

# NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

## 1 Principal accounting policies

### Accounting basis

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's financial statements are prepared under the historical cost convention in accordance with the Companies Act 2006 and applicable UK accounting standards.

The Company's principal accounting policies are unchanged compared with the year ended 31 March 2013.

For the reasons set out on page 28, the Company's financial statements are prepared on a going concern basis.

As permitted by Section 408(2) of the Companies Act 2006, the Company's profit and loss account and statement of total recognised gains and losses are not presented in these financial statements. Profit and loss account disclosures are presented in Note 14.

### Tangible fixed assets

Tangible fixed assets are stated at historical purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on a straight-line basis to write off the cost of tangible fixed assets over their estimated useful life. Tangible fixed assets comprise furniture, fixtures, fittings and computer software which are depreciated over a period of five to ten years. Impairment reviews are undertaken if there are indications that the carrying values may not be recoverable.

### Investments

An undertaking is regarded as a subsidiary undertaking if the Company has control over its operating and financial policies.

An undertaking is regarded as an associate if the Company holds a participating interest and has significant influence, but not control, over its operating and financial policies. Significant influence generally exists where the Company holds more than 20% and less than 50% of the shareholders' voting rights.

Investments in subsidiary undertakings and in associates represent interests that are directly owned by the Company and are stated at cost less amounts written-off for any permanent diminution in value.

### Amounts owed by or to subsidiary undertakings

Amounts owed by or to subsidiary undertakings are stated at amortised cost using the effective interest method. Amounts owed by subsidiary undertakings are written off where deemed unrecoverable.

### Research and development

All expenditure on research and development is charged to the profit and loss account when incurred.

### Leases

Operating lease payments are charged to the profit and loss account on a straight-line basis over the lease term.

### Retirement benefits

The Company participates in a defined benefit pension scheme in which certain of its subsidiaries also participate. The Company, which is not the principal employer, cannot identify its share of the underlying assets and liabilities of the scheme. Accordingly, as permitted by FRS 17 *Retirement Benefits*, the Company accounts for the scheme as a defined contribution scheme and charges its contributions to the profit and loss account in the periods in which they fall due.

### Deferred tax

Deferred tax is recognised on a discounted full provision basis on timing differences between the recognition of gains and losses in the financial statements and their recognition for tax purposes that have arisen but not reversed at the balance sheet date. Deferred tax is not recognised on permanent differences or on timing differences arising on unremitted profits of overseas subsidiaries. Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be sufficient future taxable profits to permit tax relief of the underlying timing differences.

### Foreign currency translation

Transactions denominated in foreign currencies are translated into pounds sterling at the exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into pounds sterling at the exchange rate ruling on the balance sheet date. Currency translation differences are credited or charged to the profit and loss account.

Non-monetary assets denominated in foreign currencies are not usually retranslated. An investment in an overseas subsidiary undertaking or associate is, however, retranslated if it is financed by foreign currency borrowings and the borrowings are designated as a hedging instrument in relation to the investment. If this is the case, the resulting translation gain or loss on the investment is recognised in the profit and loss account where, to the extent that the hedge is effective, it will be offset by the translation gain or loss on the related borrowings.

### Share-based incentives

As described in Note 26 to the Group financial statements, the Company operates share-based incentive plans under which it grants awards over its ordinary shares to its own employees and to those of its subsidiary undertakings. All of the awards granted under the existing plans are classified as equity-settled awards.

For awards granted to its own employees, the Company recognises an 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 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 expense is recognised in the profit and loss account on a straight-line basis over the vesting period and a corresponding credit is recognised in the profit and loss account reserve.

For awards granted to employees of its subsidiary undertakings, the Company recognises a capital contribution to the subsidiary and a corresponding credit to equity calculated on the same basis as the expense that it recognises for awards to its own employees.

### Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

### Guarantees

From time to time, the Company provides guarantees to third parties in respect of the indebtedness of its subsidiary undertakings and joint ventures. The Directors consider these guarantees to be insurance arrangements and, therefore, the Company recognises a liability in respect of such guarantees only in the event that it becomes probable that the guarantee will be called upon and the Company will be required to make a payment to the third party.

### 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 the profit and loss account reserve. Gains or losses on the subsequent transfer or sale of own shares are also recognised in the profit and loss account reserve.

