TATE & LYLE

Focus on ingredients

Annual Report 2014

Tate & Lyle is a leading global provider of ingredients and solutions to the food, beverage and other industries.

Through our production facilities across the world, we turn raw materials into distinctive, high-quality ingredients for our customers. Our ingredients and solutions add taste, texture, nutrition and functionality to products used or consumed by millions of people every day.

Our ingredients at work

SPLENDA® Sucralose
Sweetens without adding calories

KRYSTAR® Crystalline Fructose
Provides sweetness and extends shelf life

HAMULSION® food system
Thickens, stabilises, provides consistent mouthfeel and optimises cost (one all-inclusive solution)

REZISTA® speciality food starch
Provides body, mouthfeel and stability

PROMITOR® Soluble Corn Fiber
Provides added fibre and mouthfeel to rebalance fat or sugar reduction

PromOat® Beta Glucan
Adds natural fibre and promotes heart health

Delicious reduced fat, reduced sugar and reduced calorie yoghurt with added fibre.

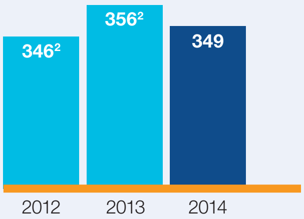
www.tateandlyle.com/ingredientsandservices

FINANCIAL HIGHLIGHTS

Financial highlights

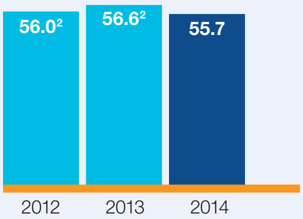
Adjusted operating profit[1] (£m)

£349m



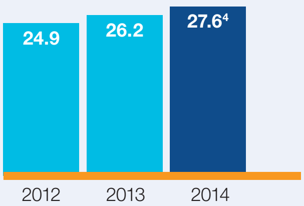
Adjusted diluted earnings per share[3] (pence)

55.7p



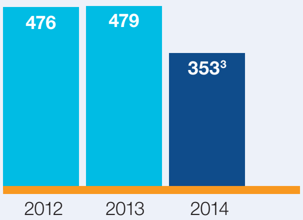
Dividend per share (pence)

27.6p[4]



Net debt (£m)

£353m



1 Continuing operations before exceptional items and amortisation of acquired intangible assets.
2 Restated for IAS 19 (Revised 2011) 'Employee Benefits'.
3 Based on earnings from continuing operations excluding exceptional items, amortisation of acquired intangible assets, net retirement benefit interest and the tax effect of these items.
4 This includes the proposed final dividend.

Statutory results

	2014	2013[2]
Operating profit	**£325m**	£334m
Profit before tax	**£290m**	£301m
Profit for the year (on total operations)	**£273m**	£273m
Diluted earnings per share (on total operations)	**58.0p**	57.4p

Adjusted operating profit, adjusted profit before tax and adjusted earnings per share

Unless stated otherwise, adjusted operating profit in this Annual Report excludes discontinued operations and is before exceptional items (see Note 7) and amortisation of acquired intangible assets. In addition, adjusted profit before tax and adjusted earnings per share also exclude net retirement benefit interest. Adjusted earnings per share also excludes the tax effect of the adjusted items.

Trademarks

SPLENDA® and the SPLENDA® logo are trademarks of McNeil Nutritionals, LLC.

Definitions/cautionary statement

Please see the explanatory notes on the inside back cover.

Strategic Report

Governance

Financial Statements

Useful Information

OUR GROUP AT A GLANCE

A global business dedicated to serving our customers from over 30 locations worldwide

Sales	Adjusted profit before tax	Net debt	Employees worldwide
£3,147m	**£322m**	**£353m**	**4,523**
2013 – £3,256m	2013 – £327m	2013 – £479m	2013 – 4,326

Tate & Lyle operates through two global divisions: Speciality Food Ingredients and Bulk Ingredients.

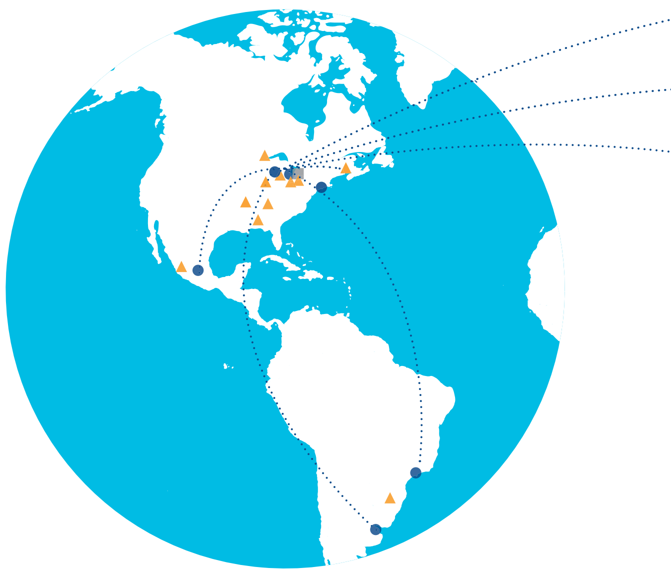
These two divisions are supported by our Innovation and Commercial Development (ICD) group, global Shared Service Centre and other global functions.

We have operations in over 30 locations, including our manufacturing facilities, such as our two scale SPLENDA® Sucralose facilities in Singapore and the US, and our network of corn wet mills in Europe and the US, which are shared by the two divisions to make our corn-based products. We have also built a global network of customer-facing facilities allowing us to collaborate with customers wherever they are located, including our global innovation hub, the Commercial and Food Innovation Centre in Chicago, USA.

Our operations
Page 6

Performance of our divisions
Pages 20 to 23

Principal Locations



USA

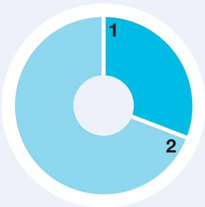
Chicago, Illinois	● ■
Dayton, Ohio	▲
Decatur, Illinois	▲
Duluth, Minnesota	▲
Houlton, Maine	▲
Lafayette, Indiana	▲
Loudon, Tennessee	▲
McIntosh, Alabama	▲
Princeton, New Jersey	●
Sycamore, Illinois	▲ ●
Van Buren, Arkansas	▲

Latin America

Buenos Aires, Argentina	●
Guadalajara, Mexico[2]	▲
Mexico City, Mexico	●
Santa Rosa, Brazil	▲
São Paulo, Brazil	●

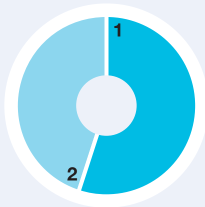
Sales by division

1 31% Speciality Food Ingredients
2 69% Bulk Ingredients



Adjusted operating profit[1]

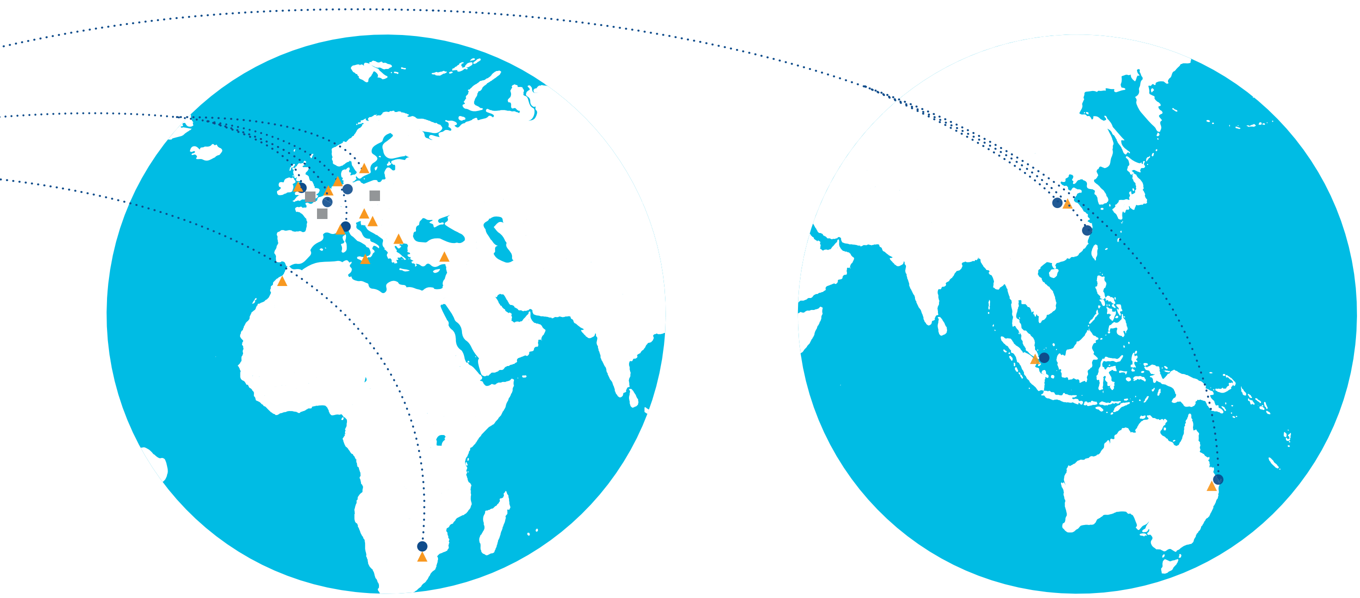
1 55% Speciality Food Ingredients
2 45% Bulk Ingredients



1 Adjusted operating profit excluding central costs.

Employees by geography

1 46% North America
2 37% Europe, Middle East & Africa
3 10% Latin America
4 7% Asia Pacific



Europe

Adana, Turkey[2]	▲
Bergamo, Italy	●
Boleraz, Slovakia[2]	▲
Kimstad, Sweden	▲
Koog, the Netherlands	▲
Lille, France	● ■
Łódź, Poland	■
London, UK	■
Lübeck, Germany	▲ ●
Mold, UK	▲ ●
Noto, Italy	▲
Ossona, Italy	▲
Razgrad, Bulgaria[2]	▲
Szabadegyháza, Hungary[2]	▲

Middle East & Africa

Casablanca, Morocco	▲
Kya Sand, South Africa	▲ ●

Asia Pacific

Brisbane, Australia	▲ ●
Singapore	▲ ●
Shanghai, China	●
Suqian, China	▲
Xuzhou, China	●

2 Joint venture.

Key

Manufacturing facilities	▲
Applications/technical services facilities	●
Principal central/ICD locations	■

CHAIRMAN'S STATEMENT

"The Board is confident that our strategy of becoming a leading global provider of speciality food ingredients will create long-term sustainable value for our shareholders."

Sir Peter Gershon

Corporate Responsibility
Pages 32 to 37

Governance
Pages 40 to 46

Introduction

I could not open my statement on the performance of Tate & Lyle during the year without first addressing safety and the three tragic fatalities that have occurred over the last 12 months. Two accidents in Europe – one in Hungary and one in the Netherlands – and one just after the year end in Singapore, resulted in three people who came to work at our facilities not returning home to their families. At the time of writing, one other person remains in a critical condition in hospital in Singapore. I know I speak for the entire Board and the Company as a whole when I express my deep regret and sincere condolences to those families. We will continue to provide them with all the support that we can and our thoughts and prayers remain with them.

The tragic loss of these colleagues reminds us that safety is, and must always be, our first priority. With that in mind, we are re-doubling our focus on safety, with Javed Ahmed and his team leading a series of fresh initiatives to further improve hazard identification and accident prevention at all of our sites. These new measures will be closely overseen by William Camp and our Corporate Responsibility Committee. We will consider what other measures are required when the results of the official investigations into the causes of the fatalities are known.

Group performance

We have faced a number of challenges over the last financial year. Unseasonably cold weather on both sides of the Atlantic in the first half of the year reduced demand for our bulk sweeteners and this, along with an increasingly competitive environment for SPLENDA® Sucralose and lower returns from co-products in volatile corn markets in the US, offset a good performance in a number of areas, notably the emerging markets.

Although we are now facing the headwind from lower SPLENDA® Sucralose prices, the Board is confident that our strategy of becoming a leading global provider of speciality food ingredients will create long-term sustainable value for our shareholders. Accordingly, in the year ahead, we will continue to put in place the investment required to ensure the continued execution of our strategy and to build on the solid foundations laid over the last four years under Javed's leadership.

Strategic progress

Realising our vision of becoming a leading global provider of speciality food ingredients and solutions requires us to explore new horizons and broaden the geographic reach of the business. While we continue to develop the business within what have historically been our core markets of North America and Europe, I am pleased to say we have made very good progress over the last few years building our speciality food ingredients business in both Asia and Latin America.

During the year, the Board visited China and Singapore to see our Asia Pacific operations and to gain a better understanding of the opportunities that exist in the region. Against a backdrop of rapid urbanisation, rising household income and changing tastes, the role of innovation and new product development is becoming increasingly important in these regions as food and beverage manufacturers look to respond to consumer demand. We were able to see first-hand how our investment in new capabilities and customer-facing facilities is helping our customers meet their objectives and get their new products to market faster across the region.

I am in no doubt that, alongside this investment, the strength of the Tate & Lyle brand and our reputation for delivering innovative food ingredients and solutions with the highest standards of quality, traceability and reliability have played an important part in building our presence in these markets.

The formation of Tate & Lyle Howbetter earlier in the year which combines Tate & Lyle's global blending capabilities and recipe know-how with Howbetter's strong local expertise and infrastructure, provides us with an excellent platform to accelerate the growth of our Food Systems business in China. The acquisition of Winway Biotechnology, a Chinese producer of polydextrose, which we expect to complete later in the year, will further enhance our presence in Asia and our offering in the fast-growing fibre category.

Work to lay the foundations for future long-term growth derived from new ingredients continues within our Innovation and Commercial Development group (ICD). While the contribution from recent launches is modest, we are encouraged by the pipeline of customer projects and the strength of our innovation pipeline which remains robust. Within ICD we have also made excellent progress building a world-class marketing function which has begun work on a range of initiatives to promote our business and products globally.

Our investment in our global Commercial and Food Innovation Centre in Chicago, USA is not only helping us bring new products identified by ICD to market faster, it is also helping to generate stronger, more collaborative relationships with our customers. Further information on this is on page 16.

Governance

As the business expands, my fellow directors and I are devoting more time to obtaining a better understanding of the markets in which we operate and how our business is evolving to meet customer needs. As well as individual non-executive directors' site visits to our operations, and the Board visit to the Asia Pacific region, members of the Audit Committee also visited our global Shared Service Centre in Łódź, Poland to review its work and future initiatives with the local team.

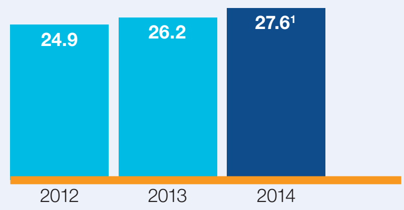
This year, we agreed that the annual review of Board effectiveness should be externally facilitated. We felt that given the importance of inclusive leadership and the changes to the Board in the previous financial year there would be significant benefit in undertaking this review from a diversity and inclusion perspective. Further details on our visits and the effectiveness review are set out within the Governance section.

Corporate responsibility and risk management

We have continued to strengthen our internal control arrangements and external reporting on environmental, social and governance matters, including in relation to safety and business continuity management. Our approach to safety, business continuity and risk management focuses on preventive programmes, approaches and actions to reduce the risk of experiencing any incidents; and on advanced planning and preparedness

Dividend per share (pence)

27.6p[1]



1 This includes the proposed final dividend.

for responding to actual events that may occur. Corporate responsibility matters are integrated into the Group's enterprise-wide risk management and reporting process (see page 29).

During the year, we have engaged with customers and other key stakeholders to better understand the environmental, social and governance matters and potential risks that they see as particularly important. We have used this feedback to review how we report on corporate responsibility in this Annual Report and through other means including our corporate website.

Dividend

The Board recognises the importance of the dividend to shareholders and follows a progressive dividend policy with the aim of growing the dividend over time, taking into account the long-term earnings prospects of the business.

The Board is recommending a 5.3% increase in the final dividend to 19.8p (2013 – 18.8p) per share making a full-year dividend of 27.6p (2013 – 26.2p) per share, a 5.3% increase on the prior year. Subject to shareholder approval, the proposed final dividend will be due and payable on 1 August 2014 to all shareholders on the Register of Members at 27 June 2014. In addition to the cash dividend option, shareholders will continue to be offered a Dividend Reinvestment Plan (DRIP) alternative.

Finally, I would like to acknowledge the hard work of all our employees in a challenging year. We continue to make good strategic progress in transforming Tate & Lyle and we have them to thank for that.

Sir Peter Gershon
Chairman
28 May 2014

OUR OPERATIONS

Tate & Lyle operates through two global divisions:

Speciality Food Ingredients (SFI)

SFI develops, produces and markets distinctive, high-quality ingredients for food and beverage customers across the world. By leveraging our manufacturing facilities, innovative technology and formulation expertise, we help create cost-effective, better tasting products for consumers.

SFI works closely with our Innovation and Commercial Development group to develop and commercialise new products.

Customers
- Large, multi-national food and beverage manufacturers
- Small and medium-sized food and beverage manufacturers
- Private label food and beverage manufacturers

Products

Sweeteners	– Speciality corn-based sweeteners including KRYSTAR® Crystalline Fructose – High-intensity sweeteners including SPLENDA® Sucralose, PUREFRUIT™ Monk Fruit Extract and TASTEVA® Stevia Sweetener
Texturants	– Speciality starches – Locust bean gum
Health and wellness	– PROMITOR® Soluble Corn Fiber – STA-LITE® Polydextrose – SODA-LO® Salt Microspheres – PromOat® Beta Glucan
Food Systems	– Food stabiliser systems – Functional ingredient blends

Bulk Ingredients (BI)

BI manufactures and markets products including sweeteners, industrial starches, ethanol, acidulants and animal feed, for food and beverage, industrial and agricultural customers around the world.

BI also partners with bio-based materials companies seeking expertise to commercialise green chemistry fermentation. One such partnership is our joint venture with DuPont which manufactures Bio-PDO®, a bio-based ingredient used in the textile and plastics industries.

Customers
- Large, multi-national food and beverage manufacturers
- Paper and board producers
- Gasoline suppliers
- Textile manufacturers
- Animal feed compounders

Products
- Liquid sweeteners including corn syrup, dextrose and glucose
- Industrial starches
- Citric acid
- Bio-fuels
- Animal feed including corn gluten feed and corn gluten meal

The Innovation and Commercial Development group supports our two divisions:

Innovation and Commercial Development (ICD)

ICD is a key enabler of Tate & Lyle's growth strategy. It brings together open innovation, R&D, global marketing and platform management into one global team, to provide an integrated approach towards developing and commercialising innovative new products and technologies.

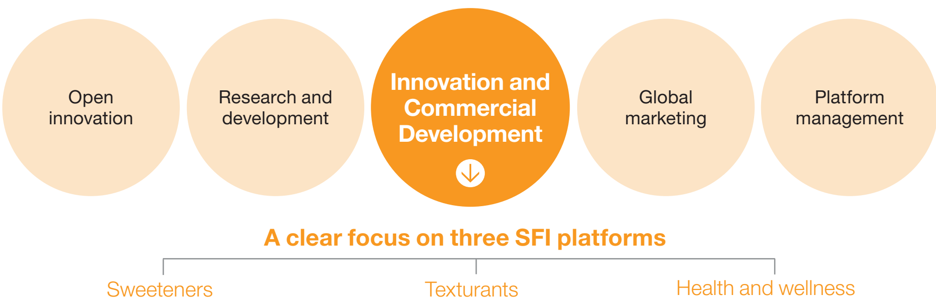
While ICD supports both of Tate & Lyle's global divisions, it concentrates particularly on growing SFI. As a result, ICD's resources are predominantly focused on three broad platforms within the global speciality food ingredients market – sweeteners, texturants, and health and wellness.

We have identified five core scientific competencies as being key to delivering innovation in these three platforms: bio-chemistry; formulations science; separations science; particle design; and organic chemistry.

We have made investments in innovation and technical services facilities across the world to support these.

Ideas are generated from both internal and external sources. Internally, these come from work done by our own scientists. Externally, we generate ideas from engagement with our customers and from our dedicated Open Innovation team which seeks to develop partnerships with universities, research institutions and start-ups specialising in food science and novel ingredients. We also invest in long-term external partnerships through our venture funds.

All of our ideas and innovations are put forward for commercialisation via a defined process which is designed to prioritise ideas, time and resources.



Marketplace for SFI and BI
Pages 10 and 11

Our business model
Pages 12 and 13

CHIEF EXECUTIVE'S REVIEW

Highlights

- Speciality Food Ingredients sales up 4% (up 4% in constant currency) at £983 million with adjusted operating profit in line with the prior year (up 1% in constant currency) at £213 million:
  - Continued strong growth in Asia and Latin America
  - Acquisition of Biovelop, and in China, the formation of Tate & Lyle Howbetter and agreement to acquire Winway Biotechnology
- Bulk Ingredients adjusted operating profit 5% lower (4% lower in constant currency) at £172 million due to soft beverage season and unusually cold and prolonged winter in the US
- Adjusted profit before tax 2% lower (flat in constant currency) at £322 million
- Balance sheet remains strong with reduction in net debt of £126 million to £353 million (2013 – £479 million)
- Final dividend of 19.8p proposed making a total dividend of 27.6p (2013 – 26.2p) up 5.3% on prior year
- Successful deployment of upgraded IS/IT platform across Europe with US and Singapore on track for the summer
- Board approval of capital investment of £100 million over the next two years in Speciality Food Ingredients to expand capacity for existing and pipeline products

Javed Ahmed

Changes in constant currency are calculated by retranslating comparative period results at current period exchange rates.

Full-year performance

During the year, we continued to make steady progress in executing our strategy. The delivery of profit growth in starch-based speciality ingredients and Food Systems, along with another year of strong growth in emerging markets, was offset by the impact of the cold spring in the US last year followed by the recent severe and prolonged winter, and an increasingly competitive market for SPLENDA® Sucralose.

Sales for the year were £3,147 million (2013 – £3,256 million), 3% lower than the prior year (3% in constant currency) with sales in Speciality Food Ingredients up 4% (4% in constant currency) to £983 million (2013 – £947 million) and 6% lower in Bulk Ingredients (6% in constant currency) at £2,164 million. Adjusted operating profit was 2% lower (1% in constant currency) at £349 million (2013 – £356 million) with adjusted operating profit in Speciality Food Ingredients in line with the prior year at £213 million (up 1% in constant currency) and 5% lower (4% in constant currency) in Bulk Ingredients at £172 million (2013 – £182 million). Adjusted profit before tax was 2% lower (flat in constant currency), at £322 million (2013 – £327 million), and adjusted diluted earnings per share were 2% lower (flat in constant currency) at 55.7p (2013 – 56.6p).

Financial management and balance sheet

Our average quarterly cash conversion cycle improved by three days to 39 days (2013 – 42 days) largely driven by a decrease in working capital due to lower finished goods inventories and lower corn prices.

The key performance indicators (KPIs) of our financial strength, the ratio of net debt to earnings before interest, tax, depreciation and amortisation (EBITDA) and interest cover, remain well within our internal thresholds. At 31 March 2014, the net debt to EBITDA ratio was 0.8 times (2013 – 1.0 times), against our internal threshold of 2.0 times and interest cover on total operations was 11.6 times (2013 – 11.1 times), again comfortably ahead of our minimum threshold of 5.0 times.

Net debt of £353 million at 31 March 2014 was lower than at the end of last year (2013 – £479 million), reflecting the reduction in working capital and a decrease in the value of dollar denominated debt as a result of the weakening of the US dollar against sterling.

We continue to generate a good level of return on our assets with return on capital employed of 19.2% (2013 – 19.7%).

CHIEF EXECUTIVE'S REVIEW | CONTINUED

Safety

As already set out in the Chairman's Statement on page 4, I am saddened to report that the performance of the Group this year has been completely overshadowed by three fatal accidents. As a result of these tragic events, working with the Chairman, the Board and the Corporate Responsibility Committee, we are taking a fresh look at our overall safety approach and procedures, not limited to the specific areas related to these accidents.

I know I speak for all of my colleagues across the Group when I say that we are determined to continue to improve our safety programme so as to keep all those that work at or visit our sites safe at all times.

Strategy and business update

Growth in Speciality Food Ingredients

Since May 2010, we have made steady progress executing our strategy and growing Speciality Food Ingredients, having delivered average annual volume growth of 5% and compound annual operating profit growth of 7% during that period. Excluding SPLENDA® Sucralose, where an increasingly competitive environment held back growth of the division as a whole, we have delivered a strong performance across the rest of Speciality Food Ingredients, with compound annual profit growth of 12% during the same four-year period.

This growth has been achieved by rigorously following through on the key priorities we set out in May 2010, when we outlined a path to grow our Speciality Food Ingredients division by: diversifying our business geographically through building our presence in faster growing, emerging markets and hence reducing our reliance on developed markets; broadening our product portfolio through the development of a world-class innovation capability; and forming stronger relationships with our customers through much greater collaboration with them.

Over the past year we have made further progress in each of these areas.

Entering new markets

We delivered another strong performance in Asia Pacific and Latin America with double-digit volume growth during the period, as we continued to leverage the strength of our brand, our ingredients portfolio and our applications expertise in these regions. Our successful expansion into the emerging markets, which now represent 19% of Speciality Food Ingredients sales, is a result of the investments we have made in building strong local teams and infrastructure, which have been key enablers in forming direct and higher quality relationships with regional food and beverage customers.

During the year, we opened an applications and technical service laboratory in Singapore (the new hub of our Asia Pacific operations), and established a sales office in Japan.

We have also strengthened our presence through acquisition. In October 2013, we acquired a 51% equity interest in Jiangsu Howbetter Food Co., Ltd, a leading Food Systems business in China. By combining Tate & Lyle's global blending capabilities and extensive recipe expertise with Howbetter's strong local expertise and infrastructure, Tate & Lyle Howbetter provides us with an excellent platform from which to accelerate the growth of our Food Systems business in China.

In March 2014, we announced the signing of an agreement to acquire Winway Biotechnology (Winway), a leading producer of polydextrose fibre in China. Winway will provide us with our third global polydextrose facility complementing our existing facilities in the Netherlands and the US. The acquisition, which is subject to government approval (expected in the next few months), will allow us to further accelerate the growth of our speciality fibres business in Asia Pacific and to expand our health and wellness offering globally.

Innovation

Our Innovation and Commercial Development group (ICD) launched five new products during the year including PULPIZ® Pulp Extender, a speciality food starch that replaces tomato pulp in a range of applications. ICD also continued to play a key role in the commercialisation of our recently launched ingredients, particularly our salt reduction ingredient SODA-LO® Salt Microspheres and our stevia-based, no-calorie, natural sweetener TASTEVA® Stevia Sweetener. During the year, a number of customers launched products incorporating these ingredients and we continued to work closely with customers on formulation, product prototyping and testing to convert the increasing number of customer projects in the pipeline into sales.

Our innovation pipeline remains strong with a total of 35 products at various stages of development including ten in the final stages, some of which we plan to launch over the next 12 to 18 months. The pipeline is well balanced with a number of line extensions, next generation and breakthrough projects across our sweeteners, texturants, health and wellness and bulk ingredients platforms.

Our global marketing team is an integral part of the innovation and commercialisation process. In addition to developing clear value propositions and positioning for our ingredients, this team is also developing consumer-focused strategies for specific applications in the beverage, 'clean label', convenience and dairy categories.

At the start of the year, we acquired Biovelop, an early-stage manufacturer of oat beta glucan which added a 'clean label', speciality fibre with strong EFSA[1] health claims to our existing corn-based fibre-portfolio. During the year, high levels of customer interest in PromOat® Beta Glucan has helped to build a strong pipeline. Work to expand capacity at our plant in Kimstad, Sweden has begun and we expect this will come on line in the current financial year.

Focus on the customer

As reported at our half-year results, we have made significant progress in increasing customer collaboration by leveraging our global Commercial and Food Innovation Centre in Chicago and our enhanced network of applications laboratories around the world. During the year, we commissioned an independent analysis to understand better our customers' views of our developing innovation capabilities. This showed a marked improvement in the way we are perceived by those customers who interact with us at our Innovation Centre in Chicago, with around two-thirds of those stating that we were 'exceeding their expectations'. This has not only led to us developing stronger customer relationships but also to winning new business with both existing and new customers.

SPLENDA® Sucralose

As announced in February 2014, the competitive environment for sucralose intensified during the final quarter, driven by an increase in capacity in China and a significant overhang of unsold Chinese sucralose. Against this backdrop, we renewed a number of customer contracts for SPLENDA® Sucralose, including some on a multi-year basis, and as a result we experienced an increase in the rate of price decline in SPLENDA® Sucralose in the final quarter. As previously announced, with these contracts in place and based on current market dynamics, we expect average prices in the 2015 financial year to be around 15% lower than the 2014 financial year.

1 EFSA – European Food Safety Authority.

Notwithstanding the competitive market environment and the headwind of lower prices, we continue to see good long-term volume growth opportunities in the global market for sucralose driven by a number of factors:

- Given rising rates of obesity and diabetes globally, increased consumer focus on health and wellness is continuing to drive food and beverage manufacturers to reduce or replace sugar content in their products. The imposition of taxes by governments on food and beverage products with high levels of sugar or calories is also creating opportunities and increasing demand for sucralose;
- Sucralose continues to be the high intensity sweetener of choice because the combination of its superior taste profile and heat stability that enable it to be incorporated in a wide range of food, beverage and other applications. This provides an opportunity for sucralose to continue to replace other high intensity sweeteners that have already been incorporated into low calorie products in the market as well as replacing sugar. In calendar year 2013, 6,373[2] new products were launched globally incorporating sucralose, a 54% increase over the prior year (2012 – 4,142 launches) compared with 3,633[2] for aspartame (up 4% on 2013) and 2,860[2] for stevia (up 56% on 2013) where we also have a strong offering through TASTEVA® Stevia Sweetener. As a result, sucralose's value share of the global high intensity sweetener market continues to grow, standing at 35% for calendar year 2013;
- We also see good growth potential in the tabletop market where we now have full freedom to operate worldwide.

While we expect the global market for sucralose to remain competitive, our priority remains to increase volumes by both growing and taking a greater share of the global market for sucralose, by leveraging our unparalleled applications and formulations expertise and providing our customers with the highest standards of quality, traceability and reliability in the industry. Specifically, our focus over the next year will be to continue to renew existing customer contracts, aggressively pursue new business opportunities globally (including those relating to the substitution of other artificial high intensity sweeteners given the increasing price competitiveness of SPLENDA® Sucralose) and drive further cost savings and efficiencies through our two large-scale continuous production facilities in the US and Singapore.

Investing in a platform for long-term growth

In order to support continued growth in the Speciality Food Ingredients division, the Board has approved, in line with our disciplined capital process, capital investment of £100 million over the next two years. This investment will be used to expand capacity at our speciality plants in Europe and the US and our recently acquired oat beta glucan business, support the growth in new products expected to be launched in the next 12 to 18 months and deliver cost reduction initiatives. As a result, we expect the ratio of capital expenditure to depreciation to increase in the next financial year to approach 2.0 times, with an average payback on these projects of 3.5 years.

Earlier this month, we successfully deployed the upgraded global IS/IT system across our European operations and we remain on track to implement the system in the US and Singapore by the end of summer. While we expect the total investment in the IS/IT platform and global Shared Service Centre to be towards the top of the £120 – 135 million range we disclosed in May 2013, we are starting to see the benefits from this investment, in particular within procurement and shared services, and continue to target a three-year cash payback from completion of the implementation.

During the year, we incurred £46 million of costs on the rollout of the common IS/IT platform, taking the total costs to 31 March 2014 on the global Shared Service Centre and IS/IT platform to £124 million, of which £77 million was capital expenditure. As a result of bringing the IS/IT system into operation across the business, we expect our depreciation and amortisation charge to increase by £5 million in financial year 2015 and a further £4 million the year after.

Conclusion

The transformation of Tate & Lyle remains firmly on track and our strategy of becoming a leading global provider of speciality food ingredients will continue to create long-term value for our shareholders.

Excluding SPLENDA® Sucralose, Speciality Food Ingredients has grown strongly over the last four years and well ahead of the wider market, underpinned by the good progress we have made in emerging markets, innovation and working more closely with our customers.

While we are operating in an intensely competitive, dynamic market for sucralose, we continue to see good volume growth opportunities and are well placed to secure this growth.

Following the implementations of our global IS/IT platform over the summer, we will have completed virtually all the business transformation initiatives we set out to deliver four years ago.

We have strengthened our financial position, which provides us with the resources to invest in the business and the flexibility to make acquisitions where we see high quality opportunities to accelerate organic growth.

Since 2010, we have built a more robust, more global and higher-quality business that is capable of generating sustained growth over the long term. I would like to thank all of our employees across Tate & Lyle for their continued hard work and dedication over the last year and look forward to working alongside them in continuing to deliver our objectives over the next financial year and beyond.

Key performance indicators (KPIs)

Our KPIs for the year ended 31 March 2014 are detailed on pages 18 and 19.

Outlook

In Speciality Food Ingredients, we expect to deliver volume growth across all major product categories but a lower profit contribution from SPLENDA® Sucralose is expected to offset a good performance elsewhere in the division. Profits in this division are expected to be more evenly weighted between the first and second halves than the previous financial year.

In Bulk Ingredients, we now anticipate a slower start in the US in our first quarter associated with the prolonged and severe winter, combined with lower European sugar prices in our second half, to outweigh a better performance across other product categories.

Overall, and before the impact of currency movements[3], while we expect the Group's performance for the full year to be slightly lower than the comparative period, we are well placed to deliver growth in the longer term.

Javed Ahmed
Chief Executive
28 May 2014

2 Source: Innova Market Insights.

3 The estimated annual movement in operating profit and profit before tax caused by a one cent movement in the US dollar is £1.7 million and £1.6 million respectively.

OUR MARKETPLACE

Speciality Food Ingredients

The global market for speciality food ingredients is large and growing, underpinned by strong consumer trends: convenience, health and wellness and 'clean label'.

Focus and depth

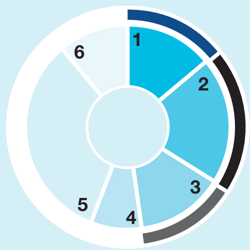
Our strategy is to focus on three core platforms and to have deep expertise within each one:

- Sweeteners
- Texturants
- Health and wellness

Global speciality food ingredients market

Approximately US$35 billion*

1 14% Sweeteners
2 20% Texturants
3 14% Functional food ingredients
4 8% Colours and preservatives
5 33% Flavour
6 11% Other



Tate & Lyle Speciality Food Ingredients:

1. Sweeteners
- SPLENDA® Sucralose
- Speciality corn-based sweeteners
- PUREFRUIT™ Monk Fruit Extract
- TASTEVA® Stevia Sweetener

2. Texturants
- Speciality food starches
- Food stabiliser systems

3. Health and wellness
- PROMITOR® Soluble Corn Fiber
- STA-LITE® Polydextrose
- SODA-LO® Salt Microspheres
- PromOat® Beta Glucan

*Sources: Leatherhead; SRI; LMC International; Company analysis.

Convenience

- Changes in consumer lifestyles continue to increase the demand for packaged and convenience foods, for consumption both at home and 'on the go'
- Product launches with a 'convenient' claim increased globally by 25% in 2013
- Increasing urbanisation has driven growth in Asia Pacific and Latin America where launches of convenience products increased by 23% and 40% respectively in 2013

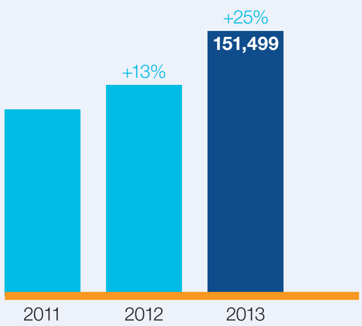
Health and wellness

- Consumers are increasingly aware of the link between diet and health and are seeking products enhanced or fortified with ingredients such as fibre
- The number of product launches containing fibres increased by 47% globally in 2013 with growth across both developed and developing markets
- In 2013, product launches containing fibres were up by 65% in Asia Pacific and by 51% in Europe

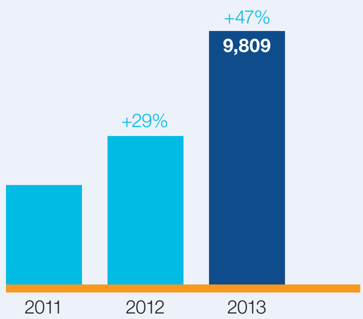
'Clean label'

- Food and beverage manufacturers are launching more 'clean label' products in response to increasing consumer demand for more natural products across a broad range of categories
- The fastest growing 'clean label' categories are baby food, soups, soft drinks, cereals and spreads
- 'Clean label' product launches increased globally by 27% in 2013

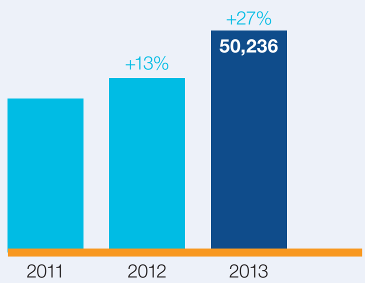
Global convenience product launches[1,2]



Global product launches containing fibres[1,3]



Global 'clean label' product launches[1,4]



Source: Innova Market Insights.
1 Data shown is based on calendar years.
2 Definition: product launches that have at least one of these claims – convenient consumption, easy-to-prepare, ready prepared, time saving.
3 Definition: product launches containing fibres in their formulation.
4 Definition: product launches claiming no additives/preservatives, natural, organic and/or without genetically modified organisms (non GMO).

Bulk Ingredients

Bulk ingredients operates in a mature, consolidated industry, manufacturing largely commodity products, where the level of profitability is related to the level of industry capacity utilisation.

Steady sustained cash generation

Our strategy is to generate sustained long-term cash flows to help fund growth in Speciality Food Ingredients:

- Optimise margins
- Optimise and fill grind capacity
- Ensure security of raw material supply
- Dampen volatility

US corn wet milling industry output

by major product category in 2013 (75bn lbs)*

1 44% Liquid Sweeteners (commercial weight)
2 10% Starch
3 11% Ethanol
4 35% Co-products

Tate & Lyle Bulk Ingredients:

1. Liquid Sweeteners
- High fructose corn syrup
- Glucose
- Dextrose

2. Starch
- Industrial starch

3. Ethanol

4. Co-products
- Corn oil
- Corn gluten feed
- Corn gluten meal

*Sources: Compiled by the Corn Refiners Association based on 2013 data from the U.S. Department of Agriculture, Renewable Fuels Association, American Coalition for Ethanol, press reports, and industry data compiled for CRA by Veris Consulting, Inc. Corn marketing year ended 31 August 2013.
NB Includes approximately 95% of US corn milling industry.

Corn market dynamics

- Corn is the main raw material in the corn wet milling industry which, in the US, processes around 11% of the corn crop annually
- A good harvest in the US in 2013, as a result of favourable growing conditions, helped ease tight market conditions and saw corn supplies restored to more normal levels
- As a result of a more balanced demand and supply situation, US corn prices reduced significantly during the summer of 2013 with corn prices in Europe following a similar pattern

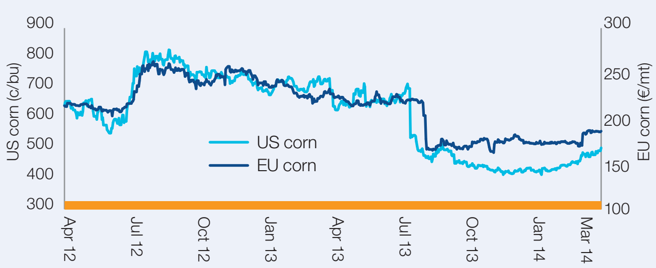
Bulk corn sweeteners

- Demand for US bulk corn sweeteners, including high fructose corn syrup (HFCS), is closely linked to the consumption of beverages and carbonated soft drinks in particular, both in the US and Mexico
- During 2013, a softer beverage season caused by the cold spring in the US reduced consumption of beverages thereby weakening domestic demand for HFCS across the industry
- Mexican imports of US HFCS were also held back as a result of lower Mexican sugar prices (used as a substitute for HFCS)

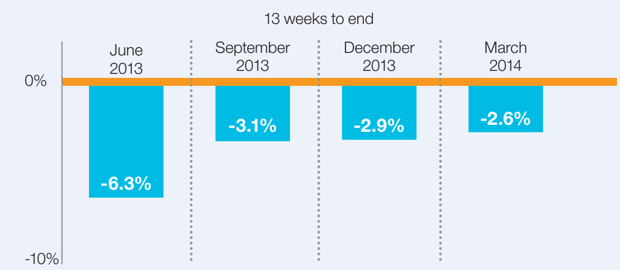
Industrial markets

- The paper industry, which provides a major source of demand for industrial starches in the US, saw a reduction in operating rates during the year as a result of a modest decrease in demand
- In Europe, additional starch capacity reduced industrial starch prices and margins during the year
- US ethanol industry margins recovered during the year and moved into positive territory as a result of improved demand and supply dynamics

US and European spot corn price (c/bushel)[5]



US carbonated soft drinks sales volume year-on-year change (%)[6]



5 Source: Bloomberg.
6 Source: IRI Infoscan Reviews, Total U.S. Multi-Outlet and Convenience (FDM, WMT, Dollar, Club, Convenience Stores).

OUR BUSINESS MODEL

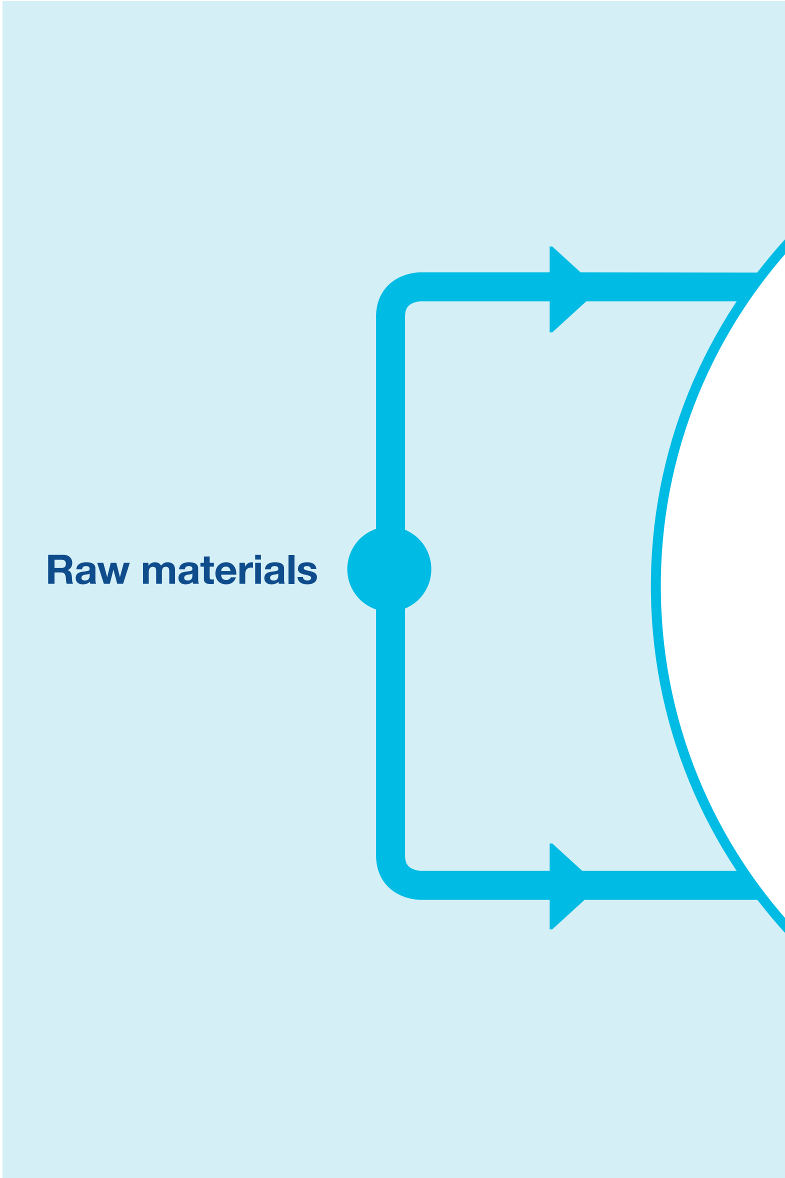
Turning raw materials into distinctive, high-quality ingredients and solutions for our customers

Through our facilities across the world we:

- Collaborate closely with our customers to help them develop new concepts, adapt formulations and get products to market faster
- Draw on the deep sector knowledge of our food scientists and ideas sourced from outside the Company to develop and commercialise the next generation of speciality food ingredients
- Apply our manufacturing know-how and supply chain expertise to turn raw materials into high quality food ingredients for delivery to our food and beverage customers worldwide.

Our operations
Page 6

Our Strategy in Action
Pages 16 and 17

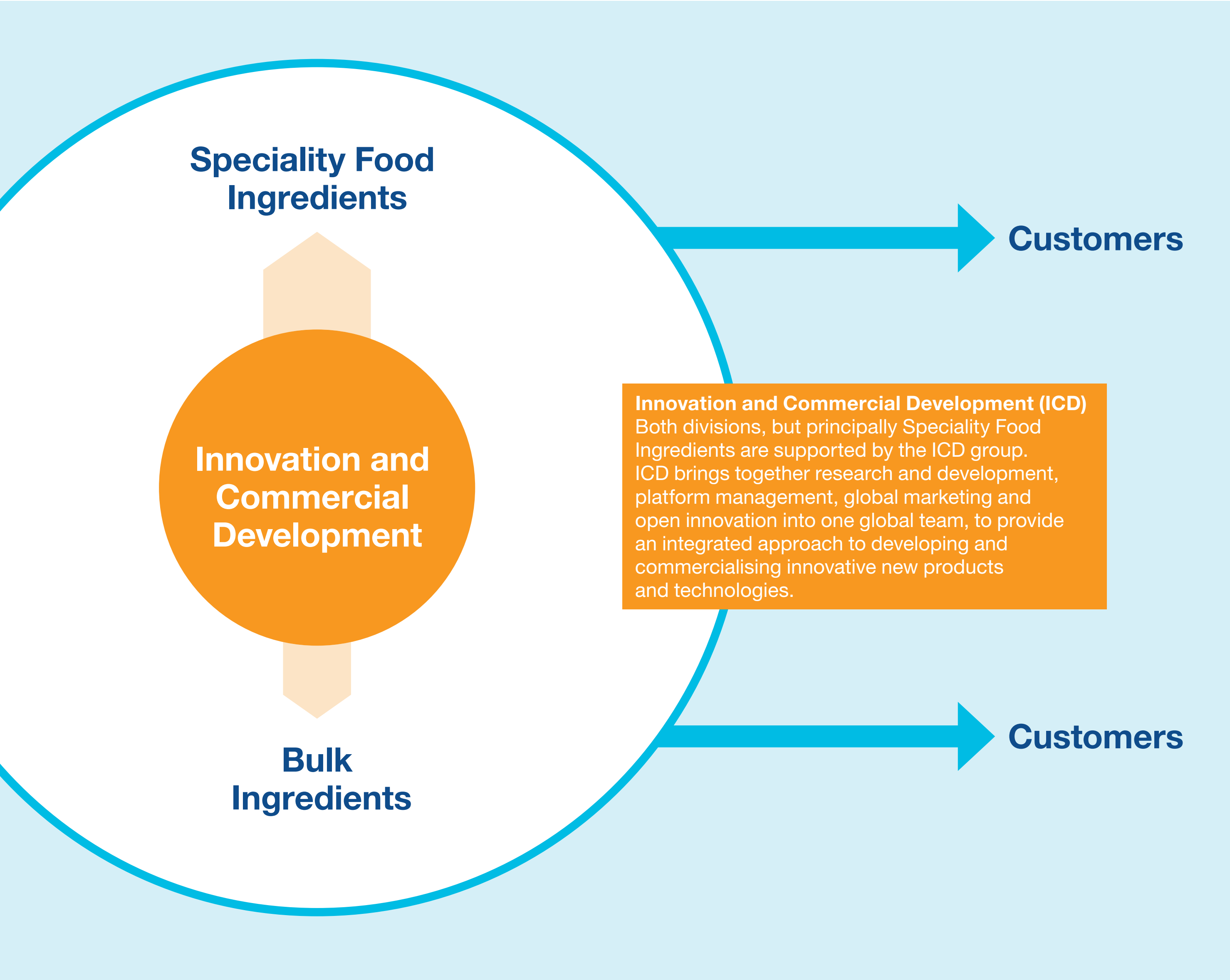


Sourcing raw materials

Most of our ingredients are produced from crops, predominantly corn. Ensuring we have a reliable source of corn for our plants is essential. This involves developing long-term, mutually beneficial relationships with growers, farmers and other commercial partners to secure supply; understanding commodity markets; and hedging costs where feasible.

Supply chain ethics are important to us. We apply clear standards, both operational and ethical, to our suppliers, and work with them to help them meet our compliance needs. This is essential if we are to meet our customers' requirements for traceability, quality and ethical standards throughout the supply chain.

Developing sustainable products
Page 36



Producing high-quality ingredients

We operate through two global divisions – Speciality Food Ingredients and Bulk Ingredients.

Our production facilities include a network of corn wet mills in North America and Europe which manufacture both bulk and speciality products. In addition to the plants shared by the two divisions to make corn-based products, we produce sucralose through two, large-scale, continuous processing facilities in the US and Singapore, and operate a number of smaller-scale blending facilities where we make food stabiliser systems.

Each division has its own sales force and commercial operations to provide the necessary focus and expertise for customers in their respective end markets.

Understanding our markets

Customer insights drive all that we do. We analyse the markets we operate in globally and we use market research to gain insights into consumers' dietary habits, their perceptions of ingredients, and their nutritional expectations of food and drinks.

We use these insights to drive our own product development, to differentiate ourselves from our competitors and to help our customers meet consumer needs.

How we are delivering on our strategy

Our vision

Our vision is to become a leading global provider of speciality food ingredients and solutions. Our strategy is to deliver this vision through:

- A disciplined focus on growing our Speciality Food Ingredients division through:
  - deeper customer understanding
  - continuous innovation
  - stronger positions in high-growth markets
- Driving our Bulk Ingredients division for sustained cash generation to fuel this growth.

Speciality Food Ingredients

Deep customer engagement

We believe that getting closer to our customers, developing a better understanding of their needs and changing the ways we interact with them is a key part of delivering sustainable long-term growth.

Innovation

Creating a world-class innovation capability is a key part of our growth strategy. The Innovation and Commercial Development group (ICD) provides a fully integrated approach to developing and commercialising innovation to meet our customers' needs.

New markets and customer channels

Our aim is to build our presence significantly in emerging markets and in those parts of the speciality food ingredients market where historically we have been under-represented, specifically in SMEs and private label.

Bulk Ingredients

Sustained cash generation

Within Bulk Ingredients our strategy is to provide stable, long-term cash flow to help fund growth in Speciality Food Ingredients.

Our Strategy in Action
Pages 16 and 17

	Progress	2015 Priorities
Global network Our global Commercial and Food Innovation Centre in Chicago, USA is helping us transform the way we work with our customers. It has: • Full sensory capabilities • Full culinary capabilities • High-tech food laboratories • A pilot plant • Global communications capabilities. We have also developed a global network of regional applications and technical services facilities enabling us to interact directly with customers across our markets, helping them develop new concepts and get them to market faster.	**Progress** • Increased level of customer interaction at our global Commercial and Food Innovation Centre and our other client-facing facilities worldwide • Step change in the way we are perceived by food and beverage customers in the speciality food ingredients industry	**2015 Priorities** • Broaden customer interaction through our global network of innovation, applications and technical services facilities • Improve quality and size of customer project pipeline • Convert more customer relationships into strategic partnerships
Ideas within our innovation pipeline are derived from three sources: **In-house innovation (part of ICD)** • New products or technologies generated by in-house scientists **Open innovation (part of ICD)** • Leverages our global network of research institutions, start-ups and universities • Provides route to market for technologies or products close to commercial launch **Tate & Lyle venture funds** • Invests in early-stage speciality food ingredients concepts by partnering with research institutions, other venture funds, universities and entrepreneurs.	**Progress** • Addition of PromOat® Beta Glucan, PrOatein™ Oat Protein and PULPIZ® Pulp Extender to our speciality food ingredients portfolio • Commercialisation of recent innovations such as SODA-LO® Salt Microspheres • Continued to progress projects through the innovation pipeline which remains robust	**2015 Priorities** • Launch new products from within our innovation pipeline • Increase sales from recently launched products • Continue to leverage open innovation network and partnerships
Expanding in new markets • Building dedicated speciality food ingredients businesses in both Asia Pacific and Latin America. • Forming direct selling relationships with local food and beverage manufacturers as well as multinationals. • Investing in local infrastructure with the opening of satellite applications and technical services facilities in the emerging markets. **SMEs and private label** • Changing the way we access and work with SMEs and private label customers by developing more direct relationships.	**Progress** • Continued strong organic growth in Asia Pacific and Latin America • Expanded presence in Asia Pacific through Tate & Lyle Howbetter and agreement to acquire Winway Biotechnology • Established new applications and technical services facilities in Singapore and direct sales presence in Japan	**2015 Priorities** • Deliver another year of strong organic growth in emerging markets • Complete acquisition of Winway Biotechnology and continue to expand our presence in emerging markets • Leverage dedicated resources to develop relationships with both SMEs and food service customers
We aim to achieve sustained cash generation by: • Dampening earnings volatility by diversifying our income streams into new areas • Optimising margins by gradually moving the corn that we grind away from markets that are in long-term structural decline into higher margin speciality food ingredients • Ensuring the security of our supply of raw materials • Reducing costs and continuing to improve operational efficiency.	**Progress** • Bulk Ingredients performance held back by challenges posed by a soft beverage season, severe and prolonged winter weather and lower co-product returns • Further investment in corn storage capacity for security of supply	**2015 Priorities** • Optimise margins by improving product mix and delivering further operational efficiencies • Further divert corn grind to Speciality Food Ingredients division • Further investment in strengthening security of raw material supply • Leverage fermentation assets and expertise to drive diversification

OUR STRATEGY IN ACTION

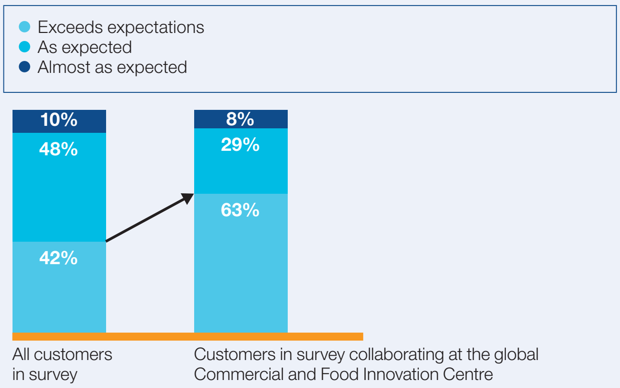
Deep customer engagement

We continued to see an increase in customer interaction through our global Commercial and Food Innovation Centre in Chicago, USA and our global network of applications and technical services facilities.

Customer visits to the Centre increased by 10% in the year, while just under one-fifth of all customer visits to our six main customer-facing laboratories took place in the emerging markets. We also saw an increase in the number of visitors from the key areas of marketing, R&D and senior management leading to growth in the number of customer projects being generated.

As the level of customer interaction has increased so too has customers' perception of our capabilities, with the results from a survey carried out during the year revealing that 63% of our customers believe we are 'exceeding their expectations'. This level of satisfaction is approaching 'best in class' and is a positive lead indicator for future growth.

Impact of visiting Commercial and Food Innovation Centre in Chicago, USA on customer satisfaction*



* Survey conducted between October and December 2012, and March and April 2013.

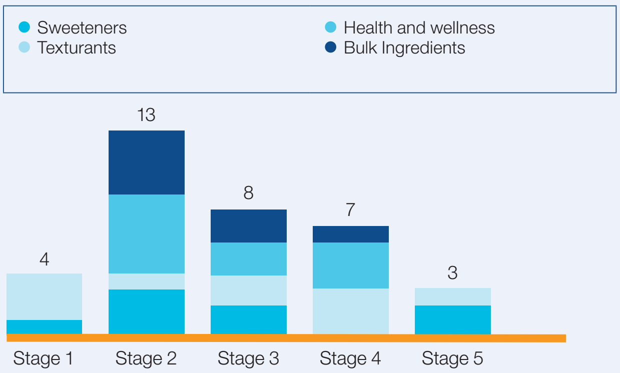
Innovation

Our innovation pipeline remains strong, and as at 31 March 2014 comprised a total of 35 projects, including ten in the final stages. The composition of the pipeline is well balanced across our three Speciality Food Ingredients platforms, including 36% in health and wellness, reflecting our focus on increasing our presence in this area.

During the year, we brought PULPIZ® Pulp Extender to market, a texturant used to replace tomato paste in a range of applications. In May 2013, we acquired Biovelop, the manufacturer of PromOat® Beta Glucan, which has also brought a new, high value, speciality fibre PrOatein™ Oat Protein into our portfolio.

We continue to see strong customer interest in our novel salt-reduction ingredient SODA-LO® Salt Microspheres with our focus now turning to converting customer projects into sales and broadening the range of applications in which SODA-LO® Salt Microspheres can be used.

Innovation pipeline by stage of development (number of projects)
At 31 March 2014



New markets and customer channels

Tate & Lyle Howbetter's Food Systems blending facility

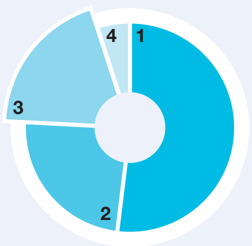
We delivered another strong performance in the emerging markets of Asia Pacific and Latin America with double-digit volume growth in the period. The investment we have made to increase sales coverage and in our applications and technical services facilities in these regions, including the opening of a new facility in Singapore during the year, is providing an excellent platform to attract new customers and engage directly with them in the local market, share ideas and develop new projects.

The creation of Tate & Lyle Howbetter and the agreement to acquire Winway Biotechnology, a manufacturer of polydextrose speciality fibre, strengthens our presence in Asia Pacific as we continue to invest in growing our speciality food ingredients business in these faster growing markets.

As envisaged when we started our business transformation programme four years ago, we are developing a more geographically diverse company with a reduced reliance on the developed markets and an improved risk profile.

SFI sales by region 2014*

1 52% North America
2 24% Europe & Middle East
3 19% Emerging markets
4 5% Rest of world



* Calculated based on SFI's Latin America and Asia Pacific sales of single ingredients (excluding Japan, Australia and New Zealand).

Sustained cash generation

Grain elevator at Fowler, Indiana, USA

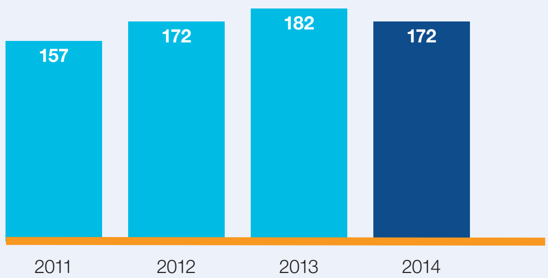
While a number of challenges held back the performance of our Bulk Ingredients division during the year, including the very cold spring and extremely cold and prolonged winter in the US, overall we have delivered a steady performance from this part of the business over the last four years.

This has been achieved against a backdrop of very significant volatility in the corn market through:

- a relentless focus on efficiency and cost reduction
- trading up to higher margin products
- diverting the corn that we grind to new areas like green chemistry
- investing in projects to help dampen risk within the division, such as expanding our network of corn elevators to enhance the security of supply.

We will maintain this same disciplined approach as we look to deliver a steady performance from this division and to ensure it continues to generate a sustained source of cash to grow our Speciality Food Ingredients division.

Bulk Ingredients adjusted operating profit (£m)



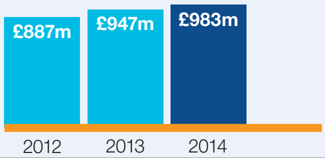
KEY PERFORMANCE INDICATORS

Measuring our success against our strategy

	What we measure	Why we measure it
Performance We focus on a number of financial performance measures to ensure that our strategy successfully delivers increased value for our shareholders.	**Sales of speciality food ingredients**	To ensure we are successful in growing the division which is the key area of strategic focus for the business. Performance metric for the Group Bonus Plan.
	Adjusted operating profit[2]	To track the underlying performance of the business and to ensure sales growth translates into increased profits. Performance metric for the Group Bonus Plan.
	Return on capital employed[2]: adjusted profit before interest, tax and exceptional items divided by adjusted average invested operating capital[3] for continuing operations.	To ensure that we continue to generate a strong rate of return on the assets that we employ and have a disciplined approach to capital investment. Performance metric for the Performance Share Plan.
Chief Executive's Review Pages 7 to 9	**Cash conversion cycle[4]:** controllable working capital divided by quarterly sales, multiplied by the number of days in the quarter.	To track how efficient we are in turning increased sales into cash and to ensure that working capital is managed effectively. Performance metric for the Group Bonus Plan.
Financial strength We look at measures of financial strength to ensure that we maintain the financial flexibility to grow the business whilst maintaining investment-grade credit ratings.	**Net debt to EBITDA multiple[5]:** the number of times the Group's net borrowing exceeds its trading cash flow. EBITDA is earnings before exceptional items, interest, tax, depreciation and amortisation.	To ensure that we have the appropriate level of financial gearing and that we generate sufficient profits to service our debt. These measures are a key focus for banks and providers of both debt and equity capital.
Group Financial Results Pages 24 to 28	**Interest cover[5]:** the number of times the profit of the Group exceeds interest payments made to service its debt.	
Corporate responsibility[1] It is important that we act responsibly and consider carefully the impact our activities have on all stakeholders including employees, customers and the communities in which we operate.	**Recordable incident rate:** the number of injuries per 200,000 hours that require more than first aid, for employees and contractors.	The safety of our employees and contractors is of paramount importance. Ensuring safe and healthy conditions at all our locations is essential to our operation as a successful business. Safety performance is a specific consideration that the Remuneration Committee may factor into decisions on pay.
Corporate Responsibility Pages 32 to 37	**Lost-work case rate:** the number of injuries that resulted in lost-work days per 200,000 hours, for employees and contractors.	

1 Measured on a calendar year basis.
2 Prior year numbers restated for IAS 19 (Revised 2011) 'Employee Benefits'.
3 Defined as shareholders' equity excluding net debt, net tax assets/liabilities and net retirement benefit obligations.
4 Defined as controllable working capital divided by quarterly sales, multiplied by the number of days in the quarter on a four-quarter rolling basis (a reduction in the number of days represents an improvement).

How we have performed

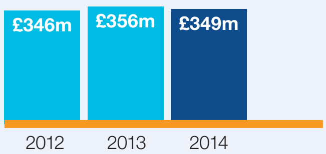


Change

+4%

(constant currency)[6]

Comment: Volume growth of 4% in SFI with value sales growth held back by lower prices for SPLENDA® Sucralose and lower corn prices.

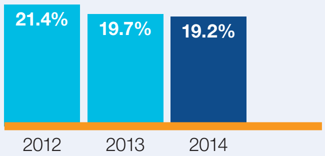


Change

-1%

(constant currency)[6]

Comment: Growth of 1% in Speciality Food Ingredients with a good performance in Europe, Asia Pacific and Latin America offset by a lower contribution from the US and SPLENDA® Sucralose. A reduction in Bulk Ingredients of 4% as a result of weakened demand for bulk sweeteners and lower co-product returns.



Change

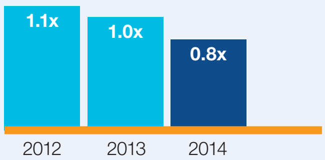
-50bps[7]

Comment: Reduction in adjusted operating profit combined with slight increase in operating assets.

Change

Improved by 3 days

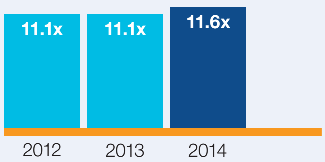
Comment: Lower finished goods inventories in the US, and significantly lower corn prices in the US.



Change

Improved 0.2x

Comment: Ratio remains well inside our internal maximum threshold of 2.0x. The improvement reflects the reduction in net debt during the year.



Change

Improved 0.5x

Comment: Ratio remains well above our internal minimum threshold of 5.0x.

Comment: While our safety KPIs were the lowest levels recorded, we are saddened to report that our Group safety performance this year was completely overshadowed by three fatal accidents: two during and one after the end of the reporting year. Further details are provided in the Chairman’s Statement on page 4, the Chief Executive’s Review on page 8 and the Corporate Responsibility section on page 33.

5 Net debt, EBITDA, profit and interest are defined under the Group’s bank covenant conditions and are based on unrounded numbers. Net debt is calculated using average rates of exchange.

6 Changes in constant currency are calculated by retranslating comparative period results at current period exchange rates.

7 Basis points (one hundred basis points equates to one percentage point).

SPECIALITY FOOD INGREDIENTS

Performance overview

Growth in Speciality Food Ingredients through focus and depth

Speciality Food Ingredients develops, produces and markets distinctive, high-quality ingredients for food and beverage customers across the world. By leveraging our manufacturing facilities, innovative technology and formulation expertise, we help them create more cost-effective, better tasting products for consumers.

Speciality Food Ingredients works closely with our Innovation and Commercial Development group to develop a pipeline of new products.

Sales

£983m

2013 – £947m

Adjusted operating profit

£213m

2013 – £213m

	Year ended 31 March		Change	
	2014 £m	2013 £m	Reported	Constant currency
Sales	**983**	947	+4%	+4%
Adjusted operating profit	**213**	213	0%	+1%
Adjusted operating margin	**21.7%**	22.5%	-80bps	-70bps

"We delivered another strong performance in emerging markets which are becoming a more meaningful part of the division. While we face a headwind from lower SPLENDA® Sucralose prices, we are well placed to capitalise on strong consumer trends as we leverage the investment we have made to diversify the business both geographically and through innovation."

Olivier Rigaud

Market conditions and trends

The global market for speciality food ingredients, and particularly those areas of the market where we operate, continues to benefit from a number of strong underlying consumer trends: health and wellness, convenience and 'clean label'.

Consumers are increasingly aware of the link between diet and health. The rising incidence of diabetes and obesity in both developed and developing markets is driving consumers, manufacturers and governments to focus on 'healthier' products. In addition to products which address calorie and weight management, consumers are also increasingly seeking solutions for heart health, including lower sodium products, and digestive health, including fibre-enhanced products. The number of global product launches containing fibres or making a low sodium claim increased by 47%[1] and 37%[1] respectively in calendar year 2013, with growth across both developed and developing markets.

Changes in consumer lifestyles continue to increase the demand for packaged and convenience foods, for consumption both at home and 'on the go'. Product launches with a 'convenient' claim increased globally by 25%[1] in calendar year 2013 and, whilst demand continues to grow in developed markets, increasing levels of urbanisation are driving demand for convenience products in developing markets as well. Demand for convenience is a key driver for speciality ingredients that provide added functionality such as stability, texture and extended shelf-life.

Food and beverage manufacturers are launching more 'clean label' products in response to increasing consumer demand for more natural products across a broad range of categories. Global 'clean label' product launches increased by 27%[1] in calendar year 2013, responding to increasing consumer awareness of food processing, origination of finished and unfinished goods, and ingredient labelling.

Against the backdrop of continuing tough macroeconomic conditions in many countries and tighter household budgets, coupled with high raw materials prices, cost-optimisation continues to be a theme with food and beverage customers looking at ways to reduce costs and provide more value-based alternatives for consumers without compromising on taste.

Financial performance

Within Speciality Food Ingredients, volumes grew by 4% and sales increased by 4% (also up 4% in constant currency) to £983 million (2013 – £947 million) with good volume growth in Asia, Europe and Latin America, held back by a softer performance in the US where volumes were slightly lower than the comparative period. Adjusted operating profit was in line with the prior year (up 1% in constant currency) at £213 million (2013 – £213 million) as a result of lower selling prices for SPLENDA® Sucralose and a lower contribution from the US. This result includes the majority of the £6 million one-off gain from the purchase, sale and leaseback of our building in Hoffman Estates, US, and £7 million representing

1 Source: Innova Market Insights.

the final annual payment received from McNeil Nutritionals as part of the realignment of the sucralose business back in 2004. Operating margins reduced by 80 basis points to 21.7% (2013 – 22.5%). The effect of currency translation was to decrease adjusted operating profit by £2 million.

This division comprises three broad product categories: starch-based speciality ingredients, high intensity sweeteners and Food Systems.

Starch-based speciality ingredients
Sales increased by 7% (7% in constant currency) to £595 million (2013 – £559 million) with volume growth of 5%. While percentage operating margins were slightly lower, operating profit was ahead of the prior year. While we expect to deliver another year of good volume growth in financial year 2015, the level of sales value growth is expected to be lower as a result of the significant reduction in corn prices.

In food starches, we saw volume growth across all regions with particularly strong growth in Latin America and Europe. In Europe, our strong innovation capability and new products, such as CREAMIZ™ and PULPIZ® Pulp Extender, helped us maintain a healthy leadership position in speciality starches in the region, particularly within the convenience food and dairy categories.

In speciality corn sweeteners, we saw growth across all regions outside the US including very strong growth as in the previous year in Latin America, where we continued to expand our business in the beverage and dairy categories. Our success in this region over the past few years is a good example of how we are steadily broadening the geographic mix of the business and reducing our reliance on developed markets.

Our fibres range continues to benefit from the strong consumer interest in health and wellness, and we saw volume growth across all regions during the period, with particularly strong growth once again in Asia. The planned acquisition of Winway Biotechnology will provide us with an excellent platform from which to accelerate the growth of our specialty fibres business not only in China but across Asia as a whole.

High intensity sweeteners
Sales in this category, which comprises SPLENDA® Sucralose and our no-calorie, natural sweeteners, were in line with the comparative period (up 1% in constant currency) at £198 million (2013 – £198 million), with volumes 5% higher.

In SPLENDA® Sucralose, the renewal of a number of large customer contracts during the final quarter, including some on a multi-year basis, against the backdrop of an intensely competitive market environment, resulted in an increase in the rate of price decline in SPLENDA® Sucralose during the final quarter with the reduction in price for the full year outweighing volume growth.

Demand for no-calorie natural sweeteners continues to grow with 2,860 product launches during calendar year 2013 incorporating stevia, an increase of 56% on the prior year. Against this backdrop, we continued to see good volume growth in our natural no-calorie sweeteners, particularly our stevia-based, natural-source sweetener TASTEVA® Stevia Sweetener, with a number of customer product launches during the year. While we continue to see good opportunities for further growth and a strong pipeline for our natural no-calorie sweeteners, the overall contribution to this product category remains relatively small.

Food Systems
Sales were in line with last year (down 1% in constant currency) at £190 million (2013 – £190 million), with volumes 6% lower, reflecting our decision to focus on higher margin blends, which more than offset good volume growth in developing markets. Despite the lower volumes, we delivered good operating profit growth driven by improved product mix, tight cost control and lower prices for some raw materials.

Our recently opened technical and commercial facility in Roggenhorst, Germany is helping us work more closely with customers and strengthen our pipeline of new products.

The creation of Tate & Lyle Howbetter provides us with a solid platform from which to expand our Food Systems business in China and more broadly across the region. As well as bringing new customers, its high quality local blending capabilities are helping to strengthen our offering to existing customers. It also enables us to leverage additional know-how and expertise across our network of Food Systems businesses globally.

Engaging with customers

Launch of TASTEVA® Stevia Sweetener in Latin America
TASTEVA® Stevia Sweetener is our new, natural-source, stevia-based sweetener. Launched in 25 countries in just 18 months, it is making excellent progress in the market, in particular in Latin America where it has already exceeded its sales targets for the first year. TASTEVA® Stevia Sweetener is tapping into consumer demand for natural, low-calorie ingredients, particularly sweeteners – and is being recognised by customers for its superior taste compared with other stevia-based sweeteners. TASTEVA® Stevia Sweetener allows customers to replace more sugar than they could with other competing stevia products (which retain a bitter taste if used in high quantities), without using masking or modifying agents, thus improving the nutritional profile and consumer appeal of their brands.

Fruit juice containing TASTEVA® Stevia Sweetener with stevia leaf

BULK INGREDIENTS

Performance overview

Stable long-term cash flows to fuel our growth

Bulk Ingredients manufactures and markets a range of products including sweeteners, industrial starches, ethanol, acidulants and animal feed, for food and beverage, industrial and agricultural customers around the world.

Bulk Ingredients also partners with a number of bio-based materials companies seeking expertise in the commercialisation of green chemistry fermentation. One such partnership is our joint venture with DuPont which manufactures Bio-PDO®, a bio-based ingredient used in the textile and plastics industries.

Sales

£2,164m

2013 – £2,309m

Adjusted operating profit

£172m

2013 – £182m

	Year ended 31 March		Change	
	2014 £m	2013 £m	Reported	Constant currency
Sales	**2 164**	2 309	-6%	-6%
Adjusted operating profit	**172**	182	-5%	-4%
Adjusted operating margin	**7.9%**	7.9%	0 bps	+10 bps

"We coped well with a number of challenges during the year as we continue to provide a steady source of cash to support growth in Speciality Food Ingredients. Looking ahead, our focus remains on optimising margins, maintaining efficient assets and seeking to further dampen the risk profile of the division."

Matt Wineinger

Market conditions

A good corn harvest in the US with production increasing by around 30% compared with the previous year and a recovery in the stocks-to-use ratio to more normal levels, resulted in a significant reduction in corn prices in the summer. However, during the last quarter of the financial year, corn prices increased steadily, driven by rising demand from US ethanol and exports. The latest production estimate from the USDA[1] for the 2014/15 harvest is broadly in line with the prior year at 13.9 billion bushels.

The unusually cold spring in the US in 2013, constrained demand for carbonated soft drinks, a key end market for bulk liquid corn sweeteners. In the three-month period to the end of June 2013, US carbonated soft drinks sales volume declined by 6.3%[2] against the comparative period, with sales volume over the whole year 3% lower. In addition to softer domestic demand, lower Mexican sugar prices resulted in a 24%[3] reduction in exports of US HFCS to Mexico. The protracted severe cold winter weather in the US also created operational and supply chain challenges across the industry, particularly during the quarter ended 31 March 2014.

1 USDA is the US Department of Agriculture.

2 Source: IRI Infoscan Reviews, Total US Multi-Outlet and Convenience (FDM, WMT, Dollar, Club, Convenience Stores).

3 Source: US Census Bureau, HTS Export data.

World sugar prices, which provide a reference price for some of our products, continued to decline steadily during 2013 as supply was increased following consecutive years of surplus. However, towards the end of the financial year, prices stabilised reflecting ongoing weather risks and the potential impact of these on the Brazilian crop. In Europe, sugar prices started to decline in the second half of the financial year, reflecting an increase in stock levels following the steps taken by the European Union in the 2012/13 sugar year to increase imports, and lower consumer demand due to the cold spring.

The paper industry, which provides a major source of demand for industrial starches in the US, saw a reduction in operating rates during the 2013 calendar year as a result of lower demand. In Europe, additional starch capacity reduced industrial starch prices, putting pressure on margins.

Conditions in the US ethanol industry improved steadily during the year, following a boost from the large corn crop which drove production costs down and made US ethanol a more cost competitive fuel. Increased demand, which tightened ethanol inventories, combined with logistical difficulties impacting the supply side in the second half of the financial year caused by the severe cold weather, also helped improve ethanol pricing fundamentals.

A combination of tight supplies, reflecting the limited availability of good quality corn in the lead up to the new harvest last year and increased demand, kept prices high for corn gluten feed particularly during the second half of the financial year. Conversely, corn oil prices were lower as a result of the increased supply of corn distillers' oil from the dry mill ethanol industry.

Financial performance

Bulk Ingredients volumes decreased by 1% and sales were 6% lower (6% lower in constant currency) at £2,164 million (2013 – £2,309 million) largely due to the pass through of lower corn prices. Adjusted operating profit was 5% lower (4% lower in constant currency) at £172 million (2013 – £182 million) as a result of the soft US beverage season, which reduced demand for liquid corn sweeteners, lower returns from co-products and, in the final quarter, the impact of the protracted severe cold winter in the US. This result includes a one-off gain of £3.5 million in the first half from the on-sale of Orsan China (a monosodium glutamate producer in which Tate & Lyle previously held a stake and which was sold in 2009). The effect of currency translation was to decrease adjusted operating profit by £2 million.

This division comprises three broad product categories: sweeteners; industrial starches, acidulants and ethanol; and co-products.

Sweeteners

In the Americas, bulk corn sweetener volumes decreased by 2% largely as a result of lower HFCS volumes caused by the cold spring which reduced demand for carbonated soft drinks during the second quarter. Sales decreased by 6% (down 6% in constant currency) to £889 million (2013 – £942 million) as a result of the lower volumes and the reduction in corn prices following the large corn crop. Despite lower volumes, profits were ahead of the comparative period as a result of the modest increase in HFCS unit margins secured in the 2013 calendar year contracting round.

Operating profits from Almex, our Mexican joint venture, were lower than the comparative period reflecting reduced volumes and lower margins as a result of greater competition from Mexican sugar.

In Europe, sales of bulk corn sweeteners increased by 1% (flat in constant currency) to £148 million (2013 – £146 million), with volumes 1% higher than the prior year. We saw the benefit of higher unit margins throughout the year, driven in the first half by sugar prices (which provide the reference price for isoglucose (HFCS) in the EU) staying high for longer than expected and, in the second half, lower raw material costs following a good corn crop. As a result, overall profits for the full year were ahead of the comparative period.

Security of supply

Investment in grain elevators

Our network of 14 grain elevators (silos), located in the US corn belt, makes an essential contribution to ensuring we have a reliable, high-quality source of corn for our US plants. Corn can deteriorate if not stored well, so there is an advantage to keeping the storage in our own hands; moreover many of our elevators have forged long-term relationships with producers who provide a consistent supply of locally-produced corn each year. Over the last few years we have been adding capacity at existing elevators as well as acquiring new ones, and with that, increasing the number of farmers we buy corn from each year.

Grain elevator at Francesville, Indiana, USA

Industrial starches, acidulants and ethanol

Sales decreased by 5% (3% in constant currency) to £635 million (2013 – £667 million).

In industrial starches, volumes were 2% higher. In the US, where we contract for longer periods than in Europe, profit was ahead of the prior year as a result of firmer pricing and slightly higher volumes. In Europe, lower prices, reflecting the pass through of lower corn costs and increased competition, put pressure on margins and reduced profits compared with last year. This part of the business remains particularly sensitive to changes in the macroeconomic environment.

In US ethanol, which represents a small part of our business, the improvement in market conditions, particularly during the second half, resulted in a better performance and a reduction in operating losses.

Profit in our citric acid business was lower than the prior year, with reduced volumes more than offsetting lower raw material costs. Our Bio-PDO® joint venture delivered an improved performance during the period as a result of slightly higher volumes and lower corn costs.

Co-products

Sales of co-products decreased by 11% (down 11% in constant currency) to £492 million (2013 – £554 million). Overall returns from co-products were £7 million lower than our expectations at the start of the year, driven by corn gluten feed and corn oil which more than offset higher returns from corn gluten meal. Since over 80% of our US corn grind is utilised to produce Bulk Ingredients, the majority of this impact is recorded within this product category.

GROUP FINANCIAL RESULTS

"Our robust balance sheet provides us with a solid platform allowing us to invest a further £100 million in Speciality Food Ingredients growth over the next two years."

Tim Lodge

Highlights

- Strong free cash flow generation of £227 million
- Balance sheet remains strong with £126 million reduction in net debt to £353 million
- Investment of £100 million over the next two years in expansion and cost reduction projects within Speciality Food Ingredients
- Additional steps taken to reduce pension risk including buy-in of liabilities of the Amylum UK Pension Scheme

Sales from continuing operations of £3,147 million (2013 – £3,256 million) were 3% lower than the prior year (3% in constant currency). Sales in Speciality Food Ingredients increased by 4% (4% in constant currency) to £983 million (2013 – £947 million), with sales volumes increasing by 4%. Sales in Bulk Ingredients decreased by 6% (6% in constant currency) to £2,164 million (2013 – £2,309 million), with volumes 1% lower.

Adjusted operating profit decreased by 2% (1% in constant currency) to £349 million (2013 – £356 million). In Speciality Food Ingredients, adjusted operating profit was in line (up 1% in constant currency) with the prior year at £213 million (2013 – £213 million). Bulk Ingredients adjusted operating profit decreased by 5% (4% in constant currency) to £172 million (2013 – £182 million).

Adjusted net finance expense (excluding net retirement benefit interest) decreased from £29 million to £27 million, largely driven by the repayment of our £100 million bond in June 2012 and lower interest rates on our floating rate debt.

Both adjusted profit before tax and adjusted diluted earnings per share decreased by 2% (flat in constant currency) to £322 million (2013 – £327 million) and 55.7p (2013 – 56.6p) respectively.

On a statutory basis, profit before tax from continuing operations decreased by 4% (down 2% in constant currency) to £290 million (2013 – £301 million) and profit for the year from total operations was in line at £273 million (2013 – £273 million), with the current period benefiting from an exceptional income tax credit of £28 million following the favourable resolution of outstanding tax matters in Spain.

Basis of preparation
At the beginning of the year, the Group adopted IAS 19 (Revised 2011) 'Employee Benefits' which introduced a change to the way the Group accounts for defined benefit pension plans. The change modifies the basis on which the financing charge is calculated by applying the discount rate to the net defined benefit obligation and requires the recognition of scheme administration costs within operating profit. Comparative information for 2013 has been restated on a consistent basis and an explanation and analysis of the effect of the changes is presented in Note 43.

For the year ended 31 March 2014, the new requirements increased statutory net finance costs by £8 million (31 March 2013 – £6 million) and reduced operating profit by £2 million (31 March 2013 – £2 million).

With the exception of the changes arising from the adoption of IAS 19 (Revised 2011) the Group's principal accounting policies are unchanged compared with the year ended 31 March 2013.

Adjusted performance measures
We report adjusted performance measures because they provide both management and investors with valuable additional information on the performance of the business. The following items are excluded from these adjusted measures:

- exceptional items (Note 7)
- amortisation of intangible assets acquired through business combinations (Note 15)
- net retirement benefit interest (Note 30)
- tax on adjusting items
- results of discontinued operations (Note 12).

This adjusted information is used internally for analysing the performance of the business. A reconciliation of reported and adjusted information is included in Note 42.

Impact of changes in exchange rates
In comparison to the prior year, the Group's reported financial performance was adversely affected by currency translation. A weakening of the average US dollar exchange rate against sterling was only partially offset by the strengthening of other currencies, which has slightly reduced profits. The movement in period-end exchange rates, particularly the weaker US dollar, led to a reduction in net debt as a result of the translation of dollar-denominated debt.

Summary of financial results

Year ended 31 March	2014 £m	2013 Restated[1] £m	Change (reported) %	Change (constant currency) %
Continuing operations				
Sales	**3 147**	3 256	-3%	-3%
Adjusted operating profit	**349**	356	-2%	-1%
Adjusted net finance expense	**(27)**	(29)		
Adjusted profit before tax	**322**	327	-2%	0%
Exceptional items	**(14)**	(12)		
Amortisation of acquired intangible assets	**(10)**	(10)		
Net retirement benefit interest	**(8)**	(4)		
Profit before tax	**290**	301	-4%	-2%
Income tax expense	**(45)**	(46)		
Profit for the year from continuing operations	**245**	255	-4%	-2%
Profit for the year from discontinued operations	**28**	18		
Profit for the year	**273**	273	0%	2%
Earnings per share – continuing operations				
Basic	**52.8p**	54.9p		
Diluted	**52.1p**	53.8p	-3%	-2%
Adjusted earnings per share – continuing operations				
Basic	**56.5p**	57.7p		
Diluted	**55.7p**	56.6p	-2%	0%
Dividends per share				
Interim paid	**7.8p**	7.4p	5.4%	
Final proposed	**19.8p**	18.8p	5.3%	
	27.6p	26.2p	5.3%	
Net debt				
At 31 March	**353**	479	26.3%	

1 Restated for the adoption of IAS 19 (Revised 2011) 'Employee Benefits'.

The average and closing exchange rates used to translate reported results were as follows:

	Average rates		Closing rates	
	2014	2013	**2014**	2013
US dollar:sterling	**1.59**	1.57	**1.67**	1.52
Euro:sterling	**1.19**	1.24	**1.21**	1.18

Central costs
Central costs, which include head office, treasury and reinsurance activities, decreased by £3 million to £36 million, largely as a result of lower staff-related costs.

Energy costs
Energy costs were higher than the prior year at £177 million (2013 – £170 million), as a result of the increased price of energy used in many regions, in particular the US, which more than offset positive variances relating to efficiency and input mix. We have covered approximately 66% of our estimated energy needs for financial year 2015, albeit at higher prices than in financial year 2014 which we will look to mitigate through further efficiencies.

Exceptional items from continuing operations

Year ended 31 March	2014 £m	2013 £m
Business transformation costs	**(14)**	(20)
Gain on disposal of joint venture – Sucromiles	**–**	8
Net exceptional charge	**(14)**	(12)

During the year ended 31 March 2014, an exceptional charge of £14 million (see Note 7) was recognised in continuing operations, relating to business transformation costs, specifically the implementation of the common global IS/IT platform. This compares to a net exceptional charge in the comparative year of £12 million, with £20 million of business transformation costs partially offset by a credit of £8 million from the disposal of our share in Sucromiles SA, our former Colombian citric-acid joint venture.

The tax impact of net exceptional items within continuing operations was a £9 million credit (2013 – £5 million credit).

ADDITIONAL FINANCIAL INFORMATION

Net finance expense

After excluding net retirement benefit interest, net finance expense from continuing operations decreased to £27 million (2013 – £29 million) with a reduction in underlying net interest expense driven by the repayment of our £100 million bond in June 2012 and lower interest rates on our floating rate debt.

Taxation

Our tax policy is to manage our obligations in compliance with all relevant tax laws, disclosure requirements and regulations. We seek to ensure that our approach to tax and the tax payments we make in all territories in which we have operations are fully consistent with local requirements, taking into account available tax incentives and allowances, and are aligned with the Group's wider business strategy.

We seek to develop good, open working relationships with tax authorities and to engage with them proactively, recognising that tax legislation can be complex and may be subject to differing interpretations. In instances where this might arise, we seek to engage with the relevant tax authorities in open discussion of any such differences as early as possible to remove uncertainty and obtain resolution.

Tate & Lyle's tax strategy and the management of tax risk is primarily the responsibility of the Chief Financial Officer and the Vice President, Group Tax and is reviewed by the Board and the Audit Committee to ensure responsible tax practices are maintained across the Group's businesses.

Our tax rate is sensitive to the geographic mix of profits and reflects a combination of higher rates in certain jurisdictions such as the US, nil effective rates in Singapore (due to pioneer status which we were granted in 2008 to reflect our investment in innovative technology) and the UK, and rates that lie somewhere in between, for example, in certain East European countries.

Our UK earnings are now relatively small following the sale of our sugars and molasses businesses. Less than 1% of total Group sales (2014 – £22 million) are derived from our UK operations which are offset by our corporate costs, primarily the interest we pay on our borrowings. As a result, we pay no corporation tax in the UK. We do, however, pay and collect other taxes in the UK, including payroll taxes, VAT and business rates. Our total tax contribution to the UK Exchequer was in excess of £21 million during the year ended 31 March 2014.

The effective tax rate on adjusted profit of 18.5% (2013 – 18.0%) includes tax credits in relation to prior year adjustments in the US. As a result of these tax benefits in financial year 2014, and our expectation of further changes in the geographic mix of profits, we anticipate the effective tax rate will be higher in financial year 2015 at a little over 20%.

Discontinued operations and legacy issues

During the year, the Group recognised a profit from discontinued operations of £28 million which wholly comprised a non-cash exceptional income tax credit arising from 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 recognised a profit of £18 million from discontinued operations which comprised: an exceptional gain of £26 million on the completion of the sale of its Vietnam Sugar operations, its remaining Israel Sugar assets and other assets, all of which related to the Group's former Sugars segment; partially offset by an operating loss of £8 million that was incurred by these businesses.

Earnings per share

Adjusted diluted earnings per share from continuing operations at 55.7p (2013 – 56.6p) were 2% lower (flat in constant currency). Adjusted basic earnings per share from continuing operations decreased by 2% (down 1% in constant currency) to 56.5p. Total basic earnings per share were flat at 58.8p (2013 – 58.6p) with the discontinued operations result reflecting the one-off benefit from the aforementioned £28 million exceptional tax credit.

Dividend

The Board is recommending a 5.3% increase in the final dividend to 19.8p (2013 – 18.8p) per share making a full year dividend of 27.6p (2013 – 26.2p) per share, up 5.3% on the prior year. Subject to shareholder approval, the proposed final dividend will be due and payable on 1 August 2014 to all shareholders on the Register of Members on 27 June 2014. In addition to the cash dividend option, shareholders will continue to be offered a Dividend Reinvestment Plan (DRIP) alternative.

Assets

Gross assets of £2,527 million at 31 March 2014 were £260 million lower than the prior year principally driven by a weakening of the US dollar which reduced the sterling value of assets and a reduction in working capital. Net assets increased by £14 million to £1,050 million with profits generated in the year being largely offset by dividend payments, foreign exchange losses on the translation of overseas subsidiaries, the post-tax effect of retirement benefits and share repurchases.

Retirement benefits

We maintain pension plans for our employees in a number of countries. Some of these arrangements are defined benefit pension schemes and, although we have now closed the main UK scheme and US salaried scheme to future accrual, certain obligations remain. In the US, we also provide medical benefits as part of the retirement package.

During the year, we took further steps to reduce our pension risk. In September, the trustees of the Amylum UK Pension Scheme agreed a buy-in of the liabilities of the scheme. In addition, 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 to future accrual. This transfer was treated as a settlement on which the Group recognised a gain of £4 million.

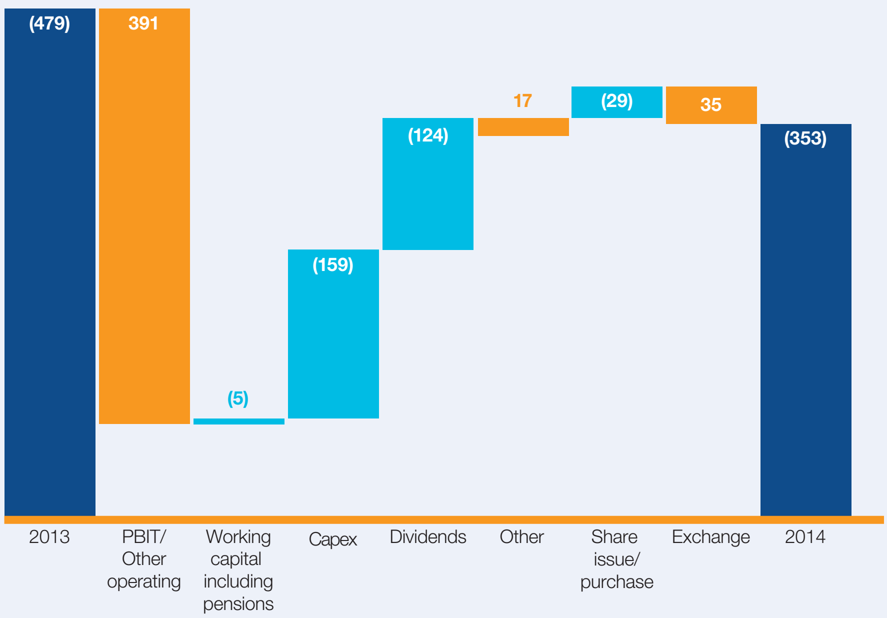
The net deficit on our retirement benefit plans decreased by £45 million to £220 million (2013 – £265 million). The net deficit on the Group's pension plans decreased by £19 million to £166 million (2013 – £185 million), with an increase in the underlying deficit more than offset by employer's contributions of £43 million and favourable currency movements. The liabilities associated with unfunded retirement medical plans in the US decreased by £26 million to £54 million (2013 – £80 million), principally due to a favourable claims experience, an increase in the applicable discount rate and favourable currency movements.

Net debt

Net debt was lower than the prior year at £353 million (2013 – £479 million). Free cash flow from continuing businesses of £227 million was partially offset by dividend payments of £124 million and the repurchase of £29 million of ordinary shares to satisfy the Group's share option schemes. There was a favourable exchange rate impact on net debt of £35 million principally as a result of the weakening of the US dollar against sterling. The Group's $500 million 5% bond matures in November 2014 and has therefore been reclassified from non-current to current borrowings.

During the year, net debt peaked at £497 million in April 2013. The average net debt was £372 million, a reduction of £61 million from £433 million in the prior year.

Net debt (£m)



Cash flow

Operating cash flow from continuing operations was £440 million (2013 – £297 million). An inflow within working capital of £38 million was mainly driven by lower finished goods inventories and lower corn prices in the US. The cash flow impact of the Group's retirement benefit plans amounted to £43 million (2013 – £42 million).

Year ended 31 March	2014 £m	2013 £m
Adjusted operating profit from continuing operations	**349**	356
Depreciation/amortisation	**108**	98
Share based payments	**8**	13
Other non-cash items	**(6)**	–
Working capital before retirement benefits and exceptional cash items	**38**	(107)
Net retirement benefit obligations	**(43)**	(42)
Cash expenditure on exceptional items	**(14)**	(21)
Operating cash flow	**440**	297
Capital expenditure	**(159)**	(134)
Operating cash flow less capital expenditure	**281**	163
Net interest and tax paid	**(54)**	(53)
Free cash flow	**227**	110

Capital expenditure of £159 million, including a £45 million investment in intangible assets, was 1.5 times the depreciation and amortisation charge of £108 million and, as in the prior year, includes expenditure on our business transformation initiatives and, in particular, the implementation of the global IS/IT system. We expect the ratio of capital expenditure to depreciation/amortisation in the financial year 2015 to approach 2.0 times reflecting an additional £100 million of capital investment over the next two years in our Speciality Food Ingredients division.

Net interest paid decreased by £4 million to £31 million principally as a result of the repayment of our £100 million bond in June 2012 and lower interest rates on our floating rate debt. Net income tax payments were £23 million (2013 – £18 million).

Free cash inflow (representing cash generated from continuing operations after working capital, interest, taxation and capital expenditure) at £227 million was £117 million higher than the prior year largely as a result of the working capital inflow of £38 million during the period (2013 – outflow of £107 million).

During the year we spent £29 million on the repurchase of ordinary shares to satisfy share option schemes. Parent company cash dividends paid were £124 million, £7 million higher than the prior year.

Financial risk factors

Our key financial risk factors are market risks, such as foreign exchange, transaction and translation exposures, and credit and liquidity risks. Please refer to Note 21 of the Financial Statements for a discussion of these risk factors.

Off balance sheet arrangements

In the ordinary course of business, to manage our operations and financing, we enter into certain performance guarantees and commitments for capital and other expenditure. The aggregate amount of indemnities and other performance guarantees, on which no material loss has arisen, including those related to joint ventures and associates, was £1 million at 31 March 2014 (2013 – £2 million). We aim to optimise financing costs in respect of all financing transactions. Where it is economically beneficial, we choose to lease rather than purchase assets. Leases for property, plant and equipment where the lessor assumes substantially all the risks and rewards of ownership are treated as operating leases, with annual rentals charged to the income statement over the term of the lease. Commitments under operating leases to pay rentals in future years totalled £174 million (2013 – £189 million) and related primarily to railcar leases in the USA. Rental charges for the year ended 31 March 2014 in respect of continuing operations were £17 million (2013 – £19 million).

ADDITIONAL FINANCIAL INFORMATION | CONTINUED

Use and fair value of financial instruments

In the normal course of business we use both derivative and non-derivative financial instruments. The fair value of Group net borrowings at the year end was £387 million against a book value of £353 million (2013 – fair value £529 million; book value £479 million). Derivative financial instruments used to manage the interest rate and currency of borrowings had a fair value of £29 million asset (2013 – £38 million asset).

The main types of instrument used are interest rate swaps, interest rate options (caps or floors) and cross-currency interest rate swaps. The fair value of other derivative financial instruments hedging future currency and commodity transactions was £1 million asset (2013 – £nil). When managing currency exposure, we use spot and forward purchases and sales, and options. The fair value of other derivative financial instruments accounted for as held for trading was a £20 million asset (2013 – £21 million asset).

Fair value estimation

The fair value of derivative financial instruments is based on the market price of comparable instruments at the balance sheet date if they are publicly traded. The fair value of the forward currency contracts was determined based on market forward exchange rates at the balance sheet date. The fair values of short-term deposits, receivables, payables, loans and overdrafts with a maturity of less than one year are assumed to approximate their book values. The fair values of bonds, bank and other loans, including finance lease liabilities due in more than one year, are estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments, adjusted for the fair valuation effects of currency and interest rate risk exposures, where those instruments form part of related hedging relationship agreements, financial and commodity forward contracts and options, and commodity futures. The values of certain items of merchandisable agricultural commodities that are included in inventories are based on market prices.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in this Strategic Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the same sections. In addition, Note 21 to the Financial Statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

As set out in the sections and note referenced above, the market conditions of the areas in which the Group operates have been affected, and are likely to continue to be affected, by large movements in input prices. However, with some 70% of revenues from food and beverage ingredients, the Group has a measure of resilience (although not immunity) to economic challenges. In addition, the Group has access to considerable financial resources through its facilities as described in Note 21 to the Financial Statements. In making their assessment of the going concern basis, the Directors have reviewed the maturities of these facilities, the headroom available from them and the Group's ability to meet the covenant requirements of certain of them. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report.

Our risk framework

Effectively managing the risks we face

Tate & Lyle is exposed to a number of risks which might have a material adverse effect on our reputation, operations and financial performance.

The Board has overall responsibility for the Group's system of risk management and internal control. The schedule of matters reserved to the Board ensures that the Directors control, among other matters, all significant strategic, financial and organisational risks.

Approach

The Group's enterprise-wide risk management and reporting process helps management to identify, assess, prioritise and mitigate risk. This bottom-up process involves a rolling programme of workshops, facilitated by the risk management team, held around the Group. The current and forward-looking risks identified are collated and reported through functional and divisional levels to the Group Executive Committee. These risks are also reviewed by the Board on a top-down basis to assess the key risks facing Tate & Lyle. This dual approach culminates in the identification of the Group's key business, financial, operational and compliance risks with associated action plans and controls to mitigate them where possible (and to the extent deemed appropriate taking account of costs and benefits). This output is reviewed by the Board. As part of the annual risk assessment process, the Board also reviews emerging and 'black swan' risks facing the Group.

Responsibility for managing each key risk and the associated mitigating controls is allocated to an individual executive within each division. As part of the process, senior executive management formally confirms once a year that these key risks are being managed appropriately within their operations and that controls have been examined and are effective. The confirmations and any exceptions are discussed at the Audit Committee and Corporate Responsibility Committee, and, where appropriate, reported to the Board.

During the year ended 31 March 2014, the Board and the Group Executive Committee undertook an exercise to consider the nature and extent of the Group's risk appetite. The results of this exercise, which includes a retrospective review of how the prior year risk appetite has been applied in practice, are used as part of the Group's strategic planning activities, and in considering ongoing mitigating actions.

The Group's risk management process continues to follow the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Enterprise Risk framework. The COSO framework provides a process to manage the risk of failure to achieve business objectives and assurance against material loss or mis-statement.

Key risks

Key risks and uncertainties identified as part of the risk management process undertaken during the year, together with some of the mitigating actions we are taking, are set out on pages 30 and 31. It is not possible to identify or anticipate every risk that may affect the Group. Our overall success as a global business depends, in part, upon our ability to succeed in different economic, social and political environments and to manage and to mitigate these risks.

RISKS | CONTINUED

Risks	Impact and description	Examples of mitigating actions
Safety Failure to act safely and to maintain the safe and continuous operation of our facilities.	The safety of our employees, contractors, suppliers, and the communities in which we operate is paramount. We must operate within local laws, regulations, rules and ordinances relating to health, safety and the environment, including emissions. The operation of plants involves many risks, which could cause a temporary or permanent stoppage in production and could have a material adverse effect on the Group.	• Health and safety policies and procedures at all facilities with dedicated staff to ensure they are embedded and measured • Regular review of performance and policies by the Corporate Responsibility Committee • Business continuity capabilities in place to enable supply, as quickly as practicable, of product to customers from alternative sources in the event of a natural disaster or major equipment or plant failure • Maintain suitable insurance programme against customary risks • Programme of global compliance audits; senior executives also undertake annual executive audits at the majority of our sites
Strategy Failure to grow in speciality food ingredients.	The Group's strategy is to become the leading global provider of speciality food ingredients and solutions. The ability to deliver the strategy may be impacted by a number of factors such as delivering growth in emerging markets, acquisitions, customer readiness to adopt new ingredients and launch products using them, competitor actions, and growing key product or product families. Failure to deliver on this strategy over the longer term would negatively affect the Group's credibility and reputation.	• Investments are being made to increase the Group's sales and technical resources, including in emerging markets • New staff recruited and existing staff developed to upgrade skill sets particularly in customer-facing areas and innovation • Internal capabilities have been enhanced to help promote growth through acquisition • Global programme has been established to enhance customer account management, planning and execution
Innovation Failure to innovate and commercialise new products.	Failure to identify important consumer trends and provide innovative solutions, and the inability to successfully commercialise new products, could impact the delivery of the Group's strategy. This would affect its performance and reputation.	• Three platforms have been established in Innovation and Commercial Development – sweeteners, texturants and health and wellness – to drive new product development and innovation in speciality food ingredients • Innovation and Commercial Development team works closely with customers and other external organisations to identify emerging trends • Open innovation team actively scouts for breakthrough technologies and opportunities across industries and universities • Global marketing organisation established to provide launch support for new product initiatives as well as base business expansion • Prioritise 'partnership' opportunities with customers to accelerate development cycles and time to market for new ingredients
Quality Failure to maintain the quality of our products and high standards of customer service.	The safety of consumers of our products is critical. Poor quality or sub-standard products or poor customer service could have a negative impact on our reputation and relationships with customers.	• Multiple steps in process testing in all product lines and strict quality control procedures to prevent release of product without full quality control clearance • Policies, procedures and performance reviewed regularly by the Corporate Responsibility Committee • Third-party audit programme in place, supplemented by internal global compliance audits • Recall simulation exercises undertaken
People Failure to attract, develop and retain key personnel.	Performance, knowledge and skills of employees are central to success. We must attract, integrate and retain the talent required to fulfil our ambitions and deliver the Group's strategy. Inability to retain key knowledge and adequately plan for succession could have a negative impact on Company performance.	• Remuneration policies designed to attract, retain and reward employees with ability and experience to execute Group strategy • Talent development strategy to provide opportunities for employees, as well as training to close skill gaps • Single global performance appraisal and talent planning processes and system in place • Increased Board-level focus on succession planning for business-critical roles
Legal and regulatory Failure to comply with legislation and regulation.	The Group operates in diverse markets and therefore is exposed to a wide range of legal and regulatory frameworks. We must understand and comply with all applicable legislation. Any breach could have a financial impact and damage our reputation.	• Regular monitoring and review of changes in law and regulation in such areas as health and safety, environment, quality, food safety and corporate governance • Global regulatory team, supported by external consultants, monitors local regulatory requirements affecting our products and how these change over time • Legal teams maintain compliance policies in areas such as anti-trust and anti-corruption law; and provide ongoing training to employees

Risks	Impact and description	Examples of mitigating actions
Raw materials Fluctuations in prices and availability of raw materials, energy, freight and other operating inputs.	Margins may be affected by fluctuations in crop prices due to factors such as variations in local or regional harvest and weather conditions, crop disease, climate change, crop yields, alternative crops and co-product values. In some cases, due to the basis for pricing in sales contracts, or due to competitive markets, we may not be able to pass on to customers the full increase in raw material prices or higher energy, freight or other operating costs. Additionally, margins may be affected by customers not taking expected volumes.	• Strategic relationships with suppliers and trading companies including multi-year agreements • Balanced portfolio of supply and tolling contracts in operation with customers to manage balance of raw material prices and product sales prices and volume risks • Raw material and energy purchasing policies to provide security of supply • Expanding network of corn elevators to enhance security of supply • Putting in place new or back-up supply sources in case primary suppliers face localised challenges
Key projects Failure to implement the Group's programme to transform its operational capabilities.	The Group has committed to a programme to transform its operational capabilities, primarily by implementing common ways of working supported by a global IS/IT platform and global shared services. Issues arising in the implementation of this project would have an adverse impact on the Group's ability to achieve its strategy.	• Ongoing refinements to programme based on lessons learnt in the process (e.g. phased go-live approach to mitigate the deployment risk) • Dedicated internal resources allocated to the project, working in conjunction with business teams • Formal steering committee (executive management) and Board/ Audit Committee review of project progress against agreed milestones and timelines • Appointment of a highly experienced programme manager
Reputation Failure to counter negative perceptions of the Group's products.	We must be fully prepared to counter unexpected/unfounded negative publicity about our products and seek to ensure the science behind our ingredients is supported by credible sources and is clearly communicated. Failure to do so would have a negative impact on the Group's performance and reputation.	• Innovation and Commercial Development and regulatory experts substantiate relevant product claims prior to launch • Media relations advisors monitor coverage in both print and electronic media of the Group and its products and develop action plans to deal with any negative publicity • Participation in trade organisations and industry-wide initiatives to promote and protect our products
Finance Failure to manage the balance sheet, particularly during periods of economic uncertainty.	We must manage our finances within strictly controlled parameters, particularly when external financial conditions are uncertain and highly changeable. The change programme currently being undertaken by the Group consists of a number of capital expenditure projects which, if not delivered successfully, could negatively affect the Group's performance and reputation.	• Capital expenditure procedures to control and monitor allocation and spend • All new investments are evaluated against clear strategic and financial criteria; those approved are subject to greater scrutiny and have clear execution milestones • External resources and expertise used where required • Exposure to liquidity risk is managed by ensuring we maintain access to a wide range of funding sources, and by effective management of our cash resources
Finance Failure to maintain an effective system of internal financial controls.	Without effective internal financial controls, we could be exposed to financial irregularities and losses from acts which could have a significant impact on the ability of the business to operate. We must safeguard business assets and ensure accuracy and reliability of records and financial reporting.	• Policies to ensure that key tasks are segregated to safeguard assets • Finance and capital expenditure manuals set out procedure • Chief Executive and Chief Financial Officer undertake detailed quarterly business and financial reviews • Additional control processes put in place in recognition of the elevated risks posed by the implementation of the new global IS/IT system

CORPORATE RESPONSIBILITY

Our sustainability journey

We approach corporate responsibility (CR) from a stakeholder perspective; in terms of our workplace, the environment, our marketplace and the communities of which we are a part. We seek to continually improve the way that we manage, perform in and report on CR matters.

Corporate responsibility governance

Governance of CR matters is overseen by the Board's Corporate Responsibility Committee (see page 51).

The Chief Executive is the director with specific responsibility for CR matters.

CR matters are part of the Group's risk management and reporting processes (see page 29).

Our policies and control arrangements addressing human rights include:

- our Code of Ethics and the internal and external communication and training undertaken around it
- the Company's position and practices on equal opportunities and diversity
- the Company's Speak Up (whistleblowing) arrangements (see page 45)
- our controls for managing standards in the supply chain (see page 37).

Management and performance

Workplace

We deeply regret three fatal accidents that occurred at our sites during the last year: these tragic accidents and our response are reported on pages 4, 8 and 33.

Environment

We were included in the FTSE 350 Climate Disclosure Leadership Index for the second year running in 2013, having scored once again in the top 10% of the FTSE 350 companies responding.

Marketplace

We implement controls to promote and ensure responsible and ethical conduct by our employees, business partners and in our supply chain (see pages 36 and 37).

Community

We have expanded community involvement in the year providing support locally and globally in the areas of well-being, education and environment (see page 37).

Reporting and communication

Engagement

This year we have engaged with customers and other key stakeholders and used this feedback to review how we report on and communicate about CR matters.

Reporting

The scope, principles and methodologies we use in reporting CR performance are provided in 'CR Reporting Criteria Annual Report 2014' available at www.tateandlyle.com/CR2014.

Our internal audit function reviewed the CR information and data in this Annual Report to confirm its accuracy.

We gained independent external assurance over selected environmental data on pages 35 and 36 in this Annual Report from Bureau Veritas UK Ltd. Their assurance statement can be found at www.tateandlyle.com/CR2014.

Workplace

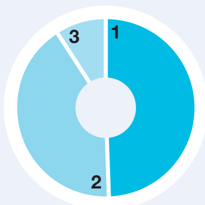
Our employees are critical in delivering our strategy. The key CR considerations for us in terms of our workplace are safety and how we manage our relationship with employees. In line with our Values, we believe that everyone should be safe at work and be treated fairly and with respect.

Employee profile

At 31 March 2014, Tate & Lyle employed 4,523 people (2013 – 4,326). Our employee base has increased in the last year primarily due to the formation of Tate & Lyle Howbetter in China, and the acquisition of Biovelop, the Swedish oat beta glucan manufacturer.

Employees by division
as at 31 March 2014

1 49% Bulk Ingredients
2 42% Speciality Food Ingredients
3 9% Central functions



Employees by geography
as at 31 March 2014

1 46% North America
2 37% Europe, Middle East & Africa
3 10% Latin America
4 7% Asia Pacific

Safety

We have no higher priority than safety, for our employees and for everyone who comes to our sites. Our ultimate goal is to have no accidents and no injuries.

Our Executive Safety Steering Committee, chaired by our Chief Executive, met throughout the year to review our safety performance and improvement programmes.

Our senior executives are personally involved in safety management and undertake annual executive audits at the majority of our sites around the world.

Performance

We deeply regret the deaths during the last year of an employee at our manufacturing facility in the Netherlands who fell from height, an external truck driver working at our joint-venture site in Hungary who died in an industrial accident, and a contractor in Singapore who died from burns after a hot water escape in April 2014. A further contractor remains in a critical condition in hospital in Singapore.

These tragic accidents were thoroughly investigated, both internally and externally. Actions, based on preliminary findings, have been taken to prevent this type of accident reoccurring and so that we may learn from these tragic events. Further details are provided in the Chairman's Statement on page 4 and the Chief Executive's Review on page 8.

	2013	2012	2011
Fatalities	**2**[1]	0	0

1 One employee and one external truck driver. One of our contractors also had a fatality in April 2014.

The safety performance indicators, recordable incident rate and lost-work case rate, saw a 32% and 49% reduction respectively during the year, to reach our lowest levels ever recorded. However, safety is about people, not just numbers, and we can never do too much to keep ourselves and our colleagues safe.

	Recordable incident rate		Lost-work case rate	
	2013	Change versus 2012	**2013**	Change versus 2012
Employees	**0.43**	-32%	**0.09**	-53%
Contractors	**0.94**	-34%	**0.22**	-49%
Combined	**0.58**	-32%	**0.13**	-49%

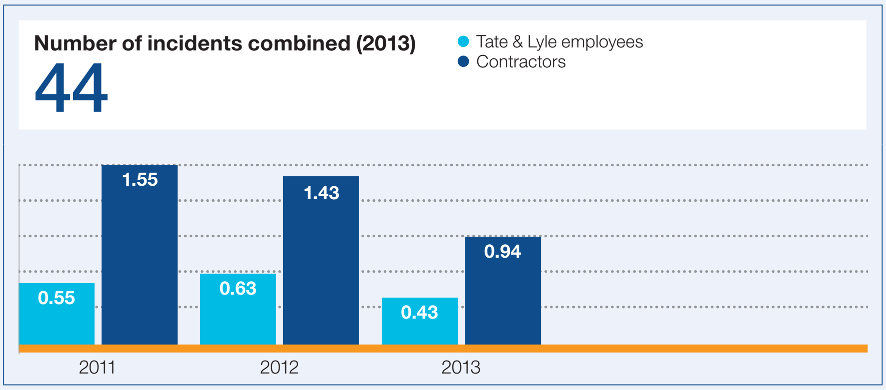
External benchmarking

To put our safety performance in context and because many of our employees are located in the US, we compare our results with US industry averages, as shown in the graphs opposite.

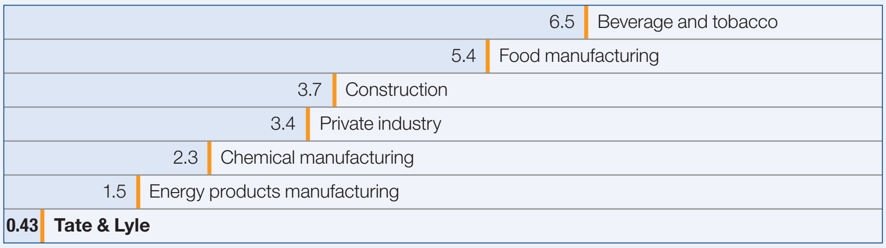
Safety performance[2]

Recordable incident rate

Number of injuries requiring treatment beyond first aid per 200,000 hours

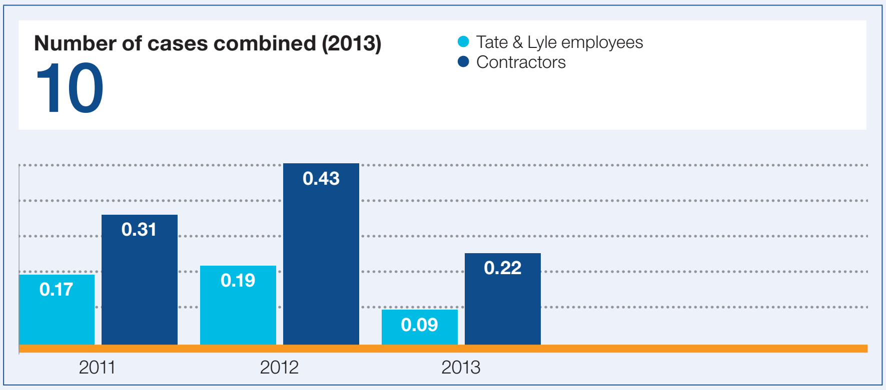


US industry sector employee averages 2012[3] and Tate & Lyle employees 2013

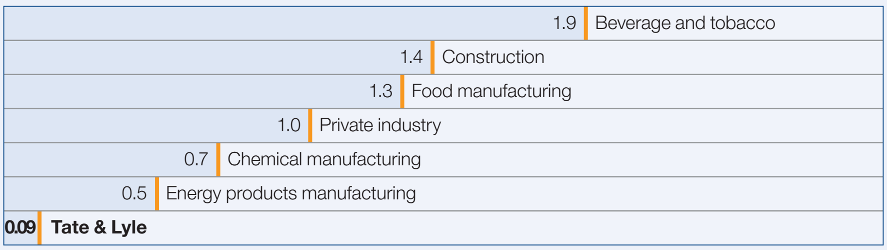


Lost-work case rate

Number of injuries that resulted in lost-work days per 200,000 hours



US industry sector employee averages 2012[3] and Tate & Lyle employees 2013



2 We report safety performance by calendar year.
3 Source: US Department of Labor, November 2013.

CORPORATE RESPONSIBILITY | CONTINUED

Safety milestones
Five of our US plants between them won 15 US Corn Refiners Association (CRA) Safety Awards during the year.

Twenty-five of our facilities did not experience a recordable injury in 2013, compared to 20 in 2012.

Safety initiatives
Safety projects and activities progressed during the year included:

- **Contractor safety programme:** we improved contractors' safety by increased monitoring, sharing best practices, and closer relationships
- **Safety competency:** we trained managers and supervisors on safety leadership and ownership; training for safety representatives included courses on scaffolding and excavation
- **Hand safety:** a third party conducted glove surveys; we purchased additional cut-resistant gloves and knives with retractable blades; and installed glove-type awareness boards
- **Safety awareness:** we held our annual Global Safety Week where many employees and their families, and contractors, took part in activities across our sites worldwide.

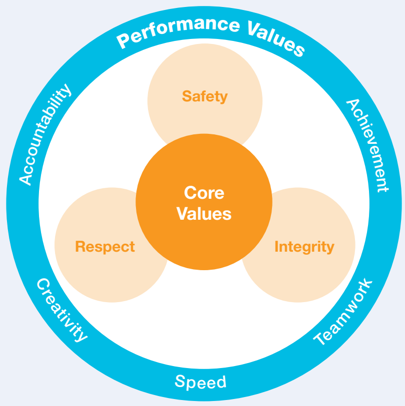
Occupational health and well-being
We contract with external occupational health professionals to monitor and safeguard the health of employees at work, and to provide information, advice and support to them on general health and wellness matters.

Relationship with employees
Our Values define what we stand for and how we behave with our customers, suppliers, investors, the communities we operate in and with each other. We believe in equal opportunities for all, regardless of gender, sexual orientation, age, marital status, disability, race, religion or other beliefs and ethnic or national origin.

Our policies, practices and procedures for recruitment, training and career development promote equality of opportunity. We are committed to treating people with disabilities fairly in all respects, including regarding applications, training, promotion and career development. An employee who becomes disabled would, where appropriate, be offered retraining for a more suitable role.

Diversity and inclusion
We believe in a culture where all employees contribute to the performance of the Company and have the opportunity to develop fully according to their individual abilities. We aim to attract a diverse workforce that reflects the communities in which we operate. In 2011 we established a Diversity and Inclusion Council. It works on creating awareness of diversity and inclusion issues, tracking inclusion metrics, and championing our diversity and inclusion programme across the Company.

Our Values



Progress during the year included:

- Continued increase in awareness among senior managers of diversity and inclusion issues, having included consideration of these issues in their annual performance objectives
- Embedding a focus on diversity in our recruitment practices
- Enhanced cultural diversity from the acquisition of Biovelop, the Swedish oat beta glucan manufacturer, and the formation of Tate & Lyle Howbetter in China.

Employee engagement
We believe that employees who are engaged (by which we mean committed to the Group, its goals, values and strategy, and to each other) are happier and ultimately deliver better results.

Good internal communication is essential to this. We communicate with our employees in a number of ways, from Company-wide media including our intranet and our quarterly employee magazine which is published in 13 languages, to face-to-face dialogue such as site-wide meetings, functional meetings and small group or team meetings.

We continue to invest in helping employees and managers stay up to date with the latest requirements of their roles; courses provided during the year included a supervisors' development programme, people management development programme, stakeholder management and influencing, and sales training.

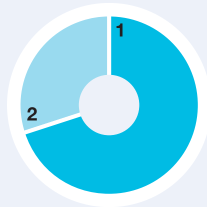
In 2013 we conducted our second employee survey to obtain employees' candid opinions about Tate & Lyle and to facilitate conversations about how we can make the Company a better place to work.

Participation increased to 84%, while the overall survey score was just above 3.6 on a scale of 1 to 5 (where 5 is the best score), also an increase compared to the prior year. The results highlighted areas of progress and strength as well as areas where we can improve. These have been translated into action plans for individual teams as well as the Company as a whole.

Gender diversity
as at 31 March 2014

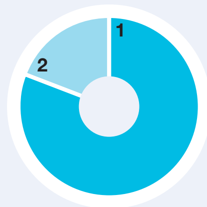
Board of Directors

1 7 (70%) Men
2 3 (30%) Women



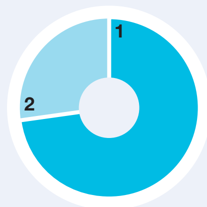
Senior managers and statutory directors[1]

1 117 (81%) Men
2 27 (19%) Women



All employees[2]

1 2,860 (73%) Men
2 1,035 (27%) Women



1 Gender diversity for senior managers, excluding statutory directors, is 43 (77%) men and 13 (23%) women.
2 Excludes joint-venture employees.

Environment

We aim to operate our business with a strong regard for environmental sustainability. By using resources such as energy and water more efficiently, and reducing waste, we aim to improve our environmental sustainability while also controlling operating costs.

Implementing our business strategy, by growing our Speciality Food Ingredients division, is gradually changing the shape of our manufacturing operations to produce more speciality products (see page 20) which typically involve additional manufacturing steps compared with our Bulk Ingredients division. This can drive some increase in resource use and waste, which we are working to mitigate through efficiency and waste reduction projects and programmes.

We work to address environmental considerations across the life cycle of our products, from our agricultural supply chain to how our products are packaged and transported.

Our environmental policy and standards apply to all our activities globally and we aim to integrate environmental considerations into all major decisions.

Our facilities operate under local environmental authorisations and permits and we require strict compliance with these at all times. If a site breaches an operating limit we seek to take steps immediately to resolve the issue and prevent reoccurrence.

Our internal global compliance audit programme confirms compliance with our environmental and food safety, quality and health and safety management standards. Additionally, our rolling programme of external, independent environmental compliance audits assures compliance with regulatory requirements.

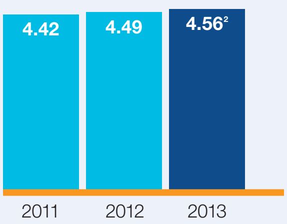
Within our own operations and joint ventures we focus on those aspects of our activities that have the greatest potential impact on the environment, namely the use of energy (and consequent air emissions and carbon footprint), water use, and waste management.

Beyond our own operations we focus our attention on our agricultural raw material and ingredient supply chain, the transportation of our products to our customers, and our product packaging.

Environmental performance[1]

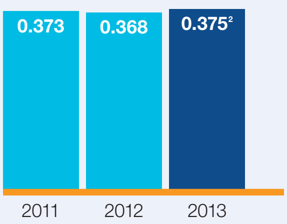
Energy use
GJ per tonne production

4.56[2]



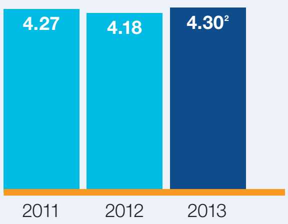
Primary carbon footprint[3]
Tonnes CO_2e per tonne production

0.375[2]



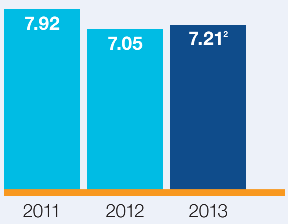
Water use
Cubic metres per tonne production

4.30[2]



Waste to landfill
Tonnes per 1,000 tonnes production

7.21[2]



1 We report environmental performance by calendar year.
2 Refers to 2013 data that has been externally assured by Bureau Veritas UK Ltd. Their assurance statement is at www.tateandlyle.com/CR2014.
3 Previously we have reported carbon footprint in tonnes of carbon dioxide (CO_2); we now report in tonnes of carbon dioxide equivalent (CO_2e) across all years.

Environmental sustainability targets and achievements

We have four medium-term environmental sustainability targets.

Target by end of 2016	Calendar year 2013 status	Example
Reduce CO_2e emissions from energy use by 12.5% per tonne of production (baseline year 2008)[4]	10% reduction in CO_2e emissions per tonne of production versus 2008	In calendar year 2014, we will be implementing an energy project at our Sagamore, Indiana, US plant that will reduce our greenhouse gas emissions by up to 56,000 tonnes CO_2e per year
Implement packaging reduction programmes with customers representing >50% of sales (£)	Programmes initiated with customers representing >20% of sales (£)	In 2013 we changed from a paper-foil-paper sack to a paper-plastic-paper sack for several products that improves recyclability (and thereby reduces resource use)
Implement transport efficiency programmes with customers representing >50% of sales (£)	Programmes initiated with customers representing >25% of sales (£)	Four high-efficiency, low emission 'methane diesel' trucks are dedicated to our central European distribution, utilising liquefied natural/bio gas
Implement sustainable agricultural sourcing programmes for our top 20 agricultural raw materials and ingredients by volume	Overall, we are currently working on sustainable agricultural sourcing across 30 raw materials/ingredients. During the year we established new sustainable sourcing criteria for four agricultural raw materials/ingredients	We utilise an externally conducted sustainability risk assessment of our agricultural raw materials/ingredients to help us decide how to focus our work on sustainable agriculture

4 We recognise that installing new air emissions control equipment at several locations over the next few years and the manufacture of more speciality products will make it more challenging to reduce our energy use and CO_2e emissions in the medium term.

CORPORATE RESPONSIBILITY | CONTINUED

Operational performance

During the year we saw the impact of:

- some of our Bulk Ingredients plants running below capacity – which reduces their environmental efficiency, due to lower demand for carbonated soft drinks caused by unusually cold and wet weather
- changes in our production mix – with the manufacture of more speciality products
- some site-specific factors causing temporary environmental efficiency impacts, such as works to implement a new process sequence at Loudon, US and from taking equipment off-line at Decatur, US for scheduled replacement.

In calendar year 2013, compared with 2012 our performance was as follows:

- **Energy use** per tonne of production increased by 1.6%. Since 2008 we have reduced energy use per tonne of production by 8%.
- **Carbon footprint** from energy use increased by 1.9% per tonne of production. Since 2008 we have reduced CO_2e emissions per tonne of production by 10%. In calendar year 2014 we will be implementing an energy project at our Sagamore, Indiana, US which we anticipate will reduce our emissions by up to 56,000 tonnes CO_2e per year.
- **Water use** per tonne of production increased by 2.8%. Since 2008 we have reduced water use per tonne of production by 6%. Water re-use and recycling projects implemented at Dayton, Ohio, US during the last two years are saving more than 500,000 cubic meters of water annually.
- **Waste to landfill** increased by 2.2% per tonne of production. Since 2008 we have reduced waste to landfill per tonne of production by 25%.

We are working to improve our environmental performance by focusing on:

- Capital projects and operational practices to reduce our impact
- Working with our suppliers and others to promote sustainable agriculture
- Working with our customers on reducing our combined environmental impact associated with transport and packaging.

Group greenhouse gas (GHG) emissions for the period 1 January to 31 December 2013 in tonnes of carbon dioxide equivalent (tCO_2e) were:

- From combustion of fuel and operation of facilities (Scope 1) 2,270,489 tCO_2e[1]
- From electricity, heat, steam and cooling purchased (Scope 2) 1,224,731 tCO_2e[1]
- In total (Scope 1 and 2) 3,495,220 tCO_2e[1] which equates to an intensity of 0.375 tCO_2e[1] per tonne of production.

We have reported on all of the material emission sources required under The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. We report GHG emissions in line with the GHG Protocol Corporate Accounting and Reporting Standard. The scope, principles and methodology we use are provided in 'CR Reporting Criteria Annual Report 2014' at www.tateandlyle.com/CR2014.

Marketplace

The food and beverage industry is our largest market sector and comprises over 70% of Group sales. Other industry sectors we sell into include industrial, animal feed and personal care.

CR in the marketplace for us is about: the safety, integrity and functionality of our products; the origin of our agricultural raw materials; the conduct of our commercial relationships; and the standards within our supply chain.

Product safety and quality

Our products adhere to the highest standards of food safety, quality and traceability. Products that are safe and to the correct specification are of the utmost importance to us. To ensure this, all of our manufacturing facilities are externally certified to the Global Food Safety Initiative each year and we have well-established processes and procedures globally to ensure that we comply with this standard. Our control arrangements include in-process testing, an annual global compliance audit programme, and independent food safety audits of every manufacturing site. The ability to trace and recall product is tested annually both globally and locally at each facility.

Developing sustainable products

Our aim is to help our customers provide consumers with healthy, nutritious foods and beverages as part of a normal balanced diet. We aim to ensure that our ingredients, and any claims we make regarding their benefits or efficacy, are supported by clear, demonstrated science.

In line with our strategy, we focus particularly on growing our Speciality Food Ingredients division, and as such the majority of our new product development is in this area. Many of our speciality sweeteners and fibres improve stability, thereby helping to extend consumer product shelf life and assist in avoiding food waste, which is an important food industry sustainability issue. Our health and wellness platform delivers innovative ingredients with substantiated health benefits to customers worldwide. For example, PromOat® Beta Glucan, a product we acquired in 2013, is a natural component of wholegrain Swedish oats that allows foods and beverages to help lower cholesterol levels and promote digestive and intestinal health.

Our raw materials and ingredients are largely derived from renewable agricultural sources, principally corn, and in addition we consider sustainability matters throughout the product lifecycle. To this end, for our innovation pipeline, we use a sustainability evaluation tool to:

- Undertake a sustainability risk assessment at an early stage in the product development process, to identify any potential concerns
- Evaluate sustainability issues as we proceed with product development, to avoid or reduce any potential adverse impacts such as the use of energy and non-renewable resources, and to leverage positive impacts such as product health and wellness benefits.

Conduct of commercial relationships

We are committed to ensuring a safe, open and responsible culture in all our business dealings wherever we operate, in line with our Code of Ethics. The Code is made available in 13 languages and is communicated internally via our intranet, through local 'Ethics Ambassadors' across the business, and through training programmes. Externally, the Code is integrated into our supplier and business partner relationships.

We support our employees and business partners in coming forward with any information concerning actual or alleged breaches of the Code of Ethics. As part of our Speak Up process, we provide access to an independent, anonymous third-party reporting service, through free phone numbers in 47 countries and by email. Information on accessing this service is communicated across the Company, and externally via our corporate website. Any issues reported are investigated by members of our Speak Up Committee, a group of senior Tate & Lyle executives who are responsible for ensuring that any concerns are investigated and that appropriate action is taken.

1 Refers to data that has been externally assured by Bureau Veritas UK Ltd. Their assurance statement can be found at www.tateandlyle.com/CR2014.

Standards in our supply chain

We operate a tiered, risk-based approach to CR matters in our supply chain.

- Our Code of Ethics sets out the ethical standards and behaviours we require our employees and business partners to follow in conducting the Company's business. It is communicated to our suppliers through our contracts and other engagement with them.
- Our purchase contract terms and conditions include: the requirement for our suppliers to uphold international business standards and to be fully compliant with all applicable laws and regulations, including but not limited to those regarding freedom of association and collective bargaining, non-discrimination, anti-corruption/anti-bribery, and the prevention of child or forced labour; that they comply with the standards, expectations and commitments in our Code of Ethics; and that they require comparable compliance of their own suppliers.
- Our Procurement function has in place a global procedure whereby the environmental, social and governance risks associated with supply contracts are evaluated, based on: firstly, the source country, where independent ratings of human rights risk are applied; and secondly, the items being supplied, with reference to an external sustainability risk assessment of our agricultural raw materials/ingredients. If the source country is identified as being of high or medium risk for human rights, or the contract is for a higher risk item, enhanced control arrangements are put in place.

Our sustainable agriculture programme specifically addresses environmental, social and governance matters in our agricultural raw materials/ingredient supply chain (see page 35).

In addition, having used the 'Sedex' social and ethical compliance system (www.sedexglobal.com) across our own manufacturing facilities for a number of years, we are now starting to use it in our supply chain as one of the tools to promote and assure good CR practices.

Tate & Lyle is a member of the FTSE4Good indices of companies meeting global corporate responsibility standards; the screening criteria for which include supply chain risks and control arrangements.

Community

We have a strong history of community involvement and during the year we continued to support communities local to our operations and globally.

Our approach

For Tate & Lyle, community involvement is about having a positive and lasting relationship with the community: changing lives for the better. We focus on three specific areas:

- **Well-being:** to provide practical assistance in the area of well-being from health issues including nutrition to general welfare, such as supporting food banks
- **Education:** to develop young people's knowledge and understanding of science, technology, engineering and mathematics (STEM subjects), and their preparedness for a career in a STEM-based discipline, either academically or vocationally
- **Environment:** to promote environmental sustainability and good environmental management, addressing issues of climate change, natural resources and conservation

Overview of the year

In the year ended 31 March 2014, charitable donations were £501,000 (2013 – £376,000). We aim to increase our investment in community involvement each year, in line with the growth of our business.

Local programmes/partnerships

We seek to engage with local communities where our principal manufacturing, R&D and office facilities are located. Employees at each location can make their own decision as to the specific projects they support and the partnerships that they develop. As a result we support a range of initiatives and organisations in our local communities.

- **Well-being:** we supported a wide variety of local health and well-being initiatives this year, including United Way community programmes at several locations in the US. For the second year running, our e-Christmas card supported the homeless charity Crisis at Christmas in London, UK and the Northern Illinois Food Bank in Chicago, USA: both organisations provided practical, immediate assistance to those in need over the holiday period.

Community spend by area
Year ended 31 March 2014

1 39% Well-being
2 34% Education
3 18% Environment
4 9% Other

- **Education:** this year we supported local schools, colleges and universities. For example: by assisting with new equipment purchases, running a road safety event for children at local schools, and providing scholarship funds to help students access higher education.
- **Environment:** this year we supported a number of environmental initiatives, including improvement works to local park and conservation areas, and tree planting.

Global partnerships

We have made good progress in developing our global partnership programmes during the year.

On well-being, we have continued to be a partner with the Global Alliance for Improved Nutrition (GAIN – www.gainhealth.org), and we contributed $50,000 to disaster relief by the Red Cross following the Philippines typhoon in November 2013.

For education, we are implementing an undergraduate bursary/scholarship programme across selected universities internationally, assisting undergraduates to access courses in STEM disciplines.

For environment, we are a corporate partner of the environmental research and engagement charity Earthwatch (http://eu.earthwatch.org), with which we have established a project on the ecology, conservation and sustainable harvesting of seaweed.

The Strategic Report from page 1 to page 37 of this Annual Report was approved by the Board on 28 May 2014.

On behalf of the Board

Lucie Gilbert
Company Secretary
28 May 2014

BOARD OF DIRECTORS

Sir Peter Gershon CBE
Chairman and Chairman of the Nominations Committee

Joined the Board as an independent Non-Executive Director and Chairman Designate in February 2009. Appointed Chairman in July 2009. Aged 67.

Skills and experience
Sir Peter has broad business experience gained in large and complex international organisations and has held various leadership roles in the UK private and public sector. He was formerly Chairman of Premier Farnell plc; Chief Executive of the Office of Government Commerce; Managing Director of Marconi Electronic Systems; and a member of the UK Defence Academy Advisory Board.

Other directorships
- Chairman of National Grid plc
- Member of HM Government Efficiency and Reform Board
- Chairman of the Aircraft Carrier Alliance
- Member of the advisory board of The Sutton Trust

Javed Ahmed
Chief Executive

Joined the Board as Chief Executive in October 2009. Aged 54.

Skills and experience
Javed has extensive international experience from a wide variety of senior management roles. He started his career with Procter & Gamble and then spent five years with Bain & Co. before joining Benckiser (later Reckitt Benckiser plc) in 1992 where he gained significant experience of international consumer goods markets and held positions including Senior Vice President, Northern Europe; President, North America; Executive Vice President, North America, Australia and New Zealand; and Executive Vice President, Europe.

Other directorships
- Member of Mosaic Advisory Board

Tim Lodge
Chief Financial Officer

Joined the Board in December 2008 as Group Finance Director. Aged 49.

Skills and experience
Tim joined the Group in 1988 and has held a number of senior operational and financial roles, both in the UK and internationally, including Managing Director of Zambia Sugar; Group Financial Controller; Finance Director of the Food & Industrial Ingredients, Europe division; and Director of Investor Relations. He is a Fellow of the Chartered Institute of Management Accountants.

Other directorships
None

Liz Airey
Non-Executive Director and Chairman of the Audit Committee

Joined the Board in January 2007. Aged 55.

Skills and experience
Liz was an investment banker and has extensive financial experience in the UK and internationally. She was formerly Finance Director of Monument Oil and Gas plc.

Other directorships
- Chairman of the Unilever UK Pension Fund
- Senior Independent Director of Jupiter Fund Management PLC
- Senior Independent Director of Dunedin Enterprise Investment Trust PLC

William Camp
Non-Executive Director and Chairman of the Corporate Responsibility Committee

Joined the Board in May 2010. Aged 65.

Skills and experience
Bill worked for 22 years for Archer Daniels Midland Company, before retiring in 2007, and held a variety of management positions including Executive Vice President, Asia Strategy; Executive Vice President, Processing; and Senior Vice President, Global Oil Seeds, Cocoa and Wheat Milling.

Other directorships
- Senior Advisor, Naxos Capital
- Director of Culligan International

Douglas Hurt
Non-Executive Director

Joined the Board in March 2010. Aged 57.

Skills and experience
Douglas is a Chartered Accountant. He held a number of financial and operational roles, including US and European senior management positions, at GlaxoSmithKline before joining IMI plc as Finance Director in 2006.

Other directorships
- Finance Director of IMI plc

Our governance structure
Certain responsibilities are delegated to four Board Committees, details of which are provided on pages 47 to 51 and on page 64.

Audit Committee
Liz Airey (Chairman)
Douglas Hurt, Anne Minto

Remuneration Committee
Robert Walker (Chairman)
William Camp, Sir Peter Gershon
Anne Minto, Dr Ajai Puri

Nominations Committee
Sir Peter Gershon (Chairman)
Javed Ahmed, Liz Airey, William Camp, Douglas Hurt, Virginia Kamsky, Anne Minto, Dr Ajai Puri, Robert Walker

Corporate Responsibility (CR) Committee
William Camp (Chairman)
Liz Airey, Sir Peter Gershon, Virginia Kamsky, Dr Ajai Puri

Virginia Kamsky
Non-Executive Director

Joined the Board in December 2012. Aged 60.

Skills and experience
Ginny is Chairman and Chief Executive Officer of Kamsky Associates, Inc. She also served as an Executive Vice President of Foamex International, Inc. and held a variety of leadership roles at Chase Manhattan Bank.

Other directorships
- Non-executive director of Dana Holding Corporation
- Member of the US Secretary of the Navy Advisory Panel
- Trustee of the China Institute in America

Anne Minto OBE
Non-Executive Director

Joined the Board in December 2012. Aged 60.

Skills and experience
Anne was Group Director of Human Resources at Centrica plc from 2002 until her retirement in 2011. She previously held senior management roles at Shell UK and Smiths Group plc and was Deputy Director-General of the Engineering Employers' Federation.

Other directorships
- Non-executive director and Chairman of the Remuneration Committee of Shire PLC
- Trustee of the University of Aberdeen Development Trust
- Non-executive director of ExlService Holdings, Inc.

Dr Ajai Puri
Non-Executive Director

Joined the Board in April 2012. Chairman of the Research Advisory Group. Aged 60.

Skills and experience
Ajai has a PhD in Food Science from the University of Maryland, USA. He was President – Research, Development and Product Integrity and a member of the Executive Board of Koninklijke Numico N.V. from 2003 to 2007. Prior to this, Ajai held various management positions with The Coca-Cola Company, culminating in Senior Vice President Technical, The Minute Maid Company.

Other directorships
- Member of the supervisory board of Nutreco N.V.
- Non-executive director of Barry Callebaut AG
- Non-executive director of Britannia Industries Limited

Robert Walker
Senior Independent Director and Chairman of the Remuneration Committee

Joined the Board in January 2006. Aged 69.

Skills and experience
Robert spent over 30 years with Procter & Gamble, McKinsey and finally, PepsiCo, where he was responsible for the company's beverage operations in Europe, the Middle East and Africa.

Other directorships
- Chairman of Travis Perkins plc
- Chairman of Enterprise Inns plc

Lucie Gilbert
Company Secretary

Appointed Company Secretary in August 2012. Aged 42.

Skills and experience
Lucie was appointed Deputy Company Secretary in 2008 and previously held senior company secretarial roles in several listed companies, including Experian PLC and Brit Insurance Holdings PLC. Lucie is a Fellow of the Institute of Chartered Secretaries and Administrators and an Associate of the Chartered Insurance Institute.

Directorships
None

Our Group Executive Committee
The Group Executive Committee oversees the development and execution of the Group's strategy, and has overall responsibility for achieving business results. The members of the Committee are listed opposite.

Javed Ahmed
Chief Executive

Tim Lodge
Chief Financial Officer

Robert Gibber
Executive Vice President, General Counsel

Rob Luijten
Executive Vice President, Human Resources

Gabriella Parisse
President, Innovation and Commercial Development

Olivier Rigaud
President, Speciality Food Ingredients

Matt Wineinger
President, Bulk Ingredients

STATEMENT FROM THE CHAIRMAN

The governance arrangements we have in place have proven to be sound, as evidenced in the external Board effectiveness review

Introduction

Dear shareholder

Effective governance is a key component of the way Tate & Lyle manages its business and risks. The governance arrangements we have in place have proven to be sound, as evidenced in the external Board effectiveness review.

Board composition

Robert Walker, our Senior Independent Director, joined the Board at the start of 2006 and we anticipate that he will retire from the Board after serving a full nine years. In preparation for this, we have commenced work on planning for his successor as Senior Independent Director and as Chairman of the Remuneration Committee. In addition, the Nominations Committee has recommended that an additional non-executive director join the Board, ideally prior to Robert's departure. To this end, a clear specification has been drawn up and shared with the appointed search consultants, Spencer Stuart. We will of course announce any changes to the Board and specific roles as soon as the process has concluded and the Board reaches a decision.

Board effectiveness review

The last external Board effectiveness review was conducted in 2011 and the Board agreed that the 2014 review should be externally facilitated. We felt that additional benefits could also be derived from a review which was undertaken from a diversity and inclusion perspective and chose Schneider Ross to facilitate the review. The review concluded that the Board and its Committees operate effectively and identified some areas for further action, details of which are set out on page 44.

Reporting to shareholders

The UK Government and other regulatory bodies have introduced a number of new reporting requirements which now apply to Tate & Lyle. These include a new edition of the UK Corporate Governance Code which provides that the Directors should state that they consider that the Annual Report and Accounts, taken as a whole, is 'fair, balanced and understandable'. In preparation for this, we enhanced our processes for producing the Annual Report. Each of the directors has confirmed that he or she considers the Annual Report 2014 to be fair, balanced and understandable.

Focus for 2015

We regularly review the Board's areas of focus. The key areas to which we will continue to devote significant time at Board and Committee level are as follows:

- Safety, including the effectiveness of new initiatives to improve hazard identification and accident prevention at all our sites
- The performance of the Speciality Food Ingredients division and its products, including SPLENDA® Sucralose
- Customer engagement
- The Group's innovation pipeline
- Strategic initiatives, including acquisition opportunities
- Talent management, senior recruitment and succession planning activities.

Sir Peter Gershon
Chairman
28 May 2014

Sir Peter Gershon

UK Corporate Governance Code

The UK Corporate Governance Code, dated September 2012 (the Code) and issued by the Financial Reporting Council, is applicable to companies with a premium listing on the London Stock Exchange. As such, we are required to state how we have applied the principles contained in the Code and to disclose whether we have complied with the provisions of the Code during the year. Throughout the year from 1 April 2013 to 31 March 2014 the Company has complied fully with the Code.

This Governance section of the Annual Report, including the Directors' Remuneration Report plus the disclosures contained in the Risks section on pages 29 to 31, provide details of how the Company applies the principles and complies with the provisions of the Code.

The Directors' responsibilities for the preparation of financial statements are explained in the Directors' Statement of Responsibilities on page 73. Their statement on going concern is on page 28.

Further information on the Code can be found on the Financial Reporting Council's website, www.frc.org.uk.

The Board

The role of the Board

The Board is collectively responsible for promoting the success of the Company and for providing entrepreneurial leadership within a framework of prudent and effective controls that enable risk to be assessed and managed. It sets the Company's objectives, ensures that the Company has the necessary financial resources and people to meet them, and reviews management's performance. The Board also sets the Company's Values and ensures that its obligations to shareholders and others are met.

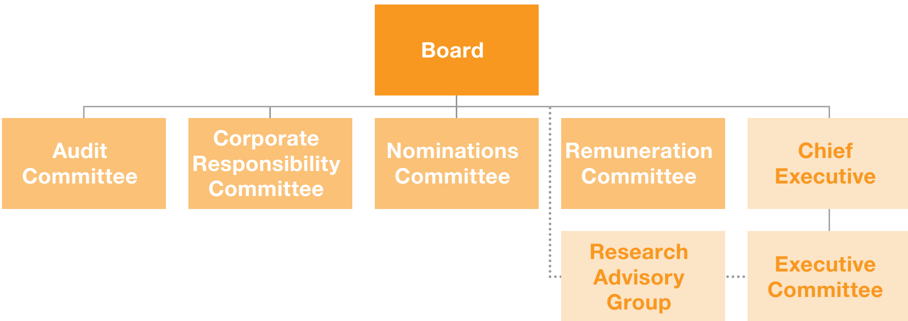
There is a schedule of matters reserved to the Board for decision, which includes approval of:

- Group strategy
- Annual budget and operating plans
- Major capital expenditure, acquisitions or divestments
- Interim dividends
- Full-year and half-year results and interim management statements
- Board and Company Secretary appointments
- Senior management structure and responsibilities
- Treasury policies
- Directors' conflicts of interest
- Systems of internal control and risk management

Board Committees

The Board has delegated certain responsibilities to Committees, details of which can be found on pages 47 to 51 and on page 64.

Governance structure



The Research Advisory Group (RAG) is chaired by Dr Ajai Puri and comprises external subject matter experts and senior Tate & Lyle managers. The RAG's remit covers reviewing the innovation pipeline and providing insight into how leading-edge science and technology can be applied to enhance the Group's speciality food ingredients portfolio. The RAG meets regularly, principally at the global Commercial and Food Innovation Centre in Chicago, USA and Dr Puri provides regular updates to the Board on the work of the RAG.

Operation of the Board

Board meetings

The Board and its Committees meet regularly according to a schedule linked to key events in the Company's corporate calendar. Ad hoc meetings are also arranged to consider matters requiring review and decision outside the scheduled meetings. Six scheduled Board meetings were held during the year ended 31 March 2014, including one held at the global Commercial and Food Innovation Centre in Chicago, USA and one at the Group's offices in Shanghai, China. Three additional Board meetings were also held to consider proposals relating to the Group's business transformation programme and to review operational performance. The Board also met offsite for one day to focus on strategy.

The rolling programme of items for discussion by the Board is reviewed at each Board meeting and updated to reflect topical matters. All substantive agenda items have comprehensive briefing papers which are distributed via the electronic Board portal, generally five working days before the meeting. In the few instances where a director is unable to attend a meeting, his or her comments on the briefing papers are given in advance to the Chairman.

Meetings are structured to facilitate open debate, and all directors participate in discussing safety, strategy, trading, financial performance and risk management. Members of executive management attend Board meetings and regularly make presentations.

The Chairman continued to hold a short discussion with the non-executive directors collectively both immediately before and after each scheduled Board meeting.

Directors' attendance at Board meetings

Directors as at 31 March 2014	Number of meetings	Number of meetings attended
Sir Peter Gershon	9	9
Javed Ahmed	9	9
Tim Lodge	9	9
Liz Airey	9	9
William Camp	9	9
Douglas Hurt	9	9
Virginia Kamsky	9	9
Anne Minto	9	9
Dr Ajai Puri	9	8
Robert Walker	9	9

During the year, Dr Ajai Puri was unable to attend a meeting that was held outside the usual schedule due to unavoidable business commitments and he provided input on the agenda items to the Chairman prior to the meeting.

CORPORATE GOVERNANCE | CONTINUED

Summary of the Board's work during the year

During the year, the Board continued to oversee the ongoing transformation of the Group's culture and business and considered all matters within its remit, focusing in particular on the following:

- Safety
- The performance of the Speciality Food Ingredients (SFI) and Bulk Ingredients (BI) divisions and the Innovation and Commercial Development group (ICD), including the impact of the global Commercial and Food Innovation Centre
- The Group's approach to customer engagement and collaboration
- The ongoing implementation of the project to create one global IS/IT platform
- Talent management and succession planning activities.

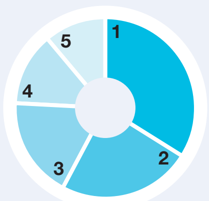
In the 2015 financial year, the Board will focus in particular on the areas listed on page 40.

Board allocation of time

The chart below shows the approximate time the Board has spent discussing agenda items during the year, separated into broad categories.

Board allocation of time

1 34% Strategy	3 18% Risk
2 24% Execution of strategy	4 13% Business results
	5 11% Governance



Division of responsibilities

The roles of the Chairman, Chief Executive and Senior Independent Director are separated and their responsibilities are set out in writing and agreed by the Board.

The Chairman

Key responsibilities include:

- The effective operation, leadership and governance of the Board
- Ensuring the effectiveness of the Board, and each director individually
- Setting the style and tone of Board discussions
- Ensuring the directors receive accurate, timely and clear information.

The Chief Executive

Key responsibilities include:

- Proposing strategy to the Board and delivering it
- Running the business
- Communicating the Board's expectations with regard to culture, values and behaviours
- Ensuring the Board is aware of the executive directors' views on business issues.

The Senior Independent Director

Key responsibilities include:

- Acting as a sounding board for the Chairman
- Conducting an annual review of the Chairman's performance
- Being available to shareholders if they have any concerns that they have been unable to resolve through the normal channels.

Board effectiveness

Board diversity

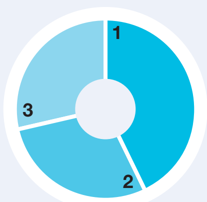
As set out in the Board's statement on diversity, published on the Group's website, the Directors believe that Board composition is a key element of Board effectiveness and each member, and potential member, of the Board must be able to demonstrate the skills, experience and knowledge required to contribute to the effectiveness of the Board. Subject to that overriding principle, the Directors believe that the Board's perspective and approach can be greatly enhanced through gender, age and cultural diversity. It is the Board's policy to consider overall Board balance and diversity when appointing new directors.

Board composition

At the date of this Annual Report, the Board comprised ten directors with deep knowledge and experience in diverse business sectors within global markets: the Chairman, who has no executive responsibilities; two executive directors; and seven non-executive directors. The names and biographies of the directors are on pages 38 and 39.

Tenure of non-executive directors

1 0 to 3 years – 3 directors
2 4 to 6 years – 2 directors
3 7 to 9 years – 2 directors



Independence

With the exception of the Chairman, who is presumed under the Code not to be independent, the Board considers all the non-executive directors to be independent. The Senior Independent Director, Robert Walker, is available to shareholders if they have any issues or concerns which they have not resolved through the usual channels, and leads the annual review of the Chairman's performance.

The non-executive directors have a wide range of skills and knowledge and combine broad business and commercial experience with independent and objective judgement. The terms and conditions of appointment of the non-executive directors can be inspected at the Company's registered office and will be available for inspection at the Annual General Meeting (AGM).

As part of the annual Board effectiveness review, each director goes through a formal performance review process. All directors completed this process during the year and, in line with the Code, Robert Walker and Liz Airey, who have served for over six years, have both been subject to a particularly rigorous review.

Time commitment

All directors have disclosed any significant external commitments to the Board and confirmed that they continue to have sufficient time to discharge their duties to Tate & Lyle. The other significant commitments of the Directors are set out on pages 38 and 39. The time commitment of all non-executive directors and the Chairman is reviewed annually and the Board is comfortable that all Directors continue to devote the necessary time to the Company.

During the year, the Board met without the Chairman present to consider his request to chair the Aircraft Carrier Alliance. The Chairman assured the Board that he would continue to be able to devote sufficient time to his duties at Tate & Lyle and the Board unanimously agreed to his request.

Advice and support

The appointment and removal of the Company Secretary is a matter for the Board as a whole. All directors have access to the advice and services of the Company Secretary, Lucie Gilbert, who is responsible for ensuring that Board processes are followed and that applicable rules and regulations are complied with.

There is also a formal procedure whereby directors can obtain independent professional advice, if necessary, at the Company's expense.

Information and professional development

The Chairman, assisted by the Company Secretary, is responsible for ensuring that the directors receive accurate, timely and clear information on all relevant matters.

Directors receive ongoing training and updates on relevant issues as appropriate, taking into account their individual qualifications and experience. Bespoke training sessions were held during the year, including sessions on the speciality food ingredients market in Asia Pacific. The Company Secretary helps directors undertake any other professional development they consider necessary to assist them in carrying out their duties. Visits to external events, including the Food Ingredients Europe Exhibition, were also arranged to help non-executive directors in particular to gain a deeper insight into the Group's operating environment. During the year, in addition to the Board's visits to Chicago, Shanghai and Singapore, the Chairman and the non-executive directors visited 13 of the Group's sites in Europe and the USA as part of their independent site visit programme. These visits provide directors with the opportunity to interact with local management and gain in-depth knowledge about the challenges being faced by the Group's operations across the world. Over the past three years, the Chairman and non-executive directors have visited 21 of the Group's principal locations as part of this programme.

Asia Pacific is a key growth region for the Group and in January 2014 the Board visited the SFI facilities in Shanghai and Singapore. The visit enabled directors to increase their understanding of the challenges and opportunities of the local markets and to meet staff based at these locations.

Directors' induction programme

On appointment to the Board, directors receive background reading about the Group and details of Board procedures and other matters related to governance. The Company Secretary then works with each of the new directors to deliver a tailored induction programme. No new directors joined the Board during the financial year. A detailed summary of the induction programme undertaken by directors in the previous financial year is included in the Annual Report 2013.

Performance evaluation

A review of the Board's effectiveness is undertaken each year. The process is led either internally or by an external facilitator. Following an external review in 2011, the Chairman led the process in 2012 and 2013.

2013 Board effectiveness review

The progress made since the 2013 evaluation is summarised below.

Recommendations	Update on actions
Increase the amount of time spent on understanding the market and how customer relationships are managed.	Two Global Enterprise Account Directors have presented to the Board and additional time is allocated to reviewing customer engagement.
Enhance knowledge of the innovation pipeline.	The Board undertook a review of the innovation pipeline and key ICD processes during its visit to the global Commercial and Food Innovation Centre.
Increase the Directors' focus on talent management and succession planning.	The Board delegated this action to the Nominations Committee which focused on this at each of its subsequent meetings during the year.
Identify and implement improvements to Board reporting in respect of the performance of SFI.	Board reporting has been enhanced.

2014 Board effectiveness review

The Board agreed that the 2014 review should be externally facilitated. Given the importance of inclusive leadership and the changes to the Board in the previous financial year, the Directors felt that it would be particularly beneficial for the review to reflect on diversity and inclusion. After careful consideration of providers, Schneider Ross, an independent external consultancy firm specialising in diversity and inclusion, was retained to undertake the review.

Schneider Ross held confidential one-to-one interviews with directors and members of the leadership team who regularly attend Board and/or Committee meetings plus three external advisers. The discussions focused on the behavioural aspects of Board effectiveness including how the Board works together, the quality of inputs, discussions and decision-making, and specific themes such as succession planning. Following the interviews and, working in conjunction with the Company Secretary, questionnaires were produced to solicit further feedback on the overall effectiveness, performance and processes of the Board and each of its Committees. Thirty individuals, including regular attendees and four external advisors, were invited to complete these questionnaires anonymously.

The key results and recommendations were presented to the Board by Schneider Ross.

The results were grouped into three broad areas:

- **Mechanics:** for instance processes, structure, membership and operation of the Board and its Committees
- **Dynamics:** including leadership, the Tate & Lyle Values in practice in the boardroom, quality of discussions, debate and decision-making
- **Specifics:** including strategy, customer engagement, talent management and succession planning, and risk appetite.

The Board deliberated each of Schneider Ross's recommendations and an action plan was agreed; examples are provided in the table on page 44.

In addition, each Committee considered the output from Schneider Ross's review of the Committees. Each of the reviews indicated that the Committees were operating effectively and made a number of recommendations for further consideration. Examples of the agreed actions are set out in each of the separate reports of the Audit Committee and the Corporate Responsibility (CR) Committee. With regard to the Remuneration Committee, following consideration of the report from Schneider Ross, that Committee agreed a number of actions including increased communication with all Remuneration Committee members prior to Committee meetings and refinements to the Remuneration Committee's programme of activity for the year ending 31 March 2015.

CORPORATE GOVERNANCE | CONTINUED

2014 Board effectiveness review

Area	Agreed actions
Mechanics	• Ways to further improve the support for incoming presenters to be considered and implemented. • A working party to be established to identify ways to enhance site visits.
Dynamics	• Chief Executive to meet with executives who attend Board meetings immediately afterwards to discuss how the Board operated as a whole and to reflect on any learnings. • Thinking styles of candidates for the Board and Executive Committee to be taken into consideration once skill set and experience has been confirmed. • Undertake an externally-facilitated session for the Board focusing on boardroom dynamics, relationships and how to make even better use of Board diversity.
Specifics	• Building on the progress made in 2013, further proposals to be developed to drive customer centricity in the boardroom. • Board Committees to oversee the executive focus on building an inclusive culture. • Revisit the timing and location of the scheduled Board meetings, in particular the timing of the annual Board strategy day.

Progress will be monitored by the Chairman and Company Secretary throughout the 2015 financial year and regular updates will be provided to the Board.

With regard to the performance of individual directors, the review concluded that all directors continued to make an effective contribution to the Board's work, were well prepared and informed about issues they needed to consider, and that their commitment remained strong. The Chairman also provided individual feedback to each director and the Senior Independent Director provided feedback to the Chairman.

The performance of the Chief Executive and Chief Financial Officer was also considered by the Nominations Committee, in line with its terms of reference. During the year, the non-executive directors met without the Chairman, under the chairmanship of the Senior Independent Director, to discuss the Chairman's performance.

These reviews also concluded that both the Chairman and Chief Executive continued to fulfil their responsibilities effectively.

Re-election of directors

The Company's Articles of Association require all directors to seek re-election by shareholders at least once every three years. In addition, any directors appointed by the Board must stand for re-election at the first AGM following his or her appointment. Any non-executive directors who have served for more than nine years are subject to annual re-election.

The Code provides that all directors should seek re-election on an annual basis and all directors will seek re-election at the forthcoming AGM. The directors standing for re-election, with the exception of Javed Ahmed and Tim Lodge, do not have service contracts.

At no time during the year has any director had any material interest in a contract with the Group, being a contract of significance in relation to the Group's business. A statement of directors' interests in Company shares is set out on page 71.

Directors' conflicts of interest

As permitted under the Companies Act 2006, the Company's Articles of Association allow directors to authorise conflicts of interest and the Board has a policy and procedures for managing and, where appropriate, authorising, actual or potential conflicts of interest. Under those procedures, directors are required to declare all directorships or other appointments to organisations that are not part of the Group and which could result in actual or potential conflicts of interest, as well as other situations which could result in a potential conflict of interest. The Board is required to review directors' actual or potential conflicts of interest at least annually. Directors are required to disclose proposed new appointments to the Chairman before taking them on, to ensure that any potential conflicts of interest can be identified and addressed appropriately. Any potential conflicts of interest in relation to proposed directors are considered by the Board prior to their appointment.

Directors' indemnities and insurance cover

As at the date of this Annual Report, indemnities are in force under which the Company has agreed to indemnify the directors, to the extent permitted by the Companies Act 2006, against claims from third parties in respect of certain liabilities arising out of, or in connection with, the execution of their powers, duties and responsibilities as directors of the Company or any of its subsidiaries. The directors are also indemnified against the cost of defending a criminal prosecution or a claim by the Company, its subsidiaries or a regulator provided that where the defence is unsuccessful the director must repay those defence costs. These indemnities are qualifying indemnity provisions for the purposes of Sections 232 to 234 of the Companies Act 2006 and copies are available for inspection at the registered office of the Company during business hours on any weekday except UK public holidays.

The Company also maintains directors' and officers' liability insurance cover, the level of which is reviewed annually.

Accountability

Internal control

The Board has overall responsibility for the Group's system of internal control and risk management and for reviewing its effectiveness. The objective of internal control within Tate & Lyle is to support efficient implementation of the Group's strategy and effective operations whilst enabling it to respond appropriately to significant business, operational, financial, compliance and other risks to achieving the Company's objectives. The system of internal controls is designed to safeguard the assets of the Group and to ensure the reliability of financial information for both internal use and external publication and to comply with guidance published by the Financial Reporting Council, 'Internal Control: Revised Guidance for Directors' (formerly the Turnbull Guidance). The Board recognises that internal control systems are designed to identify and manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material mis-statement or losses and the breach of laws and regulations.

Internal control system

The Board determines the level of risk that it is prepared to accept in the business (risk appetite) and oversees the strategies for significant risks that have been identified. Executive management works within the risk appetite and develops the mechanisms and processes to direct the organisation, through setting the tone and expectations from the top, delegating authority and monitoring compliance. Line management has primary responsibility for compliance with Group policies, principles and compliance requirements. In certain functions, notably safety and product quality, executive management has also established separate assurance teams to oversee the effective execution of controls.

The risk management function works with executive management and the divisions to help identify, measure, monitor and report significant risks. The units report regularly on progress with the implementation of the Group's strategy, including its impact on the risk environment. Key risks are reviewed regularly by the Board. Further information on the Group's risk management process can be found on page 29.

The internal audit function provides independent and objective assessment of the appropriateness and effectiveness of the Group's internal control systems to the Audit and CR Committees, and to the Board. It has the authority to review any relevant aspect of the business and a duty to report on any material weaknesses. The Group has a risk-based internal audit plan which is approved by the Audit and CR Committees. It is updated regularly to reflect changes to the control environment.

The findings from audits are discussed with executive management and action plans put in place where appropriate. Progress against these plans is monitored regularly by the internal audit function. Summaries of both audits and progress on any actions are discussed regularly at meetings of the Audit and CR Committees.

The Board also commissions external specialists to supplement internal processes as appropriate. Given the ongoing significant business transformation activity, in addition to regular reports from the internal audit function, the Board continued to receive reports from external specialists retained to review key elements of the transformation programme.

Key features of the internal control system

The Group's internal control system has a number of key features which ensure that risk is monitored and managed throughout the year, including those listed below.

- The schedule of matters reserved to the Board ensures that the Directors control, among other matters, all significant strategic, financial and organisational issues.
- A clear organisational structure and limits of authority in respect of items such as capital expenditure, pricing and contract authorisation.
- A comprehensive planning and budgeting system for all items of expenditure with an annual budget approved by the Board. Performance is reported monthly against budget and prior year results; significant variances are investigated; and revised forecasts for the current financial year and financial projections for future years are prepared regularly.
- The Group has comprehensive safety, product quality assurance and environmental management systems. Where appropriate, these are independently certified to internationally recognised standards; they are also subject to a regular independent audit process.
- The Audit and CR Committees oversee the operation of controls and report regularly to the Board. If a failure of control has a material impact, then a detailed investigation, analysis and action plan would be provided to and considered by the Audit Committee, the CR Committee and the Board (as appropriate).

Speak Up (whistleblowing)

Speak Up, the Group's whistleblowing programme, has been in place for a number of years in all operations controlled by the Group. This programme, which is monitored by the Audit and CR Committees, is designed to enable employees, contractors, customers, suppliers or other stakeholders to raise concerns confidentially in cases where conduct is deemed to be contrary to the Group's Values. It may include, for example, actions that may endanger safety; unethical practices; or criminal offences.

The Speak Up programme provides a number of alternative ways to raise concerns including a telephone reporting line, email, and a web-based reporting facility. The multilingual communication facilities are operated by independent service providers who submit a report to the Speak Up Committee for investigation.

Reports received during the year were kept strictly confidential and the concerns identified were referred to appropriate managers within the Group for resolution. Where appropriate, action was taken to address the issues raised. The reports were analysed and monitored to ensure the process continued to be effective.

Controls over financial reporting

The financial reporting control system covers the financial reporting process and the Group's process for preparing consolidated accounts, and includes policies and procedures which provide for:

- The maintenance of records that, in reasonable detail, accurately and fairly reflect transactions including the acquisition and disposal of assets
- Reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards
- Reasonable assurance regarding the prevention or timely detection of unauthorised use of the Group's assets.

In addition, specific disclosure controls and procedures are in place to support the approval of the Group's financial statements. Twice a year, representatives from SFI and BI certify that their reported information provides a true and fair view of the state of the financial affairs of their division and its results for the period. The results of this financial disclosure process are reported to the Audit Committee.

Joint ventures

All material joint ventures follow either the Group's formal systems of internal control, or their own internal control procedures. These separate procedures are subject to review by the Group's internal audit function, and the Group works with its partners to ensure that action plans are in place to address any issues identified during those reviews.

CORPORATE GOVERNANCE | CONTINUED

2014 review of the effectiveness of the system of internal control

The effectiveness of the Group's internal control system is monitored throughout the year and once a year the Board, with the assistance of the Audit and CR Committees, conducts its own review of the effectiveness of the systems of risk management and internal control. In 2014, this review was once again facilitated by the internal audit function and covered the period from the start of the financial year to the date of this Annual Report. The process included a two-stage review to facilitate discussion with the Audit and CR Committees discussing the results of the two-stage review at their meetings in March, April and May 2014 and the Board then discussed the output at its meeting in May 2014.

The 2014 review covered financial, operational and compliance controls, Values and behaviours and the risk management process, and included questionnaires and representation letters completed by management. The internal audit function monitored and selectively checked the results of this review, ensuring that the responses from management were consistent with the results of its work during the year. As part of this process, areas for enhancements to internal controls, and associated action plans to deliver them, were identified. Delivery of these enhancements is being monitored by the Audit Committee or CR Committee as appropriate. The Board considers that none of the areas identified for enhancement in relation to the review constituted a significant weakness.

Remuneration

The Board has delegated to the Remuneration Committee responsibility for agreeing the remuneration policy for the Chairman, Chief Executive, Chief Financial Officer and senior executives. The Chairman is a member of the Remuneration Committee but is not involved in any aspect of his own remuneration. The Directors' Remuneration Report on pages 52 to 71 sets out the remuneration policy and the way in which the established policy has been implemented.

2014 review of the effectiveness of internal controls

Relations with shareholders

Shareholder communications

The Chief Executive, Chief Financial Officer and Group VP, Investor and Media Relations maintain a regular programme of visits and presentations to institutional shareholders both in the UK and overseas. The Chairman also undertook separate visits to institutional shareholders and the Senior Independent Director met with a number of institutional shareholders. Feedback on interaction with institutional shareholders is provided to all directors.

The Investor Relations team provides the Board with a report on any meetings with major institutional shareholders at each scheduled Board meeting. All directors receive copies of analysts' reports on the Company. In addition, the Company's external advisors give an annual briefing on investors' perceptions of Tate & Lyle and its investor relations activities. The non-executive directors are encouraged to attend the full-year and half-year results presentations.

The Company aims to present a balanced and clear assessment in all its communications with shareholders. Key announcements, financial reports and other information about the Group can be found on the Company's website, www.tateandlyle.com.

Annual General Meeting

The 2014 AGM will be held at The Queen Elizabeth II Conference Centre in London on Thursday 24 July 2014 at 11.00 am. Full details are set out in the Notice of Meeting.

Shareholders have the opportunity to put questions to the Board at the AGM on matters relating to the Group's operations and performance. Resolutions are decided by means of a poll and the votes received in respect of each Resolution, together with the level of abstentions, are notified to the London Stock Exchange and published on the Company's website. Shareholders are offered the choice of receiving shareholder documentation, including the Annual Report, electronically or in paper format, as well as the choice of submitting proxy votes either electronically or by post.

AUDIT COMMITTEE REPORT

Introduction

Dear shareholder
I am pleased to report on the activities of the Audit Committee.

Members of the Committee take an active role in understanding aspects of the business and the challenges it faces and, as part of this, the Committee visited the global Shared Service Centre in Łódź, Poland during the year. This provided us with an opportunity to meet with the local leadership team and conduct a detailed review of operations.

In addition to our usual matters, including the financial results for the full year and half year and the interim management statements, applicable accounting policies and going concern assumptions, we continued to undertake in-depth reviews of key topics. These included risk management processes, the management of commodities risk and, together with the members of the Corporate Responsibility Committee, IT security.

We also considered the timing of the tender of the external audit contract. As explained in the Chief Executive's Review, implementation of the global IS/IT platform is ongoing and the Committee believes that continuity of the external auditors plays a very important role in managing risk effectively during this transition to new systems, processes and ways of working. We have therefore agreed to undertake a tender after the Board considers that the platform is operating satisfactorily across all our material operations. In the meantime, we are undertaking preliminary work to prepare ourselves and the business for the tender.

In preparation for this year's audit, I attended part of PwC's initial planning meeting where I was able to meet with members of the global audit team. The Committee collectively met the US audit partner as part of our annual programme.

I led a review of the Committee's effectiveness, supplementing the activities undertaken as part of the external Board effectiveness review, explained on page 43. Both of these reviews concluded that the Committee was functioning effectively and identified a number of areas for further action. These include: increasing the membership of the Committee; reviewing detailed scoping documents for the in-depth reviews to enhance the value gained from them; and furthering interaction with divisional senior finance management.

I look forward to meeting with shareholders at the forthcoming AGM on 24 July 2014.

Liz Airey
Chairman of the Audit Committee

Liz Airey

Composition and constitution

The Audit Committee, which comprises three non-executive directors, oversees the Group's financial reporting and internal controls and provides a formal reporting link with the external auditors.

The Committee's terms of reference, which are reviewed annually, are available on the Company's website, www.tateandlyle.com.

Main responsibilities of the Audit Committee

These include:

- Overseeing the Group's financial reporting process and monitoring the integrity of the financial statements and formal announcements relating to the Group's financial performance
- Reviewing significant financial reporting issues and accounting policies and disclosures in financial reports
- Reviewing the effectiveness of the Group's internal control procedures and risk management systems
- Reviewing the effectiveness of the internal audit function
- Overseeing the Group's relationship with the external auditors including the level of fees
- Reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process
- Making recommendations to the Board on the appointment or reappointment of the Group's external auditors.

Meetings during the year ended 31 March 2014

The Committee met six times during the year and the minutes of each meeting are made available to all directors via the Board portal. Membership of the Committee and attendance during the year were as follows:

Directors as at 31 March 2014	Number of meetings	Number of meetings attended
Liz Airey[1]	6	6
Douglas Hurt	6	6
Anne Minto	6	6

1 Committee Chairman.

All the Committee members have extensive management experience in large international organisations. It is a requirement of the Code that at least one Committee member has recent and relevant financial experience. Two members meet this requirement: Liz Airey was an investment banker and former finance director of Monument Oil and Gas plc, and Douglas Hurt is Finance Director at IMI plc and is a member of the Institute of Chartered Accountants in England and Wales.

The Chief Financial Officer; VP, Group Audit and Assurance; Group VP, Finance and Control; Executive VP, General Counsel; and representatives of the external auditors are normally invited to attend each meeting. The Chairman of the Board and Chief Executive attend meetings of the Committee by invitation. In addition, the Committee continues to enhance its exposure to the business through its programme of key topics for in-depth review, which involves operational and other key senior managers presenting to the Committee.

The VP, Group Audit and Assurance and the external auditors have direct access to, and meet regularly with, the Chairman of the Committee outside formal Committee meetings.

AUDIT COMMITTEE REPORT | CONTINUED

Independence of the external auditors

The Group's external auditors are PricewaterhouseCoopers LLP (PwC) and the Committee operates a policy to safeguard its objectivity and independence. This policy sets out certain disclosure requirements by the external auditors to the Committee; restrictions on the employment of the external auditors' former employees; and partner rotation. During the year, the Committee reviewed the processes that the external auditors have in place to safeguard their independence, and received a letter from the external auditors confirming that, in their opinion, they remained independent.

The policy also sets out the circumstances in which the external auditors may be permitted to undertake non-audit services. The Chief Financial Officer and Chairman of the Committee have authority to approve the provision of certain services up to £100,000 or £250,000 respectively. The Committee must approve any proposed non-audit services that exceed those thresholds. Such proposals must be justified and, if appropriate, subject to tender. In addition, the policy specifies the services which are not permitted under any circumstances, such as the provision of remuneration advice and internal audit outsourcing.

The Committee reviews the policy on an annual basis and considers quarterly reports which set out the ongoing non-audit services provided by the auditors and the fees incurred.

In April 2014, the European Parliament adopted proposals which include certain restrictions around the provision of non-audit services by the auditors and a 70% non-audit services fee cap. These proposals are likely to come into force at EU level during 2014 and the Committee will revise the policy to reflect the new requirements as they take effect in the UK.

A breakdown of the fees paid to the external auditors in respect of audit- and non-audit-related work is included in Note 8. The total amount paid in respect of the Group audit, audit of subsidiaries and joint ventures and the half-year review was £2 million and £0.2 million was paid in respect of non-audit-related services. Fees paid in respect of non-audit-related services therefore comprised 9% of the total fees paid to PwC.

Work undertaken during the year

The Committee maintains a formal calendar of items for consideration at each meeting and within the annual audit cycle to ensure that its work is in line with the requirements of the Code. In addition to the activities outlined in the statement from the Committee Chairman, during the year and up to the date of this Annual Report, the work undertaken by the Committee fell under four main areas: financial reporting, oversight of the external auditors, oversight of the internal audit function, and internal control and risk management. The Committee's work in each of these areas is described below.

Financial reporting

At each of its meetings during the year, the Audit Committee reviewed accounting papers prepared by management and determined, with the perspective of the external auditors, the appropriateness of key accounting policies, estimates and judgments. The significant issues that the Committee considered in relation to the financial statements for the year ended 31 March 2014 are listed below.

- **Reported and adjusted earnings**: the Committee considered management's review of reported and adjusted earnings, to ensure that significant one-off items of income and expense had been correctly classified, and that external disclosure of these items was appropriate.
- **Commodity risk**: the Group uses corn commodity contracts to manage and hedge its corn book in the US. The valuation of the corn book, which is underpinned by a number of judgments, has a material impact on the reported results of the Group. The Committee participated in a detailed information session led by both executive and local US management covering the key commodity risks and the risk management framework in place to mitigate these risks. In addition to this session, the Committee considered the work performed by the external auditors before concluding that the judgments made in determining the valuation were appropriate.
- **Retirement obligations**: a number of judgments have to be made when calculating the fair value of the Group's legacy retirement obligations. The Committee reviewed the assumptions proposed by management (reflecting advice from the Group's external actuary) which have driven a reduction in the pension and healthcare net liability (see Note 30) and considered reports from the external auditors before agreeing that the assumptions were reasonable. In addition, the Committee reviewed and agreed management's proposed accounting treatment for both the September 2013 full buy-in of the Amylum UK defined benefit pension scheme, having adopted the calculations performed by the external actuary and the December 2013 transfer of the defined benefit obligation of Tate & Lyle Netherlands BV.
- **Taxation**: the Group operates in a number of tax jurisdictions and provisioning for potential direct tax exposures with local tax authorities is underpinned by a range of judgments. The Committee reviewed the Group's principles and processes for managing tax risks during the year and reviewed the key judgments made in estimating the Group's tax charge along with the key disclosures, including a statement of tax principles, proposed to be included in the Annual Report (set out on page 26 and in Notes 11 and 29). The Committee was satisfied that the judgments made in estimating the Group's tax charge were reasonable, and that the tax disclosures to be made in the Annual Report were appropriate.

In addition to the above items, the Committee reviewed management's annual goodwill impairment assessment paper, considering future performance of the underlying divisions, including discussion of the discount rates used and forecast assumptions and sensitivities. The Committee was satisfied that no impairment charges, or reversal of impairments, were required. Separate papers on the Group's existing and emerging litigation risks were presented to the Committee and duly considered. There have been no substantive developments in any material case in the current year.

External audit

PwC (or its predecessor firms) has been the Company's auditors since 1989. The lead audit partner is rotated on a five-yearly basis and, as set out in last year's report, the lead audit partner changed with effect from the beginning of the 2014 financial year in line with this requirement.

Following the conclusion of the audit for the year ended 31 March 2013, the Committee conducted an internal review of the effectiveness of the auditors (the last external review having been undertaken in 2010). As part of the process, the Committee reviewed the auditors' performance against criteria set at the start of the audit, together with feedback from management at Group level and at divisional level and considered the most recent public report on the inspection of PwC which was issued by the FRC in May 2013. The Committee concluded that the external audit process was operating effectively and that PwC continued to provide effective and independent challenge to management. The review identified a number of areas for process enhancements which were implemented and incorporated into the criteria set for the audit in respect of the year ended 31 March 2014.

The Code states that FTSE 350 companies should tender the provision of audit services at least every ten years or explain their approach, if different. The Competition Commission has published additional proposals that are expected to come into effect in October 2014. These require FTSE 350 companies to put their statutory audit engagement out to tender at least every ten years. In addition to this, in April 2014 the European Parliament adopted proposals which include the requirement that audit firms of all EU companies listed on a regulated market are subject to retender after ten years and rotate off after 20 years. These proposals are likely to come into force at EU level during 2014. The Committee continues to consider legal and regulatory developments in this regard.

The Committee discussed the timing of a tender on a regular basis during the financial year ended 31 March 2014. In light of the output of the effectiveness review and the ongoing implementation of the global IS/IT platform, the Committee agreed to undertake a tender after the Board considers that the platform is operating satisfactorily across all material operations. The Committee has recommended to the Board that PwC continue to act as auditors to the Group. PwC has indicated its willingness to continue in office, and a resolution that PwC be reappointed will be proposed at the AGM. As explained in the letter from the Chairman of the Committee, activities are underway to prepare the Group for the tender.

Internal audit

Following a competitive tender process, the Committee retained Independent Audit Limited to conduct a review of the effectiveness of the internal audit function, the last external review having been undertaken in 2010. The review concluded that the internal audit function had continued to strengthen since that time and make a significant contribution to the internal governance of the Group. A number of areas for incremental improvement were agreed and implemented, including enhancements to the function's charter and planning cycle.

Internal control and risk management

The Committee continued to receive and consider regular reports from management and the VP, Group Audit and Assurance on the effectiveness of the Group's risk management system. The reports from the latter included the findings from reviews of internal financial controls and actions to address any weaknesses in those controls. Throughout the year, the Committee focused in particular on the impact of the implementation of the new IS/IT platform and associated changes to the control environment, together with any potential impact on financial reporting processes. It also reviewed controls to mitigate fraud risk and the Group assurance map outlining the key risks and associated assurance processes. In addition, the Committee reviewed the output from the annual review of the effectiveness of internal financial reporting controls and then reported to the Board on that review.

As set out on page 48, the Committee undertook a detailed review of the Group's approach to managing corn and the associated hedging processes during the year. During this session the Committee considered the controls in place and how they are being enhanced with the implementation of the global IS/IT platform. The Committee will continue to keep these activities under review during the year ending 31 March 2015.

The global Shared Service Centre (the Centre) in Łódź, Poland is the principal location for handling the financial transactional activities and processes for Tate & Lyle. The Committee has monitored its development since its establishment in 2011.

In October 2013, the Committee visited the Centre and met with senior managers to understand more about the control environment in place and the progress the Centre had made in achieving its other objectives, which include supporting decision making across the Group through the prompt delivery of centralised management information, and providing high quality, consistent advice, support and resolution.

NOMINATIONS COMMITTEE REPORT

Introduction

Dear shareholder

One of the key areas of focus for the Committee is succession planning and during the year we focused on both Board succession plans and executive succession planning and talent management.

As explained in my statement on page 40, Robert Walker, Senior Independent Director and Chairman of the Remuneration Committee, is expected to retire during the current financial year after serving a full nine years on the Board. In preparation for this, we commenced work on planning for his successor as Senior Independent Director and as Chairman of the Remuneration Committee. We also reviewed the needs of the Board in light of this imminent retirement and have drawn up a specification for an additional non-executive director. We have retained Spencer Stuart to assist with this search.

The Executive Vice President, HR presented to us at a number of our meetings to provide us with regular updates on the progress of the executive succession planning and talent management activities. We will continue to monitor progress for these two core activities during the financial year ending 31 March 2015.

Schneider Ross, who performed the external review of Board effectiveness, undertook a review of the Committee's effectiveness. The review concluded that the Committee was functioning effectively and recommended that the Committee continue to maintain its clear focus on succession planning going forward.

I look forward to meeting with shareholders at the forthcoming AGM on 24 July 2014.

Sir Peter Gershon
Chairman of the Nominations Committee

Sir Peter Gershon

Composition and constitution

The Nominations Committee comprises the Chairman of the Company, the Chief Executive and all of the non-executive directors. It ensures that the balance of skills and experience of the Board remains appropriate for the needs of the Group.

The Committee's terms of reference, which are reviewed annually, are available on the Company's website, www.tateandlyle.com.

Main responsibilities of the Nominations Committee

These include:

- Reviewing the size and composition of the Board, including succession planning, and the leadership needs of the Group generally
- Recommending candidates for appointment as executive and non-executive directors and as Company Secretary, taking into account the balance of the Board and the required blend of skills and experience, bearing in mind the need for diversity
- Making recommendations on the process for the appointment of the Chairman of the Board
- Reviewing annually the performance of each member of the Group Executive Committee and reporting on that review to the Remuneration Committee.

Meetings during the year ended 31 March 2014

The Committee met three times during the year. Membership of the Committee and attendance during the year were as follows:

Directors as at 31 March 2014	Number of meetings	Number of meetings attended
Sir Peter Gershon[1]	3	3
Javed Ahmed	3	3
Liz Airey	3	3
William Camp	3	3
Douglas Hurt	3	3
Virginia Kamsky	3	3
Anne Minto	3	3
Dr Ajai Puri	3	3
Robert Walker	3	3

1 Committee Chairman.

The Committee has a formal calendar of items for consideration at each meeting and meets at least twice a year.

Work undertaken during the year

During the year and up to the date of this Annual Report, in addition to the work set out in the Chairman's letter above, the work undertaken by the Nominations Committee included:

Succession planning

The Committee reviewed succession plans for Executive Committee roles and the progress of action plans to address any gaps. The Committee continues to review progress on a regular basis.

Performance evaluation

The Committee undertook a performance evaluation of each member of the Group Executive Committee and reported its conclusions to the Remuneration Committee.

Membership of Board Committees

The Committee reviewed the composition of each of the Board's Committees in conjunction with recommendations from the relevant chairmen. The Committee agreed with the conclusions of the Audit Committee effectiveness review that an additional member should join that committee. To that end, the specification for the new non-executive director covers the experience and skills required by members of our Audit Committee. In addition, the Committee recommended that Virginia Kamsky join the CR Committee. The Board agreed with the recommendation and she joined the CR Committee with effect from 1 April 2014.

CORPORATE RESPONSIBILITY COMMITTEE REPORT

Introduction

Dear shareholder

As explained in the Corporate Responsibility section on page 33, the Group has no higher priority than safety, so we were all shocked and saddened by the tragic fatalities at three of our plants over the last year. In each case, we investigated the circumstances surrounding the accidents and the actions taken by management based on the preliminary findings of these investigations immediately after the events, as well as ensuring all necessary co-operation was given to the local regulatory investigations. We also worked with management to ensure all necessary assistance was available to support the families and others affected by these incidents.

We are sponsoring a management initiative to refocus and refresh our approach to safety. The oversight of ongoing safety initiatives will continue to be a key focus for the Committee this year.

We undertook a detailed review of the Group's approach to tackling cyber security and received a report on progress in this regard during the year. We will continue to monitor the ongoing efforts to mitigate this risk across the Group.

The annual review of Committee effectiveness, undertaken by Schneider Ross, indicated that the Committee continues to operate effectively. It recommended some areas for process improvement, such as the timing of meetings where the discussion topics overlap with the interests of the Audit Committee, for example IT security. In addition, the review highlighted topics for increased focus, such as initiatives to drive and embed inclusion across the organisation, and we have adjusted our agenda to address these suggestions.

Last, but by no means least, we welcome Virginia Kamsky as an additional Committee member from 1 April 2014 and we have put in place an induction programme for her, reflecting our wide remit.

I look forward to meeting with shareholders at the forthcoming AGM.

William Camp
Chairman of the CR Committee

William Camp

Composition and constitution

The Committee comprises four non-executive directors and the Chairman of the Company. The Committee oversees the Group's processes and measures used to manage social, environmental and ethical risks and associated internal controls.

The Committee's terms of reference, which are reviewed annually, can be found on the Company's website, www.tateandlyle.com.

Main responsibilities of the Corporate Responsibility Committee

These include:

- Monitoring the Group's approach to corporate responsibility and ensuring it aligns with Group strategy
- Reviewing the effectiveness of the Group's policies and procedures relating to a safe working environment
- Approving, or recommending to the Board for approval, CR policies
- Reviewing the implementation of appropriate environmental policies
- Monitoring the effectiveness of workplace policies concerning employee relations, equal opportunities, travel, entertainment and conflicts of interest
- Reviewing whistleblowing arrangements
- Satisfying itself that the Group has appropriate policies, systems and controls in place in respect of the risks falling within the Committee's remit.

Meetings during the year ended 31 March 2014

The Committee met four times during the year. Membership of the Committee and attendance during the year were as follows:

Directors as at 31 March 2014	Number of meetings	Number of meetings attended
William Camp[1]	4	4
Liz Airey	4	4
Sir Peter Gershon	4	4
Dr Ajai Puri	4	4

1 Committee Chairman.

Virginia Kamsky joined the committee on 1 April 2014. As she did not serve during the year under review, she is excluded from the above analysis.

Work undertaken during the year

During the year and up to the date of this Annual Report, in addition to the work outlined in the Committee Chairman's letter, the work undertaken by the CR Committee included the following:

Safety

The Committee discussed the Group's initiatives to improve workplace safety performance and received regular reports from the VP, Global Safety.

Product safety continued to be an area of focus and the VP, Global Quality and Food Safety provided regular updates on the operation of the Group's quality assurance processes.

Diversity and inclusion

The Committee received an update on the implementation of diversity and inclusion initiatives and agreed further refinements to the external reporting of the Group's gender diversity.

Business practices

The Committee reviewed the effectiveness of the independent confidential reporting (whistleblowing) line. Further information on this is on page 45.

Charitable donations

The Committee received an update on implementation of the global community involvement programme, and also approved a proposed education partnership strategy as set out on page 37.

Environment

The VP, Sustainability provided the Committee with updates on the Group's environmental performance and initiatives on a regular basis.

Internal control

The Committee received regular reports from management and the VP, Group Audit and Assurance in respect of the policies, systems and controls in place in respect of the risks falling within the Committee's remit. The Committee reviewed the output from the annual review of the effectiveness of controls falling within its terms of reference and then reported to the Board on this review.

DIRECTORS' REMUNERATION REPORT

Chairman's introduction

Dear shareholder

The purpose of this introductory letter to the Directors' Remuneration Report for the year ended 31 March 2014, is to provide some context for the Committee's decision-making during the year, and to summarise the key points of the Report. Hopefully, this will make reading the detailed Report that follows somewhat easier.

Guiding principles

Our philosophy remains unchanged: the Company's remuneration framework should be simple, and provide for a close alignment between executive remuneration and shareholders' interests. We aim to achieve this primarily by making a significant proportion of pay conditional on the achievement of stretching performance conditions and by ensuring that executives maintain significant personal shareholdings in the Company.

We were 'early adopters' of features such as claw back provisions (which apply to both annual bonus and long-term share awards), and the 'single-figure' and 'pay scenario' disclosures that have now been adopted into standard reporting.

Business performance and remuneration outcomes for the year

The Committee judges that the Company made further progress in executing its strategy despite facing a number of challenges that held back financial performance. Profit growth in starch-based speciality ingredients and Food Systems and strong growth in emerging markets, were offset by the impact of cold weather, including the extremely cold and prolonged US winter, and an increasingly competitive market for sucralose. Good momentum in emerging markets, a robust innovation pipeline and a strong balance sheet, bodes well for the longer term.

With regard to the financial metrics used in our incentive plans:

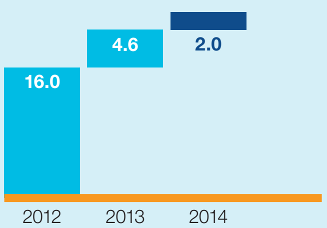
- **Annual Bonus Plan**. Growth in net sales (less cost of raw materials) of 2.0% and like-for-like profit growth of 0.5% (in constant currency) for the year ended 31 March 2014 demonstrate continued progress in the context of significant year-on-year profit growth over prior periods. The cash conversion cycle improved by 4.8%. As a result, the Committee has approved annual bonus payments in the range of up to 3% of base salary for executive directors.
- **Performance Share Plan**. Adjusted earnings per share has grown by 7.2% on a compound annual basis over the three financial years ended 31 March 2014; and adjusted return on capital employed in the year to 31 March 2014 is 19.2%, which is significantly above our cost of capital. As a result, the awards granted under the Performance Share Plan will vest at 63.4%.

In confirming these outcomes, the Committee discussed the Company's health and safety performance during the past year.

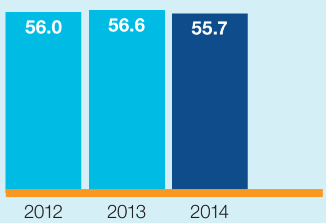
Key committee activities during the year

The last significant changes in the Company's remuneration arrangements were made in 2010, to introduce the Annual Bonus Plan and the Performance Share Plan in their current forms, receiving significant support from shareholders at the 2010 Annual General Meeting (AGM). Four years on, the Committee felt it would now be appropriate to undertake a detailed review to test the continued appropriateness of the performance metrics used in our current incentive framework. This review confirmed that these metrics remain closely aligned with

Net sales less raw materials change vs prior year – per bonus metric (%)

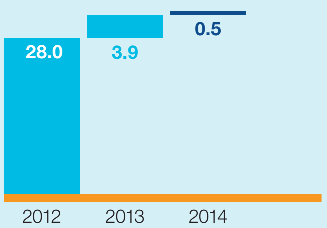


Adjusted diluted EPS long-term incentive metric (pence)

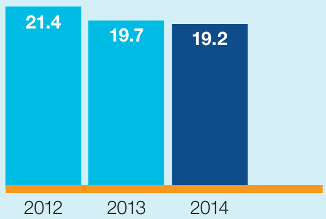


Tate & Lyle PLC adjusted closing share price (pence)

Adjusted PBTEA change vs prior year – per bonus metric (%)

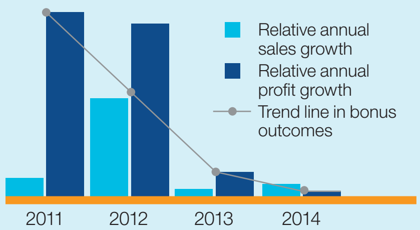


Adjusted ROCE long-term incentive metric (%)



Chairman's introduction continued

our strategic objectives and that remuneration outcomes have been closely aligned with business performance. The chart below illustrates this alignment in respect of the Annual Bonus Plan through to the end of the financial year to which this Report relates. The chart shows relative year-on-year growth in sales and profits (both key metrics in the Annual Bonus Plan) against a trend line in bonus outcomes over the same period:



Based on this review, the Committee concluded that the choice of our financial metrics across the annual bonus and long-term share plan remain appropriate. Looking ahead, we will of course continue to review targets on an annual basis to ensure that these remain appropriately stretching and aligned with the business strategy and outlook.

I can confirm that the Committee has made no change to the structure of the remuneration package for the year ahead, and executive directors' salaries remain unchanged since 1 April 2012, the second year of no increase.

Engagement with shareholders

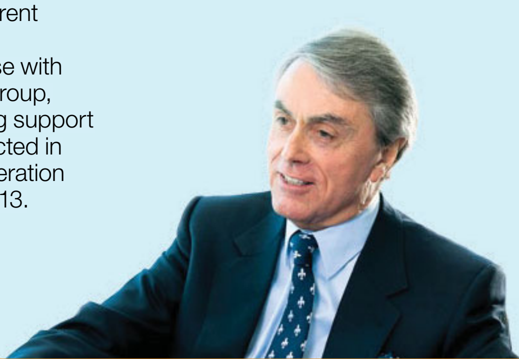
As part of our annual cycle of activity, in addition to the normal shareholder engagement activities which the Board undertakes, I write to our key institutional shareholders in my capacity as Remuneration Committee Chairman in order to offer a meeting to discuss any shareholder issues or concerns. This year, I have already written to our top 20 shareholders; this is a larger number than in the past to ensure that we consult on the widest possible basis.

It is a reflection of the significant levels of shareholder support for our current remuneration arrangements that shareholders had no issues to raise with me as part of that process. As a group, shareholders indicated their strong support for our approach, which was reflected in a 96% vote to approve our remuneration report resolution at the AGM in 2013.

Approval of the remuneration policy for the year ahead

In view of the discussion above, we have made no changes to our remuneration design or framework at this time, and the report on remuneration policy, which we ask shareholders to support at the AGM, is consistent with our approach to date and the arrangements which shareholders have previously approved. I trust we can count on your support.

Robert Walker
Chairman of the Remuneration Committee



Robert Walker

About these Reports

The information regarding directors' remuneration is presented in two Reports: the first relates to our remuneration policy (the Directors' Remuneration Policy Report), and the second relates to the way in which our established policy has been implemented during the year under review (the Annual Report on Remuneration).

Resolutions to approve each of these Reports will be proposed at the AGM. It is our intention that the policy approved by shareholders will apply for a period of three years, and will not be put to an annual shareholder vote, although we intend to report on both policy and implementation each year.

These Reports have been prepared in accordance with the requirements of the Companies Act 2006 (the Act) and Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the Regulations), the Listing Rules of the UK Listing Authority and the UK Corporate Governance Code. PricewaterhouseCoopers LLP has audited such content as required by the Act (the information on pages 67 to 71 marked as '(audited)'). Resolutions to approve each Report will be proposed at the AGM on 24 July 2014.

Directors' Remuneration Policy Report

Introduction

This Report sets out the Company's policy in relation to directors' remuneration. This approach was originally established in 2010 in connection with the review of the business strategy following Javed Ahmed's appointment as Chief Executive, and the policy is fundamentally unchanged from that set out in the 2011, 2012 and 2013 Annual Reports.

Subject to shareholder approval at the AGM on 24 July 2014, the Committee will operate within this policy from that date.

The Committee will retain discretion on specific aspects of policy and implementation, as described in this report along with an overriding discretion to determine bonus outcomes and judge the level at which share awards vest, in order to ensure that payments are consistent with the underlying health and performance of the business, within the maximum opportunity stated in the policy tables.

The Committee may make minor changes to the policy without seeking shareholder approval, for example to benefit the administration of arrangements, or to take account of changes in legislation. Any such changes will be disclosed in the relevant Annual Report.

Strategic Report
Governance
Financial Statements
Useful Information

DIRECTORS' REMUNERATION REPORT | CONTINUED

Remuneration strategy and key principles

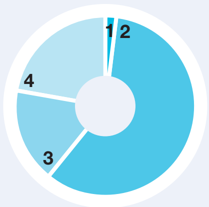
The Company's remuneration strategy, and supporting principles which apply consistently across employee, management and executive populations, is summarised in the table below.

Remuneration strategy	Key principles
The Company's remuneration strategy is to provide packages that enable the Company to recruit, retain and motivate high-calibre individuals in the markets in which we operate to deliver superior operational performance and outstanding financial results	• Base pay and benefits are generally positioned at local market 'median' levels • For all employees, our pay for performance framework provides for meaningful differentiation in salary progression and opportunities for career progression, based on each individual's contribution
	• The total package opportunity should provide meaningful reward for superior performance and encourage the achievement of genuinely stretching short-term and long-term objectives • Below executive level, key individuals who have a specific accountability for driving annual and longer-term performance may be selected to participate variously in our sales incentive plan, the Annual Bonus Plan, and/or the Performance Share Plan
	• Alignment with shareholders' long-term interests is carefully preserved, for example through: a significant proportion of pay being based on performance; effective governance around remuneration decisions; a considered approach to setting performance targets; the adoption of shareholding guidelines at senior executive levels; and claw back provisions on incentive awards
	• All aspects of remuneration are designed to encourage a focus on long-term, sustained performance and risk management
	• Our approach is intended to be equitable and transparent and operate across the Group, recognising that we recruit talented individuals and operate in an international market
	• Outcomes must be achieved in a way that is consistent with the Group's core Values and Code of Ethics, and that fosters sustainable, profitable growth

The charts below illustrate the international nature of our business – although we are UK-listed and headquartered in London, a very significant proportion of our people, our shareholders, and our customers are based outside the UK. Accordingly, it is important that our remuneration arrangements are appropriately competitive in that international context.

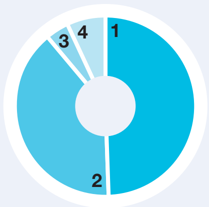
Our sales[1]

1 2% UK
2 59% US
3 17% Other European countries
4 22% Rest of world



Our shareholders[2]

1 50% UK
2 40% US
3 4% Other European countries
4 6% Rest of world



Our people[3]

1 4% UK
2 46% US
3 35% Other European countries
4 15% Rest of world

1 Sales by destination (from continuing operations) as per Note 4 to the Financial Statements.
2 Shareholders are represented by an analysis of the largest 20 institutional shareholdings (covering 48% of the register at 31 March 2014).
3 Includes all joint-venture employees.

A clear link between our strategy and directors' remuneration

The Company's remuneration arrangements place a clear emphasis on driving Company performance, through incentives that are directly linked to the key performance indicators (KPIs) which come from our business strategy. In this way, we maintain a keen focus on delivering long-term growth, thereby enhancing long-term value for shareholders.

The table opposite summarises the KPIs that we use to measure the Group's success against our strategy. The right-hand column describes how these KPIs link directly to remuneration arrangements.

Key Performance Indicators
Pages 18 and 19

Key performance indicators	Link to directors' remuneration
Financial results	
Adjusted operating profit	This is a key determinant of awards under the Annual Bonus Plan.
Adjusted diluted EPS growth	Awards under the Performance Share Plan depend on this metric.
Dividend per share	The dividend has a direct impact through individual executive share ownership and dividend equivalents on deferred bonus awards.
Net debt	Objectives are reflected in incentive plan target setting, but this metric does not directly impact remuneration.
Performance and financial strength (in addition to the above)	
Speciality food ingredients sales growth	Informs the sales target in the Annual Bonus Plan that is set by the Committee each year.
Return on capital employed	Awards under the Performance Share Plan depend on this metric.
Cash conversion cycle	This is a performance metric in the Annual Bonus Plan.
Net debt to EBITDA and interest cover	Objectives are reflected in Annual Bonus Plan targets, but this metric does not directly impact remuneration.
Corporate responsibility	
Safety metrics	Safety and broader corporate responsibility matters are specific factors that the Committee may factor into decisions on pay and annual incentive plan outcomes.

Key components of directors' remuneration

As a Committee, we believe that our approach to remuneration provides a relatively simple but effective overall framework that is aligned with long-term success and returns to shareholders.

The executive directors' remuneration consists of base salary, annual bonus, long-term incentives, and retirement and other benefits as described in the table overleaf. Claw back provisions apply to incentive awards following release (as described in the policy table on pages 56 to 59), and a strong alignment with shareholders' interests is maintained through significant personal shareholding requirements imposed on each director.

The key components of the remuneration framework for executive directors are summarised in the graphic below, and the full policy in relation to each item is described in the tables that follow.

Fixed	Variable (short-term)	Variable (long-term)
Base salary: providing fixed remuneration which reflects the market value of the role	**Annual bonus:** to deliver the Company's annual financial performance objectives	**Long-term share incentive:** to deliver shareholder value linked to efficient use of capital and profitable long-term growth
Employment / retirement benefits: consistent with local market practice	**Claw back** provisions mean cash and share incentives may be recouped in specific circumstances	
	Personal share ownership: strengthens alignment between executives and shareholders	

DIRECTORS' REMUNERATION REPORT | CONTINUED

Executive directors' remuneration policy table

Purpose and alignment with strategy	Operation	Opportunity	
Base salary (short-term, fixed remuneration)			
To provide fixed remuneration that reflects the market value of the individual, his or her skills and experience and performance	• Base salaries are positioned at around the median of the relevant market based on company size and operations (for UK directors, the Committee currently has regard to the 50th to 130th largest UK-listed companies), and taking account of personal performance, as well as individual circumstances (e.g. following promotion into a new role)	• Base salary reviews take into account increases awarded to employees below executive level, and the impact on pension and other consequences of increases • Increases arising from the normal annual review will normally be limited to the local market increase applicable to employees at the same location generally. However, the Committee may use its discretion to award a higher or lower increase to ensure that salaries remain appropriately aligned with the external market, and to reflect changes in experience, role or responsibility	
Employment and retirement benefits (short-term, fixed remuneration)			
To provide employment and retirement benefits in line with the relevant local market	• Retirement benefits are provided by way of defined contribution arrangements, or an equivalent cash allowance • Other employment benefits include car (or car allowance), health insurance, group income protection and, where appropriate, life cover	• The value of retirement and/or cash benefits in lieu of pension is set by reference to external market practice (using the same market reference point as for base salary), and is subject to periodic review • The value of non-cash benefits is determined by the cost of provision, e.g. third-party health insurance premiums	
Annual bonus (short-term, performance-related remuneration)			
To support the Company's strategy by rewarding the achievement of the Company's annual performance objectives	• The discretionary Annual Bonus Plan rewards the achievement of financial and other objectives established by the Committee for the relevant financial year • The bonus award is made, subject to the Committee's approval, following the end of the financial year and the audit of full-year results • The bonus award may comprise cash and deferred shares, depending on the level of award that is made	• No bonus is payable if performance is below 'threshold', regardless of performance against other metrics • The 'target' bonus is 75% of base salary for the Chief Executive, and 50% of base salary for the Chief Financial Officer • The maximum cash bonus is 100% of base salary; any annual bonus above 100% of base salary is delivered in Tate & Lyle PLC shares which are deferred for two years • The maximum cash and share bonus is 175% of base salary • Deferred shares carry the right to receive a cash payment in lieu of the dividend that would have been paid on those shares between award and release	

Performance framework	Commentary
• Base salary is a fixed element of the remuneration package, paid monthly • Employees generally participate in a merit-based review, which means that the general market increase which applies will be sufficient to maintain competitiveness against the local market, while individual high performers may be rewarded with higher salary increases	• A consistent framework applies to employees generally – salaries are positioned by reference to the local market median, and salary reviews take into account local market increases, external benchmarking, and personal performance • No changes to the policy for executive directors have been made in the year or are proposed for the year ahead
• Benefits are a fixed part of the remuneration package, and typically accrue monthly • Retirement benefits are defined contribution in nature, limiting the financial risk and potential costs to the Company	• The provision of employment and retirement benefits to executive directors is consistent with our policy and approach for employees generally: appropriate benefits are provided in line with local competitive market practice • No changes to the policy for executive directors have been made in the year or are proposed for the year ahead
• Performance is assessed over the relevant financial year • Performance metrics are selected by the Committee at the start of the relevant year, and are drawn from key financial metrics. Additionally, the Committee may select quantifiable metrics that are aligned with our strategic and/or operational objectives on a personal or collective basis • Targets for each metric are set at the start of each financial year, taking account of the business strategy, performance in previous years, market expectations and the prevailing economic climate • The greatest weighting will be given to financial performance; specifically, a minimum profit hurdle applies before any bonus is payable against any of the metrics • The final bonus award is made at the Committee's discretion. Subject to the overall maximum, the Committee may make appropriate adjustments to ensure that the bonus outcomes are a fair reflection of the underlying performance of the Company and may also take into account factors such as Group safety, operational performance, and personal performance	• Claw back provisions apply, which means cash and share elements may be recouped in specific circumstances during the two-year period following the end of the financial year to which the bonus relates • The discretionary Annual Bonus Plan applies to a broad population who have roles which allow them to contribute materially to the successful delivery of the Company's annual performance objectives. The Annual Bonus Plan operates within a consistent framework for all participants, with financial targets typically set by reference to the business area that is most relevant to the employee's role • No changes to the policy for executive directors have been made in the year or are proposed for the year ahead

DIRECTORS' REMUNERATION REPORT | CONTINUED

Executive directors' remuneration policy table continued

Purpose and alignment with strategy	Operation	Opportunity
Performance Share Plan (long-term, performance-related remuneration)		
To support the Company's strategy by incentivising sustained profit growth and capital efficiency over successive three-year performance periods, and to help retain senior executive talent	• Awards over Tate & Lyle PLC shares may be made, at the Committee's discretion, on an annual basis taking an individual executive's contribution and performance into account • Awards will only vest to participants if demanding financial performance requirements have been achieved over a period of at least three financial years commencing with the financial year in which the award is made	• The Committee has the flexibility to make awards of up to 300% of base salary (at the time of award) if appropriate to ensure market competitiveness and taking account of the Company's performance • The award will lapse entirely if threshold performance targets are not achieved • Only 15% of any award made to executive directors vests for achieving threshold performance
Personal share ownership requirements (this information is provided here to explain a key feature of the remuneration framework, but these requirements do not form part of the binding 'policy')		
To strengthen long-term alignment of interests between senior executives and the Company's shareholders	• Executive directors are subject to individual minimum share ownership requirements • Specified holdings must be built up over an initial five-year period following the adoption of the policy (or appointment, if later) and retained for the duration of employment	• Share ownership requirements for executive directors are as follows: – Chief Executive: four times base salary – Chief Financial Officer: three times base salary

Other (potential) benefits	Operation	Opportunity
To address specific commercial or administrative situations, the following benefits may be provided: • Director relocation and associated benefits, including international healthcare • Payment in lieu of dividend on specific share awards • UK savings-related share options (Sharesave Plan)	• If a director is required to relocate at the Company's request, e.g. as a result of changing business requirements, additional benefits may arise in accordance with the Group relocation policy. Benefits may include (without limitation): relocation assistance; health cover; travel; accommodation; and tax equalisation • Certain share awards carry the right to receive a cash payment in lieu of the dividend that would have been paid on those shares pending delivery • The Company operates a Sharesave Plan which is open to all employees in the UK, and provides a mechanism for employees to purchase shares at a discounted price through savings that accumulate from monthly deductions from net salary	• No directors currently receive relocation benefits • The cost of provision will be determined by the policy and will depend on the specific circumstances • Specific benefits and the cost of provision would be approved by the Remuneration Committee at the time • The value of any payment in lieu of dividend will depend on: the value of the relevant dividends paid over the relevant period, and the number of shares to which the participant is entitled • The value of individual grants is capped by reference to maximum participant savings (monthly savings/deductions from salary may not exceed HMRC limits, and a savings contract may run for a three- or five-year period)

Performance framework	Commentary
• Long-term performance is assessed over three financial years, commencing with the year in which the award is made • Awards are subject to the achievement of financial performance metrics which are confirmed by the Committee in advance of each new grant. Two performance metrics have applied to awards made since 2010, and equal weight has been given to each: – Growth in adjusted diluted earnings per share from continuing operations (EPS) over the three-year performance period – Adjusted return on capital employed (ROCE) achieved at the end of the performance period • These metrics were selected because together they represent key determinants of shareholder value creation: measuring the effectiveness of strategic investment decisions and the quality of earnings generated. If material changes to the metrics or weightings are proposed, the Committee would consult with key shareholders in advance of making a new award • Targets for each new award are carefully considered by the Committee ahead of the grant of awards in any year, to ensure these remain appropriately stretching over the three-year performance period, taking into account: the business strategy and long-term financial plan, market expectations and the prevailing economic climate • Before any shares are released at the end of the performance period, the Committee must also be satisfied that the level of vesting determined by performance against these targets is justified by the broader underlying financial performance of the Company	• Claw back provisions apply to awards made from 2013, which means they may be recouped in specific circumstances during the two-year period following the end of the performance period (as described on page 69) • Participation in the Performance Share Plan is extended to a targeted population of senior executives who are expected to make material individual contributions to the successful delivery of the Company's strategy and long-term performance. All awards under the Performance Share Plan are subject to the same performance framework, ensuring alignment and focus on our financial goals • No changes to the policy for executive directors have been made in the year or are proposed for the year ahead
• The value of an individual director's interests in shares is directly affected by share price performance	• Similar share ownership requirements extend to Executive Committee members (at three times base salary), and to a broader group of executives in senior leadership roles (at a level equal to their base salary) • No changes to the policy for executive directors have been made in the year or are proposed for the year ahead

Performance framework	Commentary
• Relocation benefits are fixed in accordance with Group policy • The payment in lieu of dividend is a benefit attached to specific awards, where applicable conditions have been satisfied at vesting. Accordingly, no additional performance conditions apply • No performance conditions are attached to Sharesave awards because the Sharesave Plan is an all-employee scheme	• Any such benefits would be payable in accordance with policies applicable more generally to employees within the Group • The value of any payment in lieu of dividends will be included in the 'single figure' table in the year the payment is made • Executive directors are entitled to participate in the Sharesave Plan because the plan must be open to all employees in the UK

DIRECTORS' REMUNERATION REPORT | CONTINUED

Remuneration policy for the Chairman and non-executive directors

Terms of appointment

The Chairman and non-executive directors have letters of appointment and do not have service contracts or notice periods. Under the terms of their appointment, they are usually expected to serve on the Board for between three and nine years, subject to their re-election by shareholders. The Company Chairman and non-executive directors receive a fee for their services, and do not participate in the Group's incentive or pension schemes, do not receive any other benefits, and have no right to compensation if their appointment is terminated.

Chairman and non-executive directors' fees

Non-executive directors' fees (excluding the Chairman) are reviewed annually by the Chairman and executive directors of the Board. The Chairman's fee is reviewed annually by the Committee (excluding the Chairman).

Aggregate fees depend on the responsibilities assumed by each non-executive director. A basic fee is paid to the Chairman, to the Senior Independent Director and to each non-executive director. In addition, supplemental fees are payable to each Committee chairman. Accordingly, supplemental fees are paid to the chairmen of the Audit, Corporate Responsibility, and Remuneration Committees as well as to the chairman of the Research Advisory Group, to reflect the extra responsibilities required by each of these positions.

Increases in fees arising from the normal annual review will generally be limited to the market increase applicable to UK employees generally. However, a higher or lower increase may be awarded to ensure that fees paid are commensurate with those paid by other UK-listed companies over time and are set at a level to retain individuals with the necessary experience and ability to make a substantial contribution to the Group.

Status of previously approved remuneration policy statements

It is intended that provisions consistent with previously disclosed directors' remuneration policies and/or incentive plans previously approved by shareholders will continue to apply after the resolution to adopt the remuneration policy set out in this Policy Report is approved. Such provisions will allow, without limitation:

- Contractual commitments entered into before the policy takes effect, or before an individual was subject to this policy on directors' remuneration, to be honoured
- The satisfaction of awards and/or commitments made in relation to short-term and long-term incentive plan awards (providing they were consistent with the policy in effect at the time the original award/commitment was made).

Such arrangements shall remain in effect and be included in the current remuneration policy by reference, even if they are not specifically provided for within the policy set out in this Policy Report.

Executive directors' external appointments

The Board believes that the Company can benefit from executive directors holding external non-executive directorships. Such appointments are subject to approval by the Board and are normally restricted to one position for each executive director. Fees may be retained by the executive director concerned.

Additional share plan disclosures

Potential impact of mergers and acquisitions or other corporate activity

In the context of a merger or acquisition, or other relevant corporate activity, any potential impact on the incentive plans would be specifically considered by the Committee. In such circumstances, the Committee retains the authority to vary the performance target or the vesting outcome to ensure that outcomes are equitable for both the participant and shareholders.

Change of control and voting

All of the Company's share plans contain provisions relating to a change of control. Outstanding awards would normally vest and become exercisable on a change of control, subject to the satisfaction of any performance conditions at that time, and in proportion to the time served during the performance period.

Service contracts

The Company's policy regarding executive directors' service contracts and appointment terms is to take account of market practice, and to ensure that provisions in relation to notice periods or termination payments are not excessive, as well as to ensure that contracts provide appropriate protection for the Company, for example in relation to restrictions on competition, solicitation of customers or employees, and the protection of intellectual property.

Executive directors are employed under service contracts commencing on dates as follows: Javed Ahmed (Chief Executive) – 1 October 2009; Tim Lodge (Chief Financial Officer) – 4 December 2008; and provide for six months' notice from the executive or 12 months' notice from the Company.

Service contracts for executive directors and letters of appointment for the Chairman and non-executive directors are available for inspection at the Company's registered office.

Beyond the items disclosed in this Report, there are no further obligations on the Company which could give rise to a remuneration or loss of office payment to a director.

Policy on the terms of directors' appointment

In order to ensure the continued growth and success of the business over time, the Company must have the flexibility to appoint new individuals to the Board, either by way of internal promotion or external appointment, on terms that are sufficient to attract and motivate individuals of the highest calibre.

The following key principles describe our intended approach in these circumstances (and are consistent with the principles that apply to the broader employee population).

- The starting point for negotiating any package on appointment will be the structure of the annual package in the 'future policy on remuneration' that has been approved by shareholders and is current at the time of the appointment.
- We will review the appropriateness of the total package (both fixed and variable elements), to ensure that it is appropriate in the context of relevant external market practice, the complexity and scope of the role, the particular needs and requirements of the Company at the time, internal relativities, and the appointee's skills, experience and qualifications.
- To respond to specific circumstances and/or to allow for differences in practice over time and by location, the Committee accepts that employment benefits may need to be structured differently from the specific provisions in place for current directors. The Committee therefore retains flexibility to make appropriate adjustments in provision, as considered appropriate, to provide market-referenced benefits which are necessary or appropriate in the proper performance of the role, for example in relation to: healthcare and insurance; transport and security; and provision for retirement.
- Where an appointment requires an individual to relocate, internationally or otherwise, the Company may agree to make payment(s) to offset certain expenses incurred as a consequence of relocation or may provide benefits in line with our global/domestic mobility policy, on appointment and on an ongoing basis, depending on the circumstances. Such benefits may include, without limitation: travel; relocation and tax-related assistance; and similar benefits on repatriation at the end of the term.
- The current policy provides for a maximum level of variable remuneration that is equivalent to 475% of base salary in the financial year of appointment. This is consistent with the aggregate current maximum award under the Annual Bonus Plan (including any deferred shares) and the maximum award value under our Performance Share Plan, although the balance between short-term and long-term elements may be different from the current policy, and awards may be made on different terms.
- Where an internal candidate is appointed, contractual commitments that have been made prior to appointment to the Board, along with any benefits and/or incentive awards that have been awarded at that time, may remain in effect and be honoured, even if they would not otherwise be consistent with the shareholder-approved remuneration policy in effect at the time.
- In order to secure the appointment of a suitable external candidate, the Committee retains the flexibility to provide additional compensation for the value of incentive awards or other benefits that are forfeited on leaving a former employer. In such circumstances, the Committee may make use of cash and/or shares, as it considers appropriate in the circumstances. The Committee will exercise careful judgment in formulating the terms on which such a compensatory award will be made, taking into account the form of award(s) that are forfeited, the timeframes over which they may otherwise have been earned and any performance conditions that would have applied.

This policy is intended to enable the Committee to structure an offer on terms that it considers to be in the best interests of the Company and its shareholders. Depending on the circumstances, and any restrictions or requirements that may apply, the Company may consult with key shareholders as part of this process and/or disclose terms on which a new appointment is made through the Regulatory Information Service, or in the following Annual Report.

Policy on payments in connection with loss of office

It is the Company's policy that executive directors are normally employed on contracts that provide for not more than 12 months' notice from the Company and at least six months' notice from the executive. To protect the Company's interests, restrictive covenants (non-compete/non-solicitation) apply for a period of 12 months following termination, less any period of 'garden leave'. The Chief Executive and Chief Financial Officer are each employed on contracts consistent with this policy.

The Committee's policy in respect of the treatment of executive directors leaving the Company is summarised in this section. The key principles are that the framework is designed to support a smooth transition from the Company, encouraging an orderly transfer of responsibilities, and taking into account the interests of shareholders in securing the sustained performance of the business beyond the executive's departure.

Termination for dishonesty or misconduct are circumstances in which the executive would retain the minimum contractual entitlements on departure (as described in column 'A' of the table on page 62), consistent with the need to avoid providing any element of reward for failure. An executive's departure in compassionate circumstances such as death or permanent disability would generally result in the most beneficial terms being received (as described in column 'B' of the table on page 62).

The terms that will apply if an executive departs from the Company in other circumstances would be considered at the Committee's discretion and approved on a case-by-case basis, in keeping with the principles above. Such circumstances would potentially result in treatment that is more favourable than the minimum but no more generous than that which applies in the compassionate circumstances described above.

DIRECTORS' REMUNERATION REPORT | CONTINUED

Summary of policy on payments in connection with loss of office

	(A) Termination for dishonesty or misconduct	(B) Death or permanent disability
Fixed elements of remuneration: • Base salary • Pension • Benefits	Cash elements, including accrued holiday pay, are paid pro rata to the termination date. Non-cash benefits may continue to be provided until the termination date, or paid as a cash equivalent (based on the cost of provision) on a pro rata basis.	Cash elements, including accrued holiday pay, are paid pro rata to the end of the relevant notice period. Non-cash benefits may continue to be provided until the end of the notice period, or paid as a cash equivalent (based on the cost of provision) on a pro rata basis.
Annual bonus awards	No discretionary bonus would be awarded in these circumstances. More generally, no discretionary bonus will normally be awarded unless an individual is in active employment on the payment date (for cash awards) and/or the award date (for deferred share awards). Dishonesty or misconduct may lead to the operation of claw back provisions within the terms of the plan.	Any discretionary bonus that is payable will be approved on a case-by-case basis by the Committee. Any bonus will normally be pro-rated to reflect the portion of the financial year prior to cessation, and would be paid at the normal time, reflecting the extent to which the original performance targets have been met. However, within a discretionary bonus framework, the Committee retains the flexibility to approve the timing and amount of the bonus on some other basis.
Deferred share awards	Unvested deferred shares will lapse. Vested awards that have not been transferred/released/exercised prior to cessation will lapse. Dishonesty or misconduct may lead to the operation of claw back provisions within the terms of the plan.	Previously vested but unexercised awards may be released in the normal way. In respect of unvested awards: • If a participant dies, a deferred bonus award will vest in full on that date • In the event of permanent disability, a deferred bonus award will continue on its existing terms, unless the Committee exercises its discretion to approve the release of the award on an earlier date. In the event of a change of control, an award may, at the Committee's discretion, be released on or prior to the event, or be exchanged for a replacement award with an acquiring company.
Long-term share incentive (Performance Shares Plan)[1]	Unvested awards will lapse. Vested awards that have not been transferred, released or exercised prior to cessation will lapse. Dishonesty or misconduct may lead to the operation of claw back provisions within the terms of the plan.	Previously vested but unexercised awards may be released during a period ending six months following cessation. In respect of unvested awards: • Awards made in prior years will remain in effect and, unless the Committee determines that awards should vest on some other basis, an individual may receive a proportion of the potential award depending on the extent to which the original performance conditions have been achieved at the end of the normal performance period • Other than in the case of death or permanent disability, awards will generally be reduced to reflect the proportion of the performance period which has elapsed prior to cessation. The same provisions apply in the event of a change of control, but for the fact that the achievement of performance conditions will be assessed when the change of control is effective.
Provision for payments in lieu of notice, and requirements for mitigation	The Company has the option to make a payment in lieu of notice in relation to the fixed elements of remuneration only (base salary, pension, and contractual benefits). Depending on the circumstances, such a payment may be subject to a duty of mitigation. The Chief Financial Officer's contract gives the Company the contractual right to phase the payments and to reduce them if the executive mitigates his loss. Other elements of remuneration described in the table are not affected by these provisions.	

1 Savings-related share options granted under the HMRC-approved Sharesave Plan will vest or lapse in keeping with HMRC regulations applicable to the circumstances at the relevant date.

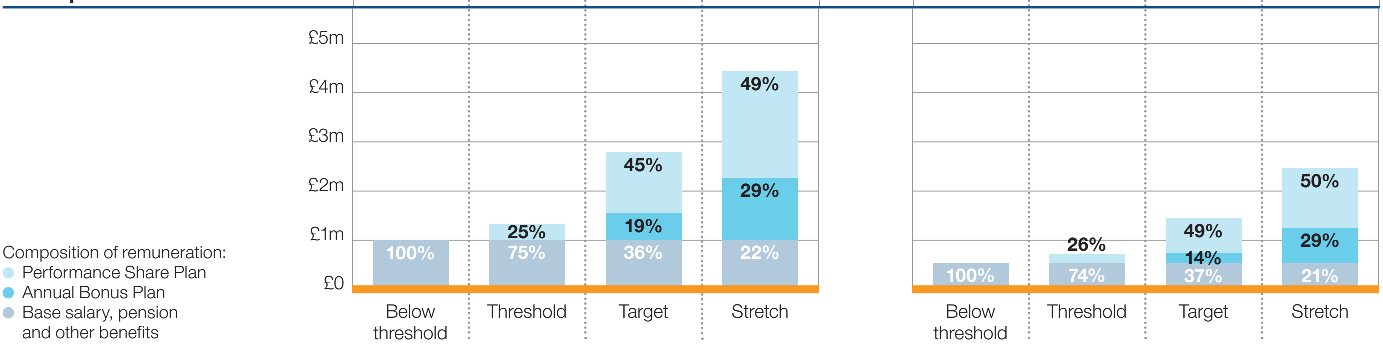
In addition to contractual rights to any payment on loss of office, any employee, including executive directors, may have statutory and/or common law or other rights to certain additional payments, for example in a redundancy situation. Similarly, additional consideration may be provided, if necessary, to secure specific agreements following separation (for example an enhanced non-compete provision) that protect the Company's interests.

Depending on the role and circumstances of departure, a director who has been relocated may be repatriated in accordance with previously agreed terms. The Company may pay some or all of the costs incurred by the executive in respect of legal, financial, outplacement or other relevant personal advisory services and/or expenses in connection with relocation. The Committee will approve such arrangements on a case-by-case basis, with a view to maintaining compliance with regulatory requirements and consistency with internal Company policies that may apply.

Application of remuneration policy

The tables and charts below illustrate the application of the remuneration policy described in this report, by showing the value that may be delivered from each element of the package under different performance scenarios.

	Chief Executive				Chief Financial Officer			
Element/value (£000s)	Below threshold	Threshold	Target	Stretch	Below threshold	Threshold	Target	Stretch
Base salary	721	721	721	721	406	406	406	406
Pension allowance	252	252	252	252	102	102	102	102
Other benefits	20	20	20	20	14	14	14	14
Annual bonus[1]	–	–	541	1 262	–	–	203	711
Performance Share Plan[2]	–	324	1 244	2 163	–	183	700	1 218
Total potential value	**993**	**1 317**	**2 778**	**4 418**	**522**	**705**	**1 425**	**2 451**



1 Annual bonus shows cash and deferred shares. No bonus is paid at or below threshold; the target opportunity is 75% of base salary for the Chief Executive and 50% for the Chief Financial Officer, while the maximum is 175%.

2 The maximum award is 300% of base salary. 15% vests at threshold, and the 'target' shown is half way between threshold and stretch (i.e. 57.5% of maximum).

Consideration of shareholder views

The remuneration strategy and policy described here were established in 2010 following a review and extensive consultation with major shareholders. Shareholders overwhelmingly approved the continuing use of the Performance Share Plan as our long-term incentive at the AGM in 2012.

The Committee (led by the Committee Chairman) engages with our major institutional shareholders each year specifically on remuneration topics, alongside the Board's wider-ranging shareholder engagement programme.

The Committee also receives regular updates on investors' views and corporate governance matters. These lines of communication ensure that emerging best practice principles are factored into the Committee's decision making during the year.

Statement of consideration of employment conditions elsewhere in the Company

The principles on which we base remuneration decisions for executives (as described on page 54) are broadly consistent with those on which we base remuneration decisions for all employees. In particular, the Committee takes into account the general pay and employment conditions of other employees of the Company when making decisions on executive directors' remuneration. This includes considering the levels of base salary increase for employees below executive level, and ensuring that the same principles apply in setting performance targets for executives' incentives as for other employees of the Group. The Committee also reviews information on bonus payments and share awards made to the broader management of the Group when determining awards and outcomes at executive director level.

DIRECTORS' REMUNERATION REPORT | CONTINUED

Annual Report on Remuneration

Introduction

As explained on page 53, this Report sets out how our established remuneration policy has been implemented during the year. The Report also covers details relating to the composition and key responsibilities of the Remuneration Committee and provides more information on how our incentive plans operate.

Implementation of the remuneration policy in the financial year ending 31 March 2015

The Company intends to implement the approved directors' remuneration policy for the financial year ending 31 March 2015.

Remuneration Committee consideration of matters relating to directors' remuneration

The Remuneration Committee comprises independent non-executive directors and the Chairman of the Board. The Committee met four times during the year. Membership and attendance during the year were as follows:

Directors as at 31 March 2014	Number of meetings	Meetings attended
Robert Walker (Committee Chairman)	4	4
Sir Peter Gershon	4	4
William Camp	4	4
Anne Minto	4	4
Dr Ajai Puri	4	4

The Company Secretary serves as secretary to the Committee. The Chief Executive, the Executive Vice President, Human Resources, the Vice President, Global Compensation and Benefits and the Executive Vice President, General Counsel are normally invited to attend meetings to assist the Committee, although none is present or involved when his or her own remuneration is discussed.

Main responsibilities of the Remuneration Committee

The main responsibilities of the Committee include:

- Assessing the appropriateness of executive remuneration in the context of the Company's strategy and priorities as well as overall competitiveness, taking into account data from independent, external sources
- Setting the detailed remuneration of the executive directors, designated members of senior management, and the Company Chairman (in consultation with the Chief Executive), including: base salary or fees, annual bonus, long-term incentives, benefits and contract terms
- Setting performance targets for awards made to senior executives under the Annual Bonus Plan and the long-term incentive plan and reviewing performance outcomes
- Reviewