debt-related derivatives held for trading

Some of the Group's interest rate swap contracts hedge the Group's exposure to interest rate risk, but do not qualify for hedge accounting. The notional amounts of the outstanding interest rate swap contracts not designated within hedge relationships as of 31 March 2014 were £210 million (2013 – £231 million).

Trading contracts

Commodity pricing contracts held for trading relate to the Group's commodity trading activities which are undertaken for the purposes of supporting underlying operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | CONTINUED

21 Financial risk factors

Management of financial risk

The key financial risks faced by the Group are credit risk, liquidity risk, and market risks, which include interest rate risk, foreign exchange risk and certain commodity price risks. The Board of Tate & Lyle PLC regularly reviews these risks and approves written policies covering the use of financial instruments to manage these risks and sets overall risk limits. The derivative financial instruments approved by the Board to manage financial risks include swaps, both interest rate and currency, caps, forward rate agreements, foreign exchange and commodity forward contracts and options, and commodity futures.

The Chief Financial Officer retains the overall responsibility for management of financial risk for the Group. Most of the Group's financing, interest rate and foreign exchange risk are managed through the Group treasury company, Tate & Lyle International Finance PLC, whose operations are controlled by its board. The treasury company is chaired by the Chief Financial Officer and has other board members who are independent of the treasury function. Group interest rate and currency exposures are concentrated either in the treasury company or in appropriate holding companies through market-related transactions with Group subsidiaries. Tate & Lyle International Finance PLC arranges funding and manages interest rate, foreign exchange and bank counterparty risks within limits approved by the Board of Tate & Lyle PLC.

Commodity price risks are managed through divisional commodity trading functions in the United States and Europe. These functions are controlled by divisional management who are responsible for ratifying general strategy and overseeing performance on a monthly basis. Commodity price contracts are categorised as being held either for trading or for hedging price exposures. Commodity contracts held for trading within the Group are limited, confined only to tightly controlled areas within corn pricing.

Market risks

Foreign exchange management

Tate & Lyle operates internationally and is exposed to foreign exchange risks arising from commercial transactions (transaction exposure), and from recognised assets, liabilities and investments in overseas operations (translation exposure).

Transaction exposure

The Group's policy requires subsidiaries to hedge transactional currency exposures against their functional currency once the transaction is committed or highly probable, mainly through the use of forward foreign exchange contracts. The amounts recognised in equity from derivative financial instruments designated as cash flow hedges are released to the income statement and offset against the movement in underlying transactions only when the forecast transactions affect the income statement.

Translation exposure

The Group manages the foreign exchange exposure to net investments in overseas operations, particularly in the United States and Europe, by maintaining a percentage of net debt in US dollars and euro to mitigate the effect of these risks. This is achieved by borrowing principally in US dollars and euro, which provide a partial match for the Group's major foreign currency assets. The Group also manages its foreign exchange exposure to net investments in overseas operations through the use of currency swap contracts. The amount deferred in equity from derivative financial instruments designated as net investment hedges is offset against the foreign currency translation effect of the net investment in overseas operations, and is released to the income statement upon disposal of those investments.

A weakening of the US dollar and euro against sterling would result in exchange gains on net debt denominated in these currencies which would be offset against the losses on the underlying foreign currency assets. At the year end, net debt amounting to £353 million (2013 – £479 million) was held in the following currencies: net borrowings of US dollars 114% (2013 – 108%) and of euro nil% (2013 – 3%); and net deposits of pounds sterling 10% (2013 – 10%) and other currencies 4% (2013 – 1%). The Group's interest cost through the income statement is impacted by changes in the relevant exchange rates.

The following table illustrates only the Group's sensitivity to the fluctuation of the major currencies on its financial assets and liabilities, as defined and set out in Note 19:

	At 31 March 2014		At 31 March 2013	
	Income statement –/+£m	**Equity –/+£m**	Income statement –/+£m	Equity –/+£m
Sterling/US dollar 10% change	**–**	**37**	–	48
Sterling/euro 10% change	**3**	**6**	–	6

Interest rate management

The Group has an exposure to interest rate risk, arising principally from changes in US dollar, sterling and euro interest rates. This risk is managed by fixing or capping portions of debt using interest rate derivatives to achieve a target level of fixed/floating rate net debt, which aims to optimise net finance expense and reduce volatility in reported earnings. The Group's policy is that between 30% and 75% of Group net debt (excluding the Group's share of joint venture net debt) is fixed or capped (excluding out-of-the-money caps) for more than one year and that no interest rates are fixed for more than 12 years. At 31 March 2014, the longest term of any fixed rate debt held by the Group was until November 2019 (2013 – November 2019). The proportion of net debt at 31 March 2014 (excluding the Group's share of joint-venture net debt) that was fixed or capped for more than one year was 40% (2013 – 64%).

The Group considers a 100 basis point change in interest rates a reasonably possible change except where rates are less than 100 basis points. In these instances it is assumed that the interest rates increase by 100 basis points and decrease to zero for the purpose of performing the sensitivity analysis. The impact is calculated with reference to the gross debt and cash held as at 31 March 2014 assuming that other variables remain unchanged.

As at 31 March 2014, if interest rates increase by 100 basis points, there would be no impact on the Group's profit before tax (2013 – decrease by £1 million). If interest rates decrease by 100 basis points, or less where applicable, Group profit before tax will increase by £1 million (2013 – increase by £1 million).

21 Financial risk factors continued

Price risk management

Tate & Lyle participates mainly in three markets: food and beverage; industrial ingredients; and animal feed. Food and beverage and industrial ingredients are the most significant. All ingredients are produced from renewable crops, predominantly corn (maize).

Tate & Lyle is exposed to movements in the future prices of commodities in those domestic and international markets where the Group buys and sells corn and energy for production. Commodity pricing contracts (futures, forwards and options) are used where available to hedge inventories and the costs of raw materials for unpriced and prospective contracts not covered by forward product sales. In most cases, these hedging contracts mature within one year and are either traded on recognised exchanges or over the counter.

The table below illustrates the sensitivity of the Group's commodity pricing contracts as at 31 March to the price movement of commodities:

	At 31 March 2014		At 31 March 2013	
	Income statement –/+£m	**Equity –/+£m**	Income statement –/+£m	Equity –/+£m
Corn 50% change	**1**	**–**	3	–

The majority of the Group's commodity pricing contracts are held for trading and changes in mark-to-market values of these contracts are taken directly into the income statement. Amounts deferred in equity from commodity pricing contracts designated as cash flow hedges are released to the income statement and offset against the movement in underlying transactions when they occur.

Credit risk management

Counterparty credit risk arises from the placing of deposits and entering into derivative financial instrument contracts with banks and financial institutions, as well as credit exposures inherent within the Group's outstanding receivables.

The Group manages credit risk by entering into financial instrument contracts only with highly credit-rated authorised counterparties which are reviewed and approved annually by the Board.

The Group has Board approved maximum counterparty exposure limits for specified banks and financial institutions based on the long-term credit ratings of Standard & Poor's and Moody's (typically single A long-term credit ratings or higher). Trading limits assigned to commercial customers are based on ratings from Dun & Bradstreet and Credit Risk Monitor. In cases where published financial ratings are not available or inconclusive, credit application, reference checking, and obtaining of customers' confidential financial information such as liquidity and turnover ratio, are required to evaluate customers' credit worthiness.

Analysis of amounts set off

The following tables set out the financial assets and financial liabilities which are subject to offsetting, enforceable master netting arrangements and similar agreements. Amounts which are set off against financial assets and liabilities in the Group's statement of financial position are set out below. Amounts not offset but which could be offset under certain circumstances are also shown.

At 31 March 2014	**Gross financial assets/ (liabilities) £m**	**Gross financial (liabilities)/ assets set off £m**	**Net financial assets/ (liabilities) £m**	**Related amounts not set off £m**	**Net £m**
Trade and other receivables	**302**	**–**	**302**	**–**	**302**
Derivative financial assets	**102**	**–**	**102**	**(5)**	**97**
Cash and cash equivalents	**396**	**–**	**396**	**–**	**396**
Total	**800**	**–**	**800**	**(5)**	**795**
Trade and other payables	**(315)**	**–**	**(315)**	**–**	**(315)**
Derivative financial liabilities	**(52)**	**–**	**(52)**	**5**	**(47)**
Bank loans and overdrafts	**(778)**	**–**	**(778)**	**–**	**(778)**
Total	**(1 145)**	**–**	**(1 145)**	**5**	**(1 140)**

At 31 March 2013	Gross financial assets/(liabilities) £m	Gross financial (liabilities)/assets set off £m	Net financial assets/(liabilities) £m	Related amounts not set off £m	Net £m
Trade and other receivables	372	–	372	–	372
Derivative financial assets	140	–	140	(21)	119
Cash and cash equivalents	379	–	379	–	379
Total	891	–	891	(21)	870
Trade and other payables	(382)	–	(382)	–	(382)
Derivative financial liabilities	(81)	–	(81)	21	(60)
Bank loans and overdrafts	(896)	–	(896)	–	(896)
Total	(1 359)	–	(1 359)	21	(1 338)

Amounts which do not meet the criteria for offsetting on the statement of financial position but could be settled net in certain circumstances principally relate to derivative transactions under ISDA (International Swaps and Derivatives Association) agreements where each party has the option to settle amounts on a net basis in the event of default of the other party.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | CONTINUED

21 Financial risk factors continued

Analysis of maximum credit exposure

Counterparties' positions are monitored on a regular basis to ensure that they are within the approved limits and there are no significant concentrations of credit risks.

The Group considers its maximum exposure to credit risk at the year end date is as follows:

	At 31 March	
	2014 £m	2013 £m
Cash and cash equivalents	**396**	379
Trade and other receivables	**302**	372
Derivative financial instruments – assets	**102**	140
Available-for-sale financial assets	**28**	27
Held for sale assets	**–**	1

The Group's trade receivables are short term in nature and largely comprise amounts receivable from business customers. Concentrations of credit risk with respect to trade receivables are limited due to the Group's having a number of key quality customers and a customer base which is large, unrelated and internationally dispersed.

Liquidity risk management

The Group manages its exposure to liquidity risk and ensures maximum flexibility in meeting changing business needs, by maintaining access to a wide range of funding sources, including capital markets and bank borrowings. Capital market issues outstanding at 31 March 2014 include the US$500 million 5.00% 144A bond maturing in November 2014, the US$250 million 6.625% 144A bond maturing in June 2016, and the £200 million 6.75% bond maturing in November 2019.

The Group ensures that it has sufficient undrawn committed bank facilities to provide liquidity back-up to cover its funding requirements for the foreseeable future. The Group has a core committed bank facility of US$800 million which matures in July 2016. This facility is unsecured and contains common financial covenants for Tate & Lyle and its subsidiary companies that the pre-exceptional and amortisation interest cover ratio should not be less than 2.5 times and the multiple of net debt to EBITDA, as defined in our financial covenants, should not be greater than 3.5 times. The Group intends to refinance the core committed bank facility no later than 12 months prior to the facility's maturity in July 2016. The Group monitors compliance against all its financial obligations and it is Group policy to manage the consolidated statement of financial position so as to operate well within these covenanted restrictions. In both the current and comparative reporting period, the Group complied with its financial covenants at all measurement points. The majority of the Group's borrowings are raised through the Group treasury company, Tate & Lyle International Finance PLC, and are then on-lent to the business units on an arm's length basis.

Current Group policy is to ensure that, after subtracting the total of undrawn committed facilities, no more than 10% of gross debt matures within 12 months and at least 35% has a maturity of more than 2.5 years. At 31 March 2014, after subtracting total undrawn committed facilities, there was no gross debt maturing within 12 months (2013 – none) and 29% of gross debt maturing within 2.5 years (2013 – none). The average maturity of the Group's gross debt was 3.9 years (2013 – 4.6 years). At the year end, the Group held cash and cash equivalents of £396 million (2013 – £379 million) and had committed facilities of £480 million (2013 – £527 million) of which £480 million (2013 – £527 million) was undrawn. These resources are maintained to provide liquidity back-up and to meet the projected maximum cash outflow from debt repayment, capital expenditure and seasonal working capital needs foreseen for at least a year into the future at any one time.

The table below analyses the Group's non-derivative financial liabilities and derivative assets and liabilities based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	At 31 March 2014		
Liquidity analysis	**<1 year £m**	**1–5 years £m**	**> 5 years £m**
Borrowings including finance leases	**(337)**	**(166)**	**(255)**
Interest on borrowings	**(38)**	**(69)**	**(14)**
Trade and other payables	**(315)**	**(2)**	**–**
Derivative contracts:			
– receipts	**99**	**244**	**–**
– payments	**(86)**	**(226)**	**–**
Commodity contracts	**(16)**	**(4)**	**–**

	At 31 March 2013		
Liquidity analysis	<1 year £m	1–5 years £m	> 5 years £m
Borrowings including finance leases	(77)	(518)	(262)
Interest on borrowings	(41)	(99)	(30)
Trade and other payables	(382)	(3)	–
Derivative contracts:			
– receipts	93	271	–
– payments	(80)	(251)	–
Commodity contracts	(44)	(3)	–

21 Financial risk factors continued

Included in borrowings are £2,394,000 of 6.5% cumulative preference shares. Only one year's worth of interest payable on these shares is included in the less than one year category.

Interest on borrowings is calculated based on borrowings held at year end without taking into account future issues. Floating-rate interest is calculated using forward interest rates derived from interest rate yield curves as at year end.

Derivative contracts include currency swaps, forward exchange contracts and interest rate swaps. All commodity pricing contracts such as options and futures are shown separately under commodity contracts.

Commodity contracts include only net settled commodity derivative contracts and gross settled commodity purchase contracts with negative fair values. Purchase contracts outflows represent actual contractual cash flows under the purchase contracts and not their fair values. Cash outflows from the purchase contracts are offset by cash inflows received from sale contracts; however, these inflows are not included as part of this analysis.

Financial assets and liabilities denominated in currencies other than pounds sterling are converted to pounds sterling using year end exchange rates.

Capital risk management

The Group's primary objectives in managing its capital are to safeguard the business as a going concern; to maintain a progressive dividend policy; to maintain sufficient financial flexibility to undertake its investment plans; and to retain as a minimum an investment grade credit rating which enables consistent access to debt capital markets. The Group's financial profile and level of financial risk is assessed on a regular basis in the light of changes to the economic conditions, business environment, the Group's business profile and the risk characteristics of its businesses.

Tate & Lyle has contractual relationships with Moody's and Standard & Poor's (S&P) for the provision of credit ratings, and it is the Group's policy to keep them informed of all major developments. At 31 March 2014, the long-term credit rating from Moody's was Baa2 (stable outlook) and from S&P was BBB (stable outlook). The Group is committed to maintaining investment grade credit ratings.

The Group regards its total capital as follows:

	Note	At 31 March **2014** **£m**	 2013 £m
Net debt	34	**353**	479
Equity attributable to owners of the Company		**1 049**	1 036
Total capital		**1 402**	1 515

The Board has set two ongoing key performance indicators (KPIs) to measure the Group's financial strength. The target levels for these financial KPIs are that the ratio of net debt/EBITDA should not exceed two times and interest cover should exceed five times. These ratios are calculated on the same basis as the external financial covenants noted above. The ratios for these KPIs for the financial years ended 31 March 2014 and 31 March 2013 are:

	Year ended 31 March **2014** **times**	 2013 times
Net debt/EBITDA	**0.8**	1.0
Interest cover	**11.6**	11.1

22 Inventories

	At 31 March **2014** **£m**	 2013 £m
Raw materials and consumables	**241**	267
Work in progress	**21**	21
Finished goods	**156**	222
Total	**418**	510

Finished goods inventories of £4 million (2013 – £5 million) are carried at realisable value, this being lower than cost. Inventories of £150 million (2013 – £164 million) are carried at market value. During the year, no net impairment charge was recognised against inventories (2013 – £nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | CONTINUED

23 Trade and other receivables

	At 31 March 2014 £m	At 31 March 2013 £m
Non-current trade and other receivables		
Other receivables	**1**	3
Total	**1**	3

	At 31 March 2014 £m	At 31 March 2013 £m
Current trade and other receivables		
Trade receivables	**276**	340
Less: allowance for doubtful debts	**(8)**	(10)
Trade receivables – net	**268**	330
Prepayments and accrued income	**13**	14
Margin deposits	**13**	18
Other receivables	**20**	21
Total	**314**	383

The carrying amounts of trade and other receivables were denominated in the following currencies:

	At 31 March 2014 £m	At 31 March 2013 £m
US dollar	**172**	222
Euro	**103**	95
Sterling	**11**	11
Other	**29**	58
Total	**315**	386

Allowance for doubtful debts

Trade receivables are subject to limited credit risk because the Group has a number of key customers of good credit quality and a large number of internationally dispersed customers. Trade receivables are regularly reviewed for collectability and an allowance has been established for doubtful debts against which trade receivables are written-off when they are no longer considered to be collectible. Movements on the allowance for doubtful debts were as follows:

	Year ended 31 March 2014 £m	Year ended 31 March 2013 £m
At 1 April	**(10)**	(7)
Net credit/(expense) for the year (Note 6)	**1**	(3)
Currency translation differences	**1**	–
At 31 March	**(8)**	(10)

As at 31 March 2014, trade receivables of £22 million (2013 – £31 million) were past due but not impaired because they were considered to be collectible. The ageing analysis of these trade receivables was as follows:

	At 31 March 2014 £m	At 31 March 2013 £m
Up to 30 days past due	**22**	28
1–3 months past due	**–**	3
Total	**22**	31

Trade receivables are not generally interest-bearing but interest may be charged to customers on overdue amounts.

24 Share capital and share premium

	Ordinary share capital £m	Share premium £m	Total £m
At 31 March 2013 and 31 March 2014	**117**	**406**	**523**

Ordinary shares carry the right to participate in dividends and each share entitles the holder to one vote on matters requiring shareholder approval.

Allotted, called up and fully paid equity share capital

	Year ended 31 March 2014		Year ended 31 March 2013	
	Shares	**£m**	Shares	£m
At 1 April	**468 192 900**	**117**	468 160 519	117
Allotted under share option schemes	**9 983**	**–**	32 381	–
At 31 March	**468 202 883**	**117**	468 192 900	117

Own shares

Own shares represent the Company's ordinary shares that are acquired to meet the Group's expected obligations under share-based incentive arrangements (see Note 26). Own shares are held either by the Company in treasury or by an Employee Benefit Trust that was established by the Company.

Movements in own shares held were as follows:

	Year ended 31 March 2014		Year ended 31 March 2013	
	Number	**Cost £m**	Number	Cost £m
At 1 April	**4 413 175**	**29**	3 795 558	23
Purchased in the market	**3 545 000**	**29**	3 500 000	23
Transferred to employees	**(3 251 746)**	**(21)**	(2 882 383)	(17)
At 31 March	**4 706 429**	**37**	4 413 175	29

During the year, 3,045,000 (2013 – 2,000,000) shares were purchased into treasury at a cost of £25 million (2013 – £13 million) and 500,000 (2013 – 1,500,000) shares were purchased into the Employee Benefit Trust at a cost of £4 million (2013 – £10 million).

During the year, 2,443,619 (2013 – 2,703,843) shares held in treasury and 808,127 (2013 – 178,540) shares held in the Employee Benefit Trust were transferred to employees to satisfy vested share awards.

At 31 March 2014, 2,442,914 (2013 – 1,841,533) shares were held in treasury with a market value of £16 million (2013 – £16 million) and 2,263,515 (2013 – 2,571,642) shares were held in the Employee Benefit Trust with a market value of £15 million (2013 – £22 million).

At 31 March 2014, own shares held represented 1.0% (2013 – 0.9%) of the Company's called up share capital.

Analysis of ordinary shareholders

	At 31 March 2014			
Number of shares of 25p each	**Number of holdings**	**%**	**Total**	**%**
Up to 500	4 815	31.4	1 270 548	0.3
501 – 1 000	3 873	25.3	3 026 174	0.6
1 001 – 1 500	1 955	12.8	2 441 124	0.5
1 501 – 2 000	1 242	8.1	2 237 815	0.5
2 001 – 5 000	2 024	13.2	6 261 691	1.3
5 001 – 10 000	538	3.5	3 772 112	0.8
10 001 – 200 000	616	4.0	30 537 962	6.5
200 001 – 500 000	121	0.8	38 693 792	8.3
Above 500 000	146	0.9	379 961 665	81.2
Total	**15 330**	**100.0**	**468 202 883**	**100.0**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | CONTINUED

25 Other reserves

	Hedging reserve £m	Currency translation reserve £m	Other reserves £m	Total £m
At 1 April 2012	2	28	98	128
Other comprehensive income				
Loss on cash flow hedges	(3)	–	–	(3)
Loss on cash flow hedges transferred to profit or loss	4	–	–	4
Loss on revaluation of available-for-sale financial assets	–	–	(1)	(1)
Gain on currency translation of foreign operations	–	56	–	56
Loss on net investment hedges	–	(30)	–	(30)
Gain transferred to profit or loss on disposal of foreign operations	–	(14)	–	(14)
Tax relating to the above items	(1)	–	–	(1)
At 31 March 2013	2	40	97	139
Other comprehensive income				
Loss on cash flow hedges	(1)	–	–	(1)
Loss on currency translation of foreign operations	–	(130)	–	(130)
Gain on net investment hedges	–	50	–	50
Tax relating to the above items	–	–	–	–
At 31 March 2014	**1**	**(40)**	**97**	**58**

26 Share-based incentives

The Company operates share-based incentive arrangements for the executive directors, senior executives and other eligible employees under which awards and options are granted over the Company's ordinary shares. All of the arrangements under which awards and options were outstanding during the 2014 and 2013 financial years are classified as equity-settled. During the year, the compensation expense recognised in profit or loss in respect of share-based incentives was £8 million (2013 – £13 million).

Background

Performance Share Plan

The Group's principal ongoing share-based incentive arrangement is the Performance Share Plan (PSP). Participation in the PSP is restricted to the executive directors and other senior executives. Awards made under the PSP normally vest provided the participant remains in the Group's employment during the performance period and the Group achieves earnings per share (EPS) and return on capital employed (ROCE) targets. Up to 50% of each award vests dependent on the compound annual growth rate of the Group's adjusted diluted EPS from continuing operations reaching specified levels over the performance period. Up to 50% of each award vests dependent on the Group's adjusted ROCE from continuing operations reaching specified levels at the end of the performance period. The performance period is the period of three financial years beginning with the financial year in which the award is granted. During the 2014 and 2013 financial years, the Group recognised an expense in relation to share-based incentives that were awarded to the Chief Executive Officer in 2009, 2010 and 2011 that were subject to the same performance conditions that applied to awards made under the PSP in those years. From 2012, the Chief Executive Officer has participated in the PSP.

Further information on the PSP is set out in the Directors' Remuneration Report on pages 52 to 71.

Group Bonus Plan – Deferred Element

Bonuses earned under the Group Bonus Plan are normally paid in cash up to 100% of the base salary of the participating executive. Any excess above 100% of base salary is paid in the form of deferred shares that are released after two years subject to the executive remaining in the Group's employment. During the vesting period, payments in lieu of dividends are made in relation to the deferred shares.

Further information on the Group Bonus Plan is set out in the Directors' Remuneration Report.

Sharesave Plan

Options are granted from time-to-to time under the Company's Sharesave Plan, which is open to all employees in the UK. It offers eligible employees the option to buy shares in the Company after a period of three or five years funded from the proceeds of a savings contract to which they contribute on a monthly basis.

Executive Share Option Scheme

Options are outstanding under the Company's legacy executive share option scheme. The last grant of options was made under this scheme in 2004 and those options vested in 2007.

26 Share-based incentives continued

Movements in the year

Movements in the awards outstanding during the year were as follows:

	Year ended 31 March 2014		Year ended 31 March 2013	
	Awards Number	Weighted average exercise price pence	Awards Number	Weighted average exercise price pence
Outstanding at 1 April	**10 838 115**	**10p**	11 270 273	16p
Granted	**2 591 210**	**11p**	2 718 602	8p
Exercised	**(3 261 729)**	**14p**	(2 914 764)	29p
Lapsed	**(309 212)**	**20p**	(235 996)	7p
Outstanding at 31 March	**9 858 384**	**10p**	10 838 115	10p
Exercisable at 31 March	**1 981 524**	**16p**	1 875 237	29p

The weighted average market price of the Company's ordinary shares on the dates on which awards were exercised during the year was 817p (2013 – 654p).

Awards granted in the year

During the year, PSP awards were granted over 2,548,235 shares (2013 – 2,673,024 shares) and Sharesave options were granted over 42,975 shares (2013 – 37,210 shares). The compensation expense recognised in relation to these awards is based on the fair value of the awards at their respective grant dates. The weighted average fair values of the awards granted during the year and the principal assumptions made in measuring those fair values were as follows:

	Year ended 31 March 2014		Year ended 31 March 2013	
	PSP	Sharesave	PSP	Sharesave
Fair value at grant date	**752p**	**198p**	619p	209p
Principal assumptions				
Share price on grant date	**817p**	**782p**	679p	759p
Expected life of the awards	**3 years**	**3.3/5.3 years**	3 years	3.3/5.3 years
Risk-free interest rate	**–**	**0.45%/0.9%**	–	0.65%/1.2%
Dividend yield on the Company's shares	**3.5%**	**3.5%**	4.0%	4.0%
Volatility of the Company's shares	**n/a**	**30%**	n/a	35%

The fair value of the awards was measured using the Black-Scholes option pricing formula, taking into account factors such as non-transferability, exercise restrictions and behavioural considerations.

Expected volatility was based on the historical volatility of the market price of the Company's shares over the expected life of the awards.

No deferred shares were granted under the Group Bonus Plan during the year. During the prior year, 8,368 deferred shares were granted in relation to annual bonuses earned during the year ended 31 March 2012.

Awards outstanding at the end of the year

The range of exercise prices and the weighted average remaining contractual life of awards outstanding at the end of the year were as follows:

	At 31 March 2014		At 31 March 2013	
Exercise price	Awards Number	Weighted average contractual life months	Awards Number	Weighted average contractual life months
Nil	**9 638 499**	**48.2**	10 573 265	49.1
200p to 399p	**98 694**	**14.2**	167 358	14.6
400p to 799p	**121 191**	**34.5**	97 492	37.6
Total	**9 858 384**	**47.7**	10 838 115	48.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | CONTINUED

27 Trade and other payables

	At 31 March	
	2014 £m	2013 £m
Non-current payables		
Accruals and deferred income	**2**	3
Total	**2**	3

	At 31 March	
	2014 £m	2013 £m
Current payables		
Trade payables	**216**	264
Social security	**2**	3
Accruals and deferred income	**63**	79
Other payables	**34**	36
Total	**315**	382

28 Borrowings

Non-current borrowings

	At 31 March	
	2014 £m	2013 £m
Unsecured borrowings		
2,394,000 6.5% cumulative preference shares of £1 each	**2**	2
Industrial Revenue Bonds 2016–2036 (US$77,655,000)	**47**	51
5.0% Guaranteed Notes 2014 (US$500,000,000)	**–**	341
6.625% Guaranteed Notes 2016 (US$250,000,000)	**157**	177
6.75% Guaranteed Notes 2019 (£200,000,000)	**214**	224
Total	**420**	795
Bank loans		
Variable unsecured loans (US$)	**2**	5
Total	**2**	5
Other borrowings		
Obligations under finance leases	**17**	21
Total	**17**	21
Total non-current borrowings	**439**	821

On a return of capital on a winding-up, the holders of 6.5% cumulative preference shares shall be entitled to £1 per share, in preference to all other classes of shareholders. Holders of these shares are entitled to vote at meetings, except on the following matters: any question as to the disposal of the surplus profits after the dividend on these shares has been provided for; the election of directors; their remuneration; any agreement between the directors and the Company; or the alteration of the Articles of Association dealing with any such matters.

Current borrowing

	At 31 March	
	2014 £m	2013 £m
Unsecured borrowings		
5.0% Guaranteed Notes 2014 (US$500,000,000)	**304**	–
Industrial Revenue Bonds 2013 (US$14,345,000)	**–**	9
Bank overdrafts	**6**	8
Short-term loans	**27**	56
Total	**337**	73
Other borrowings		
Obligations under finance leases	**2**	2
Total current borrowings	**339**	75

Included within borrowings are £345 million (2013 – £363 million) of borrowings subject to fair value hedges, of which amortised cost has been increased by £24 million (2013 – £46 million) in the table above.

Secured borrowings

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

28 Borrowings continued

Fair values

The fair values of the Group's borrowings compared with their book values are as follows:

	At 31 March 2014		At 31 March 2013	
	Book value £m	**Fair value £m**	Book value £m	Fair value £m
Non-current unsecured borrowings	**420**	**451**	795	845
Non-current bank loans	**2**	**2**	5	5
Other non-current borrowings	**17**	**17**	21	21
Current borrowings	**339**	**342**	75	75
Total	**778**	**812**	896	946

The fair value of borrowings has been determined using either quoted market prices, broker dealer quotations or discounted cash flow analysis.

Interest rate risks and maturity of borrowings

The maturity profile of the Group's non-current borrowings is as follows:

	At 31 March	
	2014 £m	2013 £m
One to two years	**9**	344
Two to five years	**164**	191
After five years	**266**	286
Total non-current borrowings	**439**	821

Floating rate borrowings bear interest based on relevant national LIBOR equivalents. If the interest rates applicable to the Group's floating rate debt and cash held as at 31 March 2014 rise by an average of 1% over the year ending 31 March 2015, there would be no impact on the Group's profit before tax (2013 – decrease by £1 million).

Taking into account the Group's interest rate and cross currency swap contracts, the effective interest rates of its borrowings are as follows:

	At 31 March	
	2014 £m	2013 £m
2,394,000 6.5% cumulative preference shares of £1 each	**6.5%**	6.5%
Industrial Revenue Bonds 2013–2036 (US$92,000,000)	**0.1%**	0.2%
5.0% Guaranteed Notes 2014 (US$500,000,000)	**2.8%**	2.9%
6.625% Guaranteed Notes 2016 (US$250,000,000)	**4.1%**	4.2%
6.75% Guaranteed Notes 2019 (£200,000,000)	**4.3%**	4.8%

Short-term loans and overdrafts

Current short-term loans mature within the next 12 months and overdrafts are repayable on demand. Both short-term loans and bank overdrafts are arranged at floating rates of interest and expose the Group to cash flow interest rate risk.

Credit facilities and arrangements

Tate & Lyle International Finance PLC holds a US$800 million five year committed multi-currency club facility with a core of highly-rated banks that was arranged in July 2011.

As at 31 March 2014, this committed facility remains undrawn. The facility has a value of £480 million (2013 – £527 million) and matures in July 2016. This facility incurs commitment fees at market rates prevailing when the facility was arranged. The facility may only be withdrawn in the event of specified events of default. In addition, the Group has substantial uncommitted facilities.

Finance lease commitments

Amounts payable under finance lease commitments are as follows:

	At 31 March 2014		At 31 March 2013	
	Minimum lease payments £m	**Present value of minimum lease payments £m**	Minimum lease payments £m	Present value of minimum lease payments £m
Within one year	**4**	**2**	4	2
Between one and five years	**10**	**9**	14	11
After five years	**11**	**8**	13	10
Total	**25**	**19**	31	23
Less future finance charges	**(6)**		(8)	
Present value of minimum lease payments	**19**		23	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | CONTINUED

29 Deferred tax

Deferred tax is calculated on temporary differences arising between the carrying amount of assets and liabilities for accounting purposes and their respective tax values. Deferred tax liabilities arise where the carrying amount is higher than the tax value (more tax deduction has been taken). This can happen where we invest in capital assets, as governments often encourage investment by allowing tax depreciation to be recognised faster than accounting depreciation. This reduces the tax value of the asset relative to its carrying amount. Deferred tax liabilities are generally provided on all taxable temporary differences. Deferred tax assets arise where the carrying amount is lower than the tax value (less tax benefit has been taken). This can happen where we have trading losses, which cannot be offset in the current period but can be carried forward and we consider it probable that we will be able to offset the losses against future taxable profits.

Movements in deferred income tax net assets/(liabilities) in the year are as follows:

Deferred tax	£m
At 1 April 2012	12
Charged to the income statement – restated*	(23)
Charged to other comprehensive income – restated*	(12)
Charged directly to equity	(1)
Currency translation differences	8
At 31 March 2013	(16)
Charged to the income statement	(2)
Charged to other comprehensive income	(22)
Charged directly to equity	(1)
Currency translation differences	3
At 31 March 2014	**(38)**

Of the amounts of deferred tax charged to the income statement and other comprehensive income, a charge of £1 million (2013 – £1 million) arose from changes in tax rates. There was no impact from the imposition of new taxes.

Deferred tax assets in respect of unutilised tax losses of £614 million (2013 – £571 million) have not been recognised to the extent that they exceed taxable profits against which these assets may be recovered. No unrelieved tax losses expired under current tax legislation in the year ended 31 March 2014.

The total deferred tax on unremitted earnings is £3 million (2013 – £4 million) of which £nil (2013 – £nil) has been recognised. The Group has not recognised the amount as it is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. The aggregate amount of temporary differences arising from unremitted profits at the period-end date was approximately £3 million (2013 – £4 million).

Other deferred tax liabilities principally relate to deferred tax on acquired intangible assets.

Other deferred tax assets principally relate to deferred tax on provisions.

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax liabilities	Capital allowances in excess of depreciation £m	Other £m	Total £m
At 1 April 2012	(115)	(33)	(148)
Transfers between categories	–	3	3
Charged to the income statement	(12)	(8)	(20)
Currency translation differences	(10)	8	(2)
At 31 March 2013	(137)	(30)	(167)
Transfers between categories	–	3	3
Credited to the income statement	4	23	27
Currency translation differences	12	2	14
At 31 March 2014	**(121)**	**(2)**	**(123)**

29 Deferred tax continued

Deferred tax assets	Retirement benefit obligations £m	Share-based payments £m	Tax losses £m	Other £m	Total £m
At 1 April 2012	74	7	78	1	160
Transfers between categories	–	–	–	(3)	(3)
Credited/(charged) to the income statement – restated*	25	2	(33)	3	(3)
Charged to other comprehensive income – restated*	(6)	–	(5)	(1)	(12)
Charged directly to equity	–	(1)	–	–	(1)
Currency translation differences	7	(1)	2	2	10
At 31 March 2013	100	7	42	2	151
Transfers between categories	–	–	–	(3)	(3)
(Charged)/credited to the income statement	(6)	(1)	(23)	1	(29)
Charged to other comprehensive income	(22)	–	–	–	(22)
Charged directly to equity	–	(1)	–	–	(1)
Currency translation differences	(8)	–	(3)	–	(11)
At 31 March 2014	**64**	**5**	**16**	**–**	**85**

Deferred tax assets and liabilities are offset where there is a legally enforceable right of offset and there is an intention to settle the balances net. As a result of these offsets, the deferred tax balances are presented in the statement of financial position as follows:

	At 31 March	
	2014 £m	2013 £m
Deferred tax liabilities	**(45)**	(24)
Deferred tax assets	**7**	8
Net deferred tax liability	**(38)**	(16)

* See Note 43.

30 Retirement benefit obligations

(a) Plan information

(i) Pensions

The Group operates a number of defined benefit pension plans, principally in the UK and the US and, until December 2013, in the Netherlands. Generally, the pension benefits provided under these plans are determined based on the pensionable salary and period of pensionable service of the individual members. Most of the plans are funded and the plan assets held separately from those of the Group in funds that are under the control of trustees. The extent of the powers of the trustees, in particular in respect of funding and investment strategy, varies and is dependent on local regulations and the rules of each plan. Payments made by the Group to the plans principally comprise funding contributions agreed with the trustees that are determined in accordance with local regulations to ensure that appropriate funding levels are maintained and funding deficits are eliminated over a reasonable period of time. All of the significant defined benefit pension plans operated by the Group are closed to new entrants and most are closed to future accrual.

The Group operates defined contribution pension plans in a number of countries. Contributions payable by the Group to these plans during the year amounted to £3 million (2013 – £4 million).

(ii) Other benefits

The Group's subsidiaries in the US provide unfunded retirement medical plans to the majority of their employees. Such plans provide financial assistance in meeting various costs including medical, dental and prescription drugs. Employees are required to contribute to the cost of benefits received under the plans. The Group meets the remaining costs of providing these benefits in the period in which they are incurred.

(b) Summary of financial effect

At the beginning of the year, the Group adopted IAS 19 (Revised 2011) 'Employee Benefits', which changed the way in which it accounts for defined benefit pension and other retirement benefit plans and certain of the related disclosure requirements. An explanation and analysis of the financial effect of these changes on the periods presented is set out in Note 43. Where necessary, comparative information for the prior year presented below has been restated to reflect these changes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | CONTINUED

30 Retirement benefit obligations continued

(i) Analysis of amounts presented in the income statement

	Year ended 31 March	
	2014 £m	2013 £m
Charged/(credited) to operating profit		
Defined benefit plans:		
– Current service cost		
Pension plans	**5**	4
Medical plans	**2**	3
– Gain on settlement	**(4)**	–
– Plan administration expenses	**2**	2
	5	9
Defined contribution plans	**3**	4
Net charge to operating profit	**8**	13
Charged/(credited) to finance expense		
Interest on benefit obligations	**64**	69
Interest on plan assets	**(56)**	(65)
Net charge to finance expense	**8**	4

During the year, the assets and liabilities of the defined benefit pension plan in the Netherlands were transferred to a new collective defined contribution plan and the defined benefit plan was closed. For accounting purposes, this transfer was treated as a settlement on which the Group recognised a gain of £4 million (of which £2 million was attributed to the Bulk Ingredients segment and £2 million was attributed to the Speciality Food Ingredients segment).

(ii) Analysis of amounts presented in other comprehensive income

	Year ended 31 March	
	2014 £m	2013 £m
Return on plan assets		
Actual return on plan assets (net of asset management expenses)	**27**	52
Interest on plan assets	**(56)**	(65)
Actual return lower than interest on plan assets	**(29)**	(13)

Actuarial gains/ (losses)		
Gain/(loss) from changes in financial assumptions	**60**	(134)
Loss from changes in demographic assumptions	**(40)**	(2)
(Loss)/gain from experience against assumptions	**(1)**	4
Net actuarial gain/(loss)	**19**	(132)

During the year, the trustees of the Amylum UK Pension Scheme agreed a full buy-in of its benefit obligations at a cost of £82 million (which was partially funded by an additional contribution from the Group of £6 million). For accounting purposes, the related benefit obligation was valued at £69 million such that there was a loss on plan assets of £13 million. During the prior year, the trustees of the Tate & Lyle Group Pension Scheme in the UK agreed a partial buy-in in relation to current pensioners at a cost of £347 million. For accounting purposes, the related benefit obligation was valued at £266 million such that there was a loss on plan assets of £81 million.

(iii) Analysis of defined benefit liability

	At 31 March 2014			At 31 March 2013		
	Pensions £m	**Medical benefits £m**	**Total £m**	Pensions £m	Medical benefits £m	Total £m
Benefit obligations:						
Funded plans	**(1 425)**	**–**	**(1 425)**	(1 539)	–	(1 539)
Unfunded plans	**(46)**	**(54)**	**(100)**	(53)	(80)	(133)
	(1 471)	**(54)**	**(1 525)**	(1 592)	(80)	(1 672)
Fair value of plan assets	**1 305**	**–**	**1 305**	1 407	–	1 407
Net deficit	**(166)**	**(54)**	**(220)**	(185)	(80)	(265)
Presented in the statement of financial position:						
Retirement benefit surplus	**–**	**–**	**–**	12	–	12
Retirement benefit deficit	**(166)**	**(54)**	**(220)**	(197)	(80)	(277)
	(166)	**(54)**	**(220)**	(185)	(80)	(265)

30 Retirement benefit obligations continued

(iv) Analysis of movements in the net deficit

	Pensions £m	Medical benefits £m	Total £m
At 1 April 2012	**(36)**	**(104)**	**(140)**
Year ended 31 March 2013			
– (Increase)/decrease in the benefit obligation	**(194)**	**24**	**(170)**
– Increase in the fair value of plan assets	**45**	**–**	**45**
At 31 March 2013	**(185)**	**(80)**	**(265)**
Year ended 31 March 2014			
– Decrease in the benefit obligation	**121**	**26**	**147**
– Decrease in the fair value of plan assets	**(102)**	**–**	**(102)**
At 31 March 2014	**(166)**	**(54)**	**(220)**

(c) Defined benefit obligations

(i) Principal assumptions

Pensions

For accounting purposes, the benefit obligation of each plan has been calculated in accordance with IAS 19 based on data gathered for the most recent actuarial valuation and by applying assumptions made by the Group on the advice of independent actuaries.

As required by local regulations, actuarial valuations of the US pension plans are carried out each year and those of the UK pension plans are carried out at least every three years. An actuarial valuation at 31 March 2013 of the Tate & Lyle Group Pension Scheme in the UK has commenced. Whilst the valuation has not yet been finalised, the Group has used the data gathered in relation to the valuation as the basis for measuring the related benefit obligation. An actuarial valuation of the Amylum UK Pension Scheme was last carried out at 30 June 2011.

Principal assumptions used in calculating the benefit obligation were as follows:

	At 31 March 2014		
	UK	**US**	**Other countries**
Inflation rate	**CPI 2.4%/ RPI 3.4%**	**2.5%**	**2.0%**
Expected rate of salary increases	**n/a**	**3.5%**	**2.0%**
Expected rate of pension increases:			
– Deferred pensions	**2.4%**	**n/a**	**1.6%**
– Pensions in payment	**3.2%**	**n/a**	**1.6%**
Discount rate	**4.2%**	**4.3%**	**3.5%**

	At 31 March 2013		
	UK	US	Other countries
Inflation rate	CPI 2.5%/ RPI 3.5%	2.5%	2.0%
Expected rate of salary increases	n/a	3.5%	2.0%
Expected rate of pension increases:			
– Deferred pensions	2.5%	n/a	0.9%
– Pensions in payment	3.4%	n/a	0.9%
Discount rate	4.2%	3.9%	3.1%

Assumptions regarding future mortality rates of members of the Group's pension plans are based on published statistics and taking into account the profile of the plan members. On this basis, the average life expectancies assumed for members of the plans are as follows:

	At 31 March 2014		At 31 March 2013	
	UK	**US**	UK	US
Male aged 65 now	**23 years**	**19 years**	22 years	19 years
Male aged 65 in 20 years' time	**26 years**	**20 years**	25 years	21 years
Female aged 65 now	**24 years**	**21 years**	23 years	21 years
Female aged 65 in 20 years' time	**27 years**	**22 years**	25 years	22 years

Shorter longevity assumptions are used for members who retire on grounds of ill health.

Medical benefits

Principal assumptions used in calculating the benefit obligation are medical cost inflation and the discount rate applied to the expected benefit payments. Management assumed medical cost inflation at 6.0% per annum (2013 – 7.0%), grading down to 5% by 2016, and used a discount rate of 4.1% (2013 – 3.7%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | CONTINUED

30 Retirement benefit obligations continued

(ii) Analysis of movements in the benefit obligation

	Pension benefits					
	UK £m	US £m	Other countries £m	Total £m	Medical benefits £m	Total £m
At 1 April 2012	(867)	(468)	(63)	(1,398)	(104)	(1,502)
Year ended 31 March 2013						
Service cost	–	(1)	(3)	(4)	(3)	(7)
Plan administration costs	(2)	–	–	(2)	–	(2)
Interest on benefit obligation	(43)	(20)	(2)	(65)	(4)	(69)
Actuarial gains/(losses):						
– Changes in financial assumptions	(132)	(26)	(7)	(165)	31	(134)
– Changes in demographic assumptions	–	(1)	(1)	(2)	–	(2)
– Experience against assumptions	–	2	–	2	2	4
Net actuarial (loss)/gain	(132)	(25)	(8)	(165)	33	(132)
Employees' contributions	–	–	(1)	(1)	–	(1)
Benefits paid	47	25	2	74	3	77
Currency translation differences	(1)	(30)	–	(31)	(5)	(36)
(Increase)/decrease in the benefit obligation	(131)	(51)	(12)	(194)	24	(170)
At 31 March 2013	(998)	(519)	(75)	(1 592)	(80)	(1 672)
Year ended 31 March 2014						
Service cost	–	(1)	(4)	(5)	(2)	(7)
Plan administration costs	(2)	–	–	(2)	–	(2)
Interest on benefit obligation	(41)	(19)	(1)	(61)	(3)	(64)
Actuarial gains/(losses):						
– Changes in financial assumptions	23	21	(2)	42	18	60
– Changes in demographic assumptions	(39)	(1)	–	(40)	–	(40)
– Experience against assumptions	(7)	3	1	(3)	2	(1)
Net actuarial (loss)/gain	(23)	23	(1)	(1)	20	19
Employees' contributions	–	–	(1)	(1)	–	(1)
Benefits paid	49	26	2	77	4	81
Transfer on settlement	–	–	67	67	–	67
Currency translation differences	2	45	–	47	7	54
(Increase)/decrease in the benefit obligation	(15)	74	62	121	26	147
At 31 March 2014	**(1 013)**	**(445)**	**(13)**	**(1 471)**	**(54)**	**(1 525)**

(iii) Maturity of obligations

At 31 March 2014, the weighted average duration of the significant defined benefit obligations was as follows:

	Duration
Pension plans:	
– UK	18 years
– US	12 years
Medical benefits	9 years

At 31 March 2014, the benefits expected to be paid by the plans over the next ten years were as follows:

	Pension benefits					
	UK £m	US £m	Other countries £m	Total £m	Medical benefits £m	Total £m
Benefit payments:						
– Within 12 months	49	24	–	73	4	77
– Between 1 to 2 years	49	25	–	74	4	78
– Between 2 to 5 years	150	78	–	228	12	240
– Between 5 to 10 years	263	140	–	403	19	422

30 Retirement benefit obligations continued

(d) Plan assets

(i) Investment strategy

Principal risks

The defined benefit pension plans expose the Group to actuarial risks such as interest rate, longevity, inflation and investment risk.

Interest rate risk	*Inflation risk*
Volatility in the financial markets can have a significant effect on the benefit obligation as the calculation of the obligation involves discounting based on yields on AA-rated corporate bonds. A decrease in the bond yield will increase the benefit obligation.	Inflation risk arises where pensionable salaries, deferred pensions or pensions in payment are subject to inflation increases. A higher rate of inflation will lead to a higher benefit obligation.
Longevity risk	*Investment risk*
Longevity (or life expectancy) represents a risk because the longer members of the plans live the higher benefit payments to them will be. An increase in life expectancy beyond that assumed will increase the benefit obligation.	If the return on the plan assets is lower than the discount rate applied to the benefit obligation, there will be an increase in the deficit (or reduction in the surplus) on the plan.

Mitigation of risk

The Group encourages the trustees of the plans to adopt an investment policy that seeks to mitigate these risks, which involves investing a significant proportion of the plan assets in liability-driven investment portfolios that mitigate interest rate, inflation and investment risks. The Group seeks to ensure that, as far as is practicable, the investment portfolios of the funded plans are invested in long-term fixed interest securities with maturities and in currencies that match the expected future benefit payments as they fall due. In the UK, interest rate derivatives are used to achieve close matching where matching fixed-interest securities are not available in the market. Most of the inflation risk for the Group arises in the UK since deferred pensions and pensions in payment in the US do not attract inflation increases. Inflation risk is mitigated by holding index-linked government bonds and corporate bonds and, in the UK, inflation derivatives. At 31 March 2014, £346 million (2013 – £275 million) of the benefit obligation was matched by qualifying insurance policies that also mitigate longevity risk. The plans also maintain a portfolio of return-seeking investments, principally in the form of equities and property.

(ii) Plan assets by category

				At 31 March 2014
	UK £m	**US £m**	**Other countries £m**	**Total £m**
Equities – quoted	**237**	**95**	**–**	**332**
Corporate bonds – quoted	**148**	**173**	**–**	**321**
Government bonds – quoted	**105**	**43**	**–**	**148**
Property – unquoted	**45**	**17**	**–**	**62**
Insurance policies – unquoted	**343**	**3**	**–**	**346**
Other assets – unquoted	**96**	**–**	**–**	**96**
	974	**331**	**–**	**1 305**

				At 31 March 2013
	UK £m	US £m	Other countries £m	Total £m
Equities – quoted	204	144	21	369
Corporate bonds – quoted	180	117	9	306
Government bonds – quoted	166	52	20	238
Property – unquoted	57	29	–	86
Insurance policies – unquoted	272	3	–	275
Other assets – unquoted	120	1	12	133
	999	346	62	1 407

Plan assets do not include any direct investments in securities issued by the Group or any property occupied by or other assets used by the Group.

Assets are classified as quoted only if they have a quoted market price in an active market as defined by IFRS 13 'Fair Value Measurement'. All other assets are classified as unquoted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | CONTINUED

30 Retirement benefit obligations continued

(iii) Analysis of movements in the plan assets

	UK £m	US £m	Other countries £m	Total £m
At 1 April 2012	1 005	302	55	1 362
Year ended 31 March 2013				
Interest on plan assets	50	13	2	65
Actual return (lower)/higher than interest on plan assets	(35)	18	4	(13)
Employer's contributions	26	20	2	48
Employees' contributions	–	–	1	1
Benefits paid	(47)	(25)	(2)	(74)
Currency translation differences	–	18	–	18
(Decrease)/increase in fair value of plan assets	(6)	44	7	45
At 31 March 2013	999	346	62	1 407
Year ended 31 March 2014				
Interest on plan assets	**42**	**13**	**1**	**56**
Actual return (lower)/higher than interest on plan assets	**(41)**	**12**	**–**	**(29)**
Employer's contributions	**24**	**18**	**1**	**43**
Employees' contributions	**–**	**–**	**1**	**1**
Benefits paid	**(49)**	**(26)**	**(2)**	**(77)**
Transfer on settlement	**–**	**–**	**(63)**	**(63)**
Currency translation differences	**(1)**	**(32)**	**–**	**(33)**
Decrease in fair value of plan assets	**(25)**	**(15)**	**(62)**	**(102)**
At 31 March 2014	**974**	**331**	**–**	**1 305**

(e) Funding of the plans

A full valuation is performed by actuaries for the trustees of each plan to determine the level of funding required. Employer contributions are agreed between the trustees of each plan and the Group on the basis of these valuations. The assumptions used by the trustees for funding purposes may differ from the assumptions made by the Group for accounting purposes. As a result, the funding deficits or surpluses on the plans may be very different from the accounting deficits or surpluses.

During the year ending 31 March 2015, the Group expects to contribute approximately £33 million to its defined benefit pension plans and to pay approximately £4 million in relation to retirement medical benefits.

(f) Sensitivity analysis

At 31 March 2014, the sensitivity of the net deficit on the plans to changes in the principal assumptions was as follows (assuming in each case that the other assumptions are unchanged):

		Increase/(decrease) in obligation	
	Change in assumption +/-	Increase in assumption £m	Decrease in assumption £m
Pension plans			
Inflation rate	50 bp	75	(59)
Life expectancy	1 year	68	(68)
Discount rate	100 bp	(206)	255
Medical benefits			
Medical cost inflation	50 bp	2	(2)
Discount rate	100 bp	(5)	6

31 Provisions for other liabilities and charges

	Insurance funds £m	Restructuring and closure provisions £m	Other provisions £m	Total £m
At 1 April 2012	11	4	13	28
Provided in the year	3	2	9	14
Released in the year	(2)	–	(5)	(7)
Utilised in the year	(2)	–	(2)	(4)
Exchange and other movements	–	–	4	4
At 31 March 2013	10	6	19	35
Provided in the year	2	–	–	2
Released in the year	(1)	–	(1)	(2)
Utilised in the year	(4)	(2)	(2)	(8)
Exchange and other movements	(1)	–	(1)	(2)
At 31 March 2014	**6**	**4**	**15**	**25**

	At 31 March	
	2014 £m	2013 £m
Provisions are expected to be utilised as follows:		
– within one year	**15**	20
– after more than one year	**10**	15
Total	**25**	35

Insurance funds represent amounts provided by the Group's captive insurance subsidiary in respect of the expected level of insurance claims. These provisions are expected to be utilised within five years.

Restructuring and closure provisions relate to restructuring within the Group and are expected to be utilised within five years.

Other provisions primarily relate to Group legal matters and previously disposed businesses and are expected to be utilised within five years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | CONTINUED

32 Change in working capital

Continuing operations	Year ended 31 March 2014 £m	2013 £m
Decrease/(increase) in inventories	**65**	(47)
Decrease/(increase) in receivables	**37**	(38)
Decrease in payables	**(57)**	(20)
Increase in derivative financial instruments (excluding debt-related derivatives)	**(4)**	(6)
(Decrease)/increase in provisions for other liabilities and charges	**(3)**	4
Decrease/(increase) in working capital	**38**	(107)

33 Cash and cash equivalents

	At 31 March 2014 £m	2013 £m
Cash at bank and in hand	**238**	223
Short-term bank deposits	**158**	156
Total	**396**	379

Presented in the financial statements as follows:

	At 31 March 2014 £m	2013 £m
Cash and cash equivalents	**396**	379
Total	**396**	379

The effective interest rate on short-term deposits was 0.3% (2013 – 0.3%), with an average maturity of two days (2013 – two days).

The carrying amount of cash and cash equivalents are denominated in the following currencies:

	At 31 March 2014 £m	2013 £m
Euro	**70**	64
US dollar	**248**	214
Sterling	**52**	80
Other	**26**	21
Total	**396**	379

34 Net debt

Reconciliation of the increase/(decrease) in cash and cash equivalents to the movement in net debt:

	Year ended 31 March 2014 £m	2013 £m
Net increase/(decrease) in cash and cash equivalents	**50**	(68)
Net decrease in borrowings	**44**	95
Decrease in net debt resulting from cash flows	**94**	27
Fair value and other movements	**–**	13
Debt acquired on acquisition of subsidiaries	**(3)**	–
Currency translation differences	**35**	(43)
Decrease/(increase) in net debt in the year	**126**	(3)
Net debt at beginning of year	**(479)**	(476)
Net debt at end of year	**(353)**	(479)

34 Net debt continued

Movements in the Group's net debt are as follows:

	Cash and cash equivalents £m	Borrowings and finance leases Current £m	Non-current £m	Derivatives £m	Assets held for sale £m	Total £m
At 1 April 2012	424	(141)	(805)	24	22	(476)
(Increase)/decrease resulting from cash flows	(46)	77	2	16	(22)	27
Fair value movements/other	–	7	1	5	–	13
Reclassification	–	(12)	12	–	–	–
Currency translation differences	1	(6)	(31)	(7)	–	(43)
At 31 March 2013	379	(75)	(821)	38	–	(479)
Decrease resulting from cash flows	50	39	5	–	–	94
Fair value movements/other	–	–	21	(21)	–	–
Reclassification	–	(304)	304	–	–	–
Debt acquired on acquisition of subsidiaries	–	(3)	–	–	–	(3)
Currency translation differences	(33)	4	52	12	–	35
At 31 March 2014	**396**	**(339)**	**(439)**	**29**	**–**	**(353)**
Balances at 31 March 2014 comprise:						
Non-current assets	–	–	–	23	–	23
Current assets	396	–	–	13	–	409
Non-current liabilities	–	–	(439)	(2)	–	(441)
Current liabilities	–	(339)	–	(5)	–	(344)

Net debt is denominated in the following currencies:

	At 31 March 2014 £m	2013 £m
Euro	**1**	(12)
US dollar	**(401)**	(521)
Sterling	**33**	49
Other	**14**	5
Total	**(353)**	(479)

35 Contingent liabilities

Trade guarantees

	At 31 March 2014 £m	2013 £m
Trade guarantees	**1**	2

Trade guarantees have been given in the normal course of business by the Group at both 31 March 2014 and 31 March 2013. These are in respect of Revenue and Customs, ECGD recourse agreements, letters of credit and tender and performance bonds.

Sale of EU Sugars

As previously announced, American Sugar Holdings (ASR) raised a number of claims totalling in the region of £40 million that it believes it has under the Share and Business Sale Agreement relating to its acquisition of the Group's EU Sugars business in September 2010. These claims in large part relate to the turbulence in the supply of raw sugar to the EU during the period prior to closing and the increase in certain rolling re-export commitments of the business. Some, but not all, of these issues were considered in the expert adjudication on the closing accounts in which, as noted in the Annual Report 2012, the expert strongly supported Tate & Lyle's position. ASR (through its subsidiary T&L Sugars Limited) has now commenced formal proceedings in respect of these claims which the Group intends to defend vigorously.

Other claims

The Group is subject to claims and litigation generally arising in the ordinary course of its business, some of which are for substantial amounts. All such actions are strenuously defended but provision is made for liabilities that are considered likely to arise on the basis of current information and legal advice and after taking into account the Group's insurance arrangements.

While there is always uncertainty as to the outcome of any claim or litigation, it is not expected that claims and litigation existing at 31 March 2014 will have a material adverse effect on the Group's financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | CONTINUED

36 Commitments

Capital commitments

	At 31 March	
	2014 £m	2013 £m
Commitments for the purchase of intangible assets	**1**	6
Commitments for the purchase of property, plant and equipment	**39**	21
Total	**40**	27

Operating lease arrangements

Operating lease payments represent rentals payable by the Group for certain of its land, buildings, plant and equipment. Certain operating lease agreements allow for renewal at the end of the original term at the option of the Group.

At the period-end date, the Group has outstanding commitments under non-cancellable operating leases which fall due as follows:

	At 31 March	
	2014 £m	2013 £m
Within one year	**21**	24
Between one year and five years	**68**	77
After five years	**85**	88
Total	**174**	189

37 Acquisitions and disposals

Year ended 31 March 2014

Acquisitions

On 17 May 2013, the Group acquired a 100% equity interest in Biovelop, an early-stage Swedish manufacturer of oat beta glucan. The acquisition broadened the Group's health and wellness offering and added a clean-label, speciality fibre with strong health claims to its existing corn-based portfolio.

On 8 October 2013, the Group acquired a 51% equity interest in Jiangsu Howbetter Food Co., Ltd, a leading Food Systems business in China. The new venture, Tate & Lyle Howbetter, provides the Group with local infrastructure and capabilities to accelerate the growth of its Food Systems business in China. At the acquisition date, the Group entered into put and call option arrangements whereby at a future date it could be required to purchase, or could itself opt to purchase, the 49% non-controlling interest in Tate & Lyle Howbetter for an amount in cash based on the future results of that business. The Group initially recognised a liability of £2 million in relation to the put option and a corresponding debit to equity attributable to owners of the Company.

Goodwill of £10 million was recognised on business combinations during the year, which was determined as follows:

	2014 £m
Cash consideration	15
Non-controlling interests (share of net assets acquired)	1
Less: Net assets acquired	(6)
Goodwill	**10**

Cash flows:	
Cash consideration paid	15
Cash outflow on acquisitions	**15**

Goodwill recognised during the year was attributable to the broadening of the Group's product offering and other synergies expected to be achieved with the Group's existing businesses. None of the goodwill recognised during the year is expected to be deductible for tax purposes.

Businesses acquired during the year contributed revenue of £2 million and a loss before tax of £2 million to the Group's results. Had they been acquired at the beginning of the year, their contribution to the Group's results would not have been materially different.

Acquisition-related costs were less than £1 million.

Disposal

On 31 May 2013, the on-sale by the acquirer of Orsan China (a monosodium glutamate producer in which Tate & Lyle held a stake that was sold in 2009) resulted in a one-off operating gain of £3 million.

37 Acquisitions and disposals continued

Year ended 31 March 2013

Disposals

Continuing operations

Sucromiles

On 1 August 2012, the Group completed the disposal of its share in Sucromiles SA (Sucromiles), its Colombian citric acid joint venture, to its former joint-venture partner, Organizacion Ardila Lulle, for consideration of £20 million. After transferring a cumulative currency translation gain to the income statement, there was a gain on disposal of £8 million that was recognised as an exceptional item within continuing operations.

Discontinued operations

Vietnam Sugars

On 29 June 2012, the Group completed the sale of Vietnam Sugar to TH Milk Food Stock Company for consideration of £45 million. After transferring a cumulative currency translation gain to the income statement, there was a gain on disposal of £21 million that was recognised as an exceptional item within discontinued operations.

Molasses

On 20 March 2013, the Group completed the sale of land and buildings with book value of £2 million relating to the former Molasses business to W&R Barnett Ltd. Cash consideration totalled £7 million resulting in a gain on disposal of £5 million that was recognised as an exceptional item within discontinued operations.

EU Sugars

During the prior year, the Group received £2 million in respect of a working capital settlement from its disposal of the EU Sugars business to American Sugar Refining in September 2010. No change to the loss on disposal was recorded.

Other

During the prior year, the Group disposed of the remaining assets of its Israel Sugar business, resulting in a gain of £2 million, which was offset by losses on the disposal of other assets relating to the Group's discontinued Sugar operations.

A net gain of £34 million was recognised on disposals of businesses during the prior year, which may be analysed as follows:

	Continuing operations £m	Discontinued operations £m	2013 Total £m
Goodwill and intangible assets	–	2	2
Property, plant and equipment	3	20	23
Derivative financial instruments – assets	–	4	4
Inventories	9	10	19
Trade and other receivables	9	13	22
Trade and other payables	(6)	(3)	(9)
Derivative financial instruments – liabilities	–	(4)	(4)
Cash and cash equivalents	5	22	27
Taxation	–	(1)	(1)
Total assets disposed	20	63	83
Non-controlling interests disposed	–	(25)	(25)
Net assets disposed	20	38	58
Total consideration	20	61	81
Other items:			
– Disposal costs	–	(3)	(3)
– Currency translation differences transferred to profit or loss	8	6	14
Net gain on disposal	**8**	**26**	**34**
Reported as:			
– Exceptional items (Note 7)	8	26	34
– Non-exceptional items:			
– Gain on disposal	–	2	2
– Loss on disposal	–	(2)	(2)
Total	**8**	**26**	**34**
Cash flows:			
– Cash consideration	20	58	78
– Cash disposed	(5)	(22)	(27)
Net cash inflow on disposals	**15**	**36**	**51**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | CONTINUED

38 Assets classified as held for sale

At 31 March 2013, the Group's investment in Mitr Lao Sugar Company was classified as held for sale. It was sold during the year for £1 million which resulted in no gain or loss.

39 Related party disclosures

Identity of related parties

The Group has related party relationships with its subsidiaries, joint ventures and associates, the Group's pension schemes and with key management being its directors and executive officers. No related party relationships with close family members of the Group's key management existed in the current or comparative year.

Subsidiaries, joint ventures and associates

Transactions entered into by the Company with subsidiaries and between subsidiaries as well as the resultant balances of receivables and payables are eliminated on consolidation and are not required to be disclosed. The Group's share of transactions entered into by the Company and its subsidiaries with joint ventures and between joint ventures as well as the Group's share of the resultant balances of receivables and payables are eliminated on consolidation. For transactions and balances with joint ventures, there is an element which is not eliminated on consolidation relating to the external joint-venture partner which is required to be disclosed. Transactions and balances with and between joint ventures are as shown below. There are no such transactions with associates.

	Year ended 31 March	
Continuing operations	**2014 £m**	2013 £m
Sales of goods and services		
– to joint ventures	**154**	174
Purchases of goods and services		
– from joint ventures	**304**	279

	At 31 March	
	2014 £m	2013 £m
Receivables		
– due from joint ventures	**10**	15
Payables		
– due to joint ventures	**21**	21
Financing		
– loans to joint ventures	**8**	20
– deposits from joint ventures	**12**	53

The Group had no material related party transactions containing unusual commercial terms.

The Group provides guarantees in respect of banking facilities of a joint venture totalling £9 million (2013 – £9 million).

Key management compensation

Key management compensation is disclosed in Note 9.

40 Currency exchange rates

The principal exchange rates used to translate the results, assets and liabilities and cash flows of the Group's foreign operations into pounds sterling were as follows:

	Year ended 31 March	
	2014 £1 =	2013 £1 =
Average rate		
US dollar	**1.59**	1.57
Euro	**1.19**	1.24

	At 31 March	
	2014 £1 =	2013 £1 =
Year-end rate		
US dollar	**1.67**	1.52
Euro	**1.21**	1.18

41 Principal subsidiaries, joint ventures and associates

Subsidiaries based in the United Kingdom[1]

	Type of business	Percentage of equity attributable to Tate & Lyle PLC
G.C. Hahn and Company Limited	Blending	100
Tate & Lyle Industries Limited	Holding company	100
Tate & Lyle International Finance PLC[2]	In-house treasury company	100
Tate & Lyle Investments Limited[2]	Holding company	100
Tate & Lyle LLC	Holding company	100

1 Registered in England and Wales, except Tate & Lyle LLC which is registered in Delaware, USA.

2 Direct subsidiaries of Tate & Lyle PLC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | CONTINUED

41 Principal subsidiaries, joint ventures and associates continued

Subsidiaries operating overseas

Country of incorporation or registration	Company	Type of business	Percentage of equity attributable to Tate & Lyle PLC
Argentina	Tate & Lyle Argentina SA	Cereal sweeteners and starches, sucralose distribution	100
Australia	Tate & Lyle ANZ Pty Limited	Sucralose distribution and blending	100
Belgium	Tate & Lyle Services (Belgium) N.V.	Holding company	100
Bermuda	Tate & Lyle Management & Finance Limited	Management and finance	100
Brazil	Tate & Lyle Brasil S.A.[1]	Citric acid, sucralose distribution, cereal sweeteners and starches	100
	G.C. Hahn & Co. do Estabilizantes e Tecnologia para Alimentos Ltda.	Blending	100
Chile	Tate & Lyle Chile Commercial Ltda	Cereal sweeteners and starches, sucralose distribution	100
China	Tate & Lyle Howbetter Co. Ltd[1]	Blending	51
	Tate & Lyle Trading (Shanghai) Co. Ltd[1]	Sucralose distribution, cereal sweeteners and starches	100
	G.C. Hahn & Co. Food Stabiliser Business (Shanghai) Ltd.[1]	Blending	100
France	G.C. Hahn & Cie. S.A.R.L.	Blending	100
	Tate & Lyle Ingredients France S.A.S.	Research and development centre	100
Germany	G.C. Hahn & Co. Stabilisierungstechnik GmbH	Blending	100
	G.C. Hahn & Co. Cooperationsgeschaft mbH	Holding company	100
Gibraltar	Tate & Lyle Insurance (Gibraltar) Limited	Reinsurance	100
Italy	Tate & Lyle Italia S.P.A.	Blending	100
Mexico	Tate & Lyle Mexico, S. de R.L.de C.V.	Sucralose distribution	100
Morocco	Tate & Lyle Morocco SA	Cereal sweeteners and starches	100
Netherlands	Nederlandse Glucose Industrie B.V.	Holding company	100
	Tate & Lyle Netherlands B.V.	Cereal sweeteners and starches, sucralose distribution	100
Poland	G.C. Hahn & Co. Technika stabilizowania Sp.z.o.o.	Blending	100
	Tate & Lyle Global Shared Services Sp.z.o.o	Holding company	100
Singapore	Tate & Lyle Singapore Pte Ltd	High-intensity sweeteners	100
South Africa	Tate and Lyle South Africa Proprietary Limited	Blending, cereal sweeteners and starches	100
Spain	G.C. Hahn Estabilizantes y Tecnologia para Alimentos	Blending	100
Sweden	Tate & Lyle Sweden AB	Oat beta glucan	100
USA	Staley Holdings LLC	Holding company	100
	Tate & Lyle Custom Ingredients LLC	Blending	100
	Tate & Lyle Finance LLC	In-house banking	100
	TLHUS, Inc.	Holding company	100
	Tate & Lyle Ingredients Americas LLC	Cereal sweeteners and starches	100
	Tate & Lyle Sucralose LLC	High-intensity sweeteners	100
	TLI Holding LLC	In-house banking	100

1 Non-coterminous year end.

Joint ventures

Country of incorporation or registration	Company	Type of business		Percentage of equity attributable to Tate & Lyle PLC[3]
Bulgaria	Amylum Bulgaria EAD[1,2]	Cereal sweeteners and starches	(100)	50
Hungary	Hungrana Kft[1,2]	Cereal sweeteners and starches	(50)	25
Mexico	Almidones Mexicanos SA[2]	Cereal sweeteners and starches		50
Netherlands	Eaststarch C.V.	Holding company		50
Romania	Amylum Romania S.R.L.[1]	Cereal sweeteners and starches	(100)	50
Slovakia	Amylum Slovakia, spol s.r.o.[1]	Cereal sweeteners and starches	(100)	50
Turkey	Amylum Nisasta Sanayi Ve Ticaret Anonim Sireketi[1]	Cereal sweeteners and starches	(100)	50
USA	DuPont Tate & Lyle Bio Products Company, LLC	Industrial ingredients		50

1 Share capital held by Eaststarch C.V.

2 Non-coterminous year end.

3 The proportion of shares held by Tate & Lyle PLC, its subsidiaries, joint ventures and associates is shown in brackets where it is different from the percentage of equity attributable to Tate & Lyle PLC.

41 Principal subsidiaries, joint ventures and associates continued

Associate

Country of incorporation or registration	Company	Type of business	Percentage of equity attributable to Tate & Lyle PLC
Thailand	Tapioca Development Corporation[1]	Starch production	33.3

1 Indirect associate of Tate & Lyle PLC.

The results, assets and liabilities and cash flows of those entities whose financial years are not coterminous with that of the Group are consolidated or proportionately consolidated in the Group's financial statements on the basis of management accounts for the year ended 31 March.

A full listing of the Company's subsidiaries, joint ventures and associates is available from the Company Secretary at the Company's registered office at 1 Kingsway, London WC2B 6AT.

42 Reconciliation of adjusted performance measures

For the reasons set out in Note 1, Tate & Lyle presents adjusted performance measures including adjusted operating profit, adjusted profit before tax and adjusted earnings per share. For periods presented, these adjusted performance measures exclude, where relevant, exceptional items, the amortisation of acquired intangible assets, net retirement benefit interest, tax on those adjustments and an exceptional tax item in discontinued operations.

The following table shows the reconciliation of the adjusted performance measures to the most directly comparable measures presented in accordance with IFRS.

	Year ended 31 March 2014			Restated* Year ended 31 March 2013		
£m (unless otherwise stated)	**Reported**	**Adjusting items**	**Adjusted**	Reported	Adjusting items	Adjusted
Continuing operations						
Sales	**3 147**	**–**	**3 147**	3 256	–	3 256
Operating profit	**325**	**24**	**349**	334	22	356
Net finance expense	**(35)**	**8**	**(27)**	(33)	4	(29)
Profit before tax	**290**	**32**	**322**	301	26	327
Income tax expense	**(45)**	**(15)**	**(60)**	(46)	(13)	(59)
Profit for the year	**245**	**17**	**262**	255	13	268
Basic earnings per share	**52.8p**	**3.7p**	**56.5p**	54.9p	2.8p	57.7p
Diluted earnings per share	**52.1p**	**3.6p**	**55.7p**	53.8p	2.8p	56.6p
Effective tax rate	**15.6%**		**18.5%**	15.3%		18.0%
Discontinued operations						
Sales	**–**	**–**	**–**	10	–	10
Operating profit/(loss)	**–**	**–**	**–**	18	(26)	(8)
Net finance expense	**–**	**–**	**–**	–	–	–
Profit/(loss) before tax	**–**	**–**	**–**	18	(26)	(8)
Income tax credit	**28**	**(28)**	**–**	–	–	–
Profit/(loss) for the year	**28**	**(28)**	**–**	18	(26)	(8)
Non-controlling interests	**–**	**–**	**–**	(1)	–	(1)
Profit/(loss) attributable to shareholders	**28**	**(28)**	**–**	17	(26)	(9)
Basic earnings/(loss) per share	**6.0p**	**(6.0)p**	**–**	3.7p	(5.6)p	(1.9)p
Diluted earnings/(loss) per share	**5.9p**	**(5.9)p**	**–**	3.6p	(5.5)p	(1.9)p
Total operations						
Sales	**3 147**	**–**	**3 147**	3 266	–	3 266
Operating profit	**325**	**24**	**349**	352	(4)	348
Net finance expense	**(35)**	**8**	**(27)**	(33)	4	(29)
Profit before tax	**290**	**32**	**322**	319	–	319
Income tax expense	**(17)**	**(43)**	**(60)**	(46)	(13)	(59)
Profit for the year	**273**	**(11)**	**262**	273	(13)	260
Non-controlling interests	**–**	**–**	**–**	(1)	–	(1)
Profit attributable to shareholders	**273**	**(11)**	**262**	272	(13)	259
Basic earnings per share	**58.8p**	**(2.3)p**	**56.5p**	58.6p	(2.8)p	55.8p
Diluted earnings per share	**58.0p**	**(2.3)p**	**55.7p**	57.4p	(2.7)p	54.7p
Effective tax rate	**5.9%**		**18.5%**	14.4%		18.5%

* See Note 43.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | CONTINUED

43 Adoption of IAS 19 (Revised 2011) ‘Employee Benefits’

At the beginning of the year, the Group adopted IAS 19 (Revised 2011) *Employee Benefits*, which changed the way it accounts for defined benefit pension and other retirement benefit plans. IAS 19 (Revised 2011) had no effect on the Group’s financial position but it changed the allocation of movements in the net deficits or surpluses on the plans within and between the income statement and other comprehensive income.

In previous years, the Group’s income statement reflected an expected return on the plan assets and an interest cost on the benefit obligation. Differences between those assumptions and the actual outcomes were included in the net actuarial gain or loss that was recognised in other comprehensive income. Under the revised standard, the Group’s income statement reflects a net interest cost or credit calculated by applying the discount rate used in measuring the present value of the benefit obligation to the deficit or surplus on the plan. Essentially, therefore, in the Group’s income statement the expected return on the plan assets has been replaced by an interest credit. Differences between the actual return on the plan assets and the interest credit are recognised on a separate line in other comprehensive income.

Asset management costs continue to be deducted in arriving at the actual return on plan assets. Plan administration costs that were previously deducted in arriving at the actual return on the plan assets are now charged to operating profit.

Comparative amounts for 2013 have been restated on a consistent basis. An analysis of the effect of IAS 19 (Revised 2011) on the Group’s results for 2014 and 2013 is presented below.

	Year ended 31 March 2014			Year ended 31 March 2013		
£m unless otherwise stated	Under previous policy	Effect of IAS 19R	**As reported**	As previously reported	Effect of IAS 19R	As restated
Continuing operations						
Sales	3 147	–	**3 147**	3 256	–	3 256
Operating profit	327	(2)	**325**	336	(2)	334
Finance income	2	–	**2**	3	(2)	1
Finance expense	(29)	(8)	**(37)**	(30)	(4)	(34)
Profit before tax	300	(10)	**290**	309	(8)	301
Income tax expense	(49)	4	**(45)**	(49)	3	(46)
Profit for the year from continuing operations	251	(6)	**245**	260	(5)	255
Profit for the year from discontinued operations	28	–	**28**	18	–	18
Profit for the year	279	(6)	**273**	278	(5)	273
Other comprehensive expense	(119)	6	**(113)**	(149)	5	(144)
Total comprehensive income	160	–	**160**	129	–	129
Continuing operations						
Basic earnings per share	54.1p	(1.3)p	**52.8p**	56.0p	(1.1)p	54.9p
Diluted earnings per share	53.4p	(1.3)p	**52.1p**	54.9p	(1.1)p	53.8p
Total operations						
Basic earnings per share	60.1p	(1.3)p	**58.8p**	59.7p	(1.1)p	58.6p
Diluted earnings per share	59.3p	(1.3)p	**58.0p**	58.5p	(1.1)p	57.4p

44 Future adoption of IFRS 11 'Joint Arrangements'

With effect from 1 April 2014, the Group adopted IFRS 11 *Joint Arrangements* which will change significantly the accounting for its interests in joint ventures.

In these financial statements, the Group's interests in joint ventures are accounted for by proportionate consolidation, whereby the Group's share of the income and expenses, assets and liabilities and cash flows of joint ventures are combined on a line-by-line basis with those of Tate & Lyle PLC and its subsidiaries. IFRS 11 prohibits the use of proportionate consolidation and requires that joint ventures are accounted for using the equity method of accounting. Under the equity method of accounting, the Group's share of the after tax profits and losses of the joint ventures will be shown on one line of the consolidated income statement, its share of their net assets will be shown on one line of the consolidated statement of financial position and the consolidated statement of cash flows will reflect cash flows between the Group and the joint ventures (investments in and dividends from joint ventures) within cash flows from investing activities. While these changes will not affect the Group's earnings or its net assets, they will affect many of the individual line items presented in the Group's financial statements.

Comparative amounts for 2014 will be restated on a consistent basis in the Group's financial statements for future periods. We present below an analysis of the effect of IFRS 11 on selected line items.

	As currently reported £m	Elimination of proportionate consolidation £m	Adoption of equity accounting £m	As will be restated £m
Consolidated profit or loss and comprehensive income				
Year ended 31 March 2014				
Continuing operations				
Sales	**3 147**	(393)	–	**2 754**
Operating profit	**325**	(74)	–	**251**
Finance income	**2**	–	–	**2**
Finance expense	**(37)**	–	–	**(37)**
Share of profit after tax of joint ventures	**–**	–	61	**61**
Profit before tax	**290**	(74)	61	**277**
Income tax expense	**(45)**	13	–	**(32)**
Profit from continuing operations	**245**	(61)	61	**245**
Profit from discontinued operations	**28**	–	–	**28**
Profit for the year	**273**	(61)	61	**273**
Other comprehensive expense	**(113)**	22	(22)	**(113)**
Total comprehensive income	**160**	(39)	39	**160**
Consolidated cash flows				
Year ended 31 March 2014				
Net cash inflow from operating activities	**384**	(98)	–	**286**
Net cash outflow from investing activities	**(137)**	116	–	**(21)**
Net cash outflow from financing activities	**(197)**	–	–	**(197)**
Net cash inflow	**50**	18	–	**68**
Consolidated assets and liabilities				
At 31 March 2014				
Non-current assets	**1 319**	(137)	224	**1 406**
Current assets	**1 208**	(146)	–	**1 062**
Total assets	**2 527**	(283)	224	**2 468**
Total equity	**1 050**	(224)	224	**1 050**
Non-current liabilities	**718**	(6)	–	**712**
Current liabilities	**759**	(53)	–	**706**
Total equity and liabilities	**2 527**	(283)	224	**2 468**

Going forward, the Group will present segment and adjusted financial information on a proportionate consolidation basis since this reflects the management of our joint ventures on an integrated basis with the Group's subsidiaries.