### 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' funds. Details of dividends paid and proposed are set out in Note 12.

## 2 Tangible fixed assets

	£m
<b>Cost</b>	
At 1 April 2013	12
Additions	9
Transfer to a subsidiary	(4)
<b>At 31 March 2014</b>	<b>17</b>
<b>Accumulated depreciation</b>	
At 1 April 2013	3
Charge for the year	1
<b>At 31 March 2014</b>	<b>4</b>
Net book value at 31 March 2013	9
<b>Net book value at 31 March 2014</b>	<b>13</b>

## 3 Investments in subsidiary undertakings

	£m
<b>Cost</b>	
At 1 April 2013	1 565
Currency translation differences	(2)
<b>At 31 March 2014</b>	<b>1 563</b>
<b>Impairment</b>	
At 1 April 2013	559
Provision for impairment	7
Currency translation differences	(2)
<b>At 31 March 2014</b>	<b>564</b>
Net book value at 31 March 2013	1 006
<b>Net book value at 31 March 2014</b>	<b>999</b>

A list of the Company's principal subsidiaries is presented in Note 41 of the Group financial statements.

The provision for impairment during the year reflects an adjustment to the recoverable amount of the Company's investment in Tate & Lyle Ventures Ltd and Tate & Lyle Services Belgium NV. The directors believe that the carrying value of the investments is supported by the value of their underlying net assets.

During the year, the Company made capital contributions to subsidiary undertakings in respect of share-based incentive awards granted to their employees of £nil (2013 – £7 million).

## 4 Investment in associate

The Company holds a 16.6% interest of ordinary shares in Tapioca Development Corporation, a company incorporated in Thailand.

## 5 Debtors

	At 31 March	
	2014 £m	2013 £m
<b>Due within one year</b>		
Amounts owed by subsidiary undertakings	1 495	1 531
Other debtors	6	4
<b>Total</b>	<b>1 501</b>	<b>1 535</b>

The effective interest rate applicable to amounts owed by subsidiary undertakings at 31 March 2014 is 2.1% (2013 – 2.3%). Amounts owed by subsidiary undertakings are receivable on demand. There is no security for non-trading amounts.

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## 6 Creditors – amounts falling due within one year

	At 31 March	
	2014 £m	2013 £m
Amounts owed to subsidiary undertakings	1 518	1 392
Other creditors	6	5
Accruals and deferred income	9	10
<b>Total</b>	<b>1 533</b>	<b>1 407</b>

The effective interest rate applicable to amounts owed to subsidiary undertakings at 31 March 2014 was 2.2% (2013 – 2.3%). Amounts owed to subsidiary undertakings are repayable on demand. There is no security for non-trading amounts.

## 7 Creditors – amounts falling due after more than one year

	At 31 March	
	2014 £m	2013 £m
Preference shares	2	2
<b>Total</b>	<b>2</b>	<b>2</b>

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.

## 8 Contingent liabilities

At 31 March 2014, the Company had given guarantees in respect of loans and overdraft facilities of certain of its subsidiaries and joint ventures totalling £1,535 million (2013 – £1,645 million), against which amounts drawn totalled £859 million (2013 – £938 million). Other trade guarantees have been given in the normal course of business by Tate & Lyle PLC in respect of Revenue and Customs, ECGD recourse agreements, letters of credit, and tender and performance bonds.

## 9 Financial commitments

Operating lease rentals payable during the year were £1 million (2013 – £1 million).

Operating lease commitments for land and buildings fall due as follows:

	At 31 March	
	2014 £m	2013 £m
Within one year	1	1
Later than one year and no later than five years	6	6
After five years	11	12
<b>Total</b>	<b>18</b>	<b>19</b>

At 31 March 2014, the Company had outstanding capital commitments of £nil (2013 – £5 million).

## 10 Called up share capital

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	<b>468 192 900</b>	<b>117</b>	468 160 519	117
Allotted under share option schemes	<b>9 983</b>	<b>–</b>	32 381	–
<b>At 31 March</b>	<b>468 202 883</b>	<b>117</b>	468 192 900	117

## 11 Reconciliation of movements in shareholders' funds

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Profit and loss account £m	Total £m
At 1 April 2012	117	406	8	525	1 056
Year ended 31 March 2013					
Profit for the year	–	–	–	212	212
Proceeds from shares issued	–	–	–	1	1
Purchase of own shares	–	–	–	(23)	(23)
Share-based payments	–	–	–	13	13
Ordinary dividends paid (Note 12)	–	–	–	(117)	(117)
At 31 March 2013	117	406	8	611	1 142
Year ended 31 March 2014					
Loss for the year	–	–	–	(11)	(11)
Purchase of own shares	–	–	–	(29)	(29)
Share-based payments	–	–	–	2	2
Ordinary dividends paid (Note 12)	–	–	–	(124)	(124)
<b>At 31 March 2014</b>	<b>117</b>	<b>406</b>	<b>8</b>	<b>449</b>	<b>980</b>

At 31 March 2014, the profit and loss account reserve was stated after a deduction of £37 million (2013 – £29 million) for the cumulative cost of own shares held indirectly in an Employee Benefit Trust or directly as treasury shares in relation to share-based compensation plans. Further information on own shares is presented in Note 24 to the Group financial statements.

Ordinary shares carry the right to participate in dividends and each share entitles the holder to one vote on matters requiring shareholder approval except for ordinary shares held in the Employee Benefit Trust or as treasury shares. The amount available for the payment of dividends by the Company at 31 March 2014 was £449 million (2013 – £611 million).

## 12 Dividends

Dividends on ordinary shares in respect of the financial year:

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

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.

	Year ended 31 March	
	2014 £m	2013 £m
Final dividend paid relating to the prior year	<b>88</b>	83
Interim dividend paid relating to the year	<b>36</b>	34
Total dividend paid	<b>124</b>	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.

## 13 Related parties

As permitted by FRS 8 *Related Party Disclosures*, related party transactions with the Company's wholly-owned subsidiaries are not disclosed. There were no transactions with other related parties except for the provision of guarantees in respect of banking facilities of a joint venture totalling £9 million (2013 – £9 million).

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### 14 Profit and loss account disclosures

The Company recognised a loss for the year of £11 million (2013 – profit of £212 million).

Fees payable to the Company's auditors, PricewaterhouseCoopers LLP, for the audit of the Company's financial statements amounted to £0.1 million (2013 – £0.1 million).

The Company employed an average of 136 people (including directors) during the year (2013 – 121). Staff costs are shown below:

	Year ended 31 March	
	2014 £m	2013 £m
Wages and salaries	11	11
Social security costs	1	3
Other pension costs	1	1
Share-based incentives	3	6
<b>Total</b>	<b>16</b>	<b>21</b>

Directors' emoluments disclosures are provided in the Directors' Remuneration Report on pages 52 to 71 and in Note 9 of the Group financial statements.

At 31 March 2014, 5,862,890 (2013 – 6,073,157) outstanding share options were attributable to employees and directors of the Company as follows:

	Year issued	Number of shares	Subscription prices (pence)	Dates normally exercisable	
Sharesave Scheme – 3 year options	2010	5 532	488.00	2014	
	2011	13 398	552.00	2015	
	2012	14 819	607.00	2016	
	2013	12 170	652.00	2017	
Sharesave Scheme – 5 year options	2008	2 672	376.00	2014	
	2009	4 464	418.00	2015	
	2010	4 989	488.00	2016	
	2011	7 063	552.00	2017	
	2012	13 442	607.00	2018	
Performance Share Plan	2013	6 762	652.00	2019	
	2008	7 506	–	2011–2018	
	2009	16 559	–	2012–2018	
	2010	49 986	–	2013–2019	
	2011	1 047 850	–	2014–2020	
Executive share option scheme	2012	1 222 200	–	2015–2021	
	2013	1 142 877	–	2016–2022	
	2003	96 022	325.00	2007–2014	
	Javed Ahmed – compensatory awards	2009	419 403	–	2011–2017
		2009	257 870	–	2012–2018
Javed Ahmed – long-term incentive awards	2009	656 640	–	2012–2018	
	2010	473 042	–	2013–2019	
	2011	378 337	–	2014–2020	
Group Bonus Plan	2011	4 496	–	2013–2019	
	2012	4 791	–	2014–2020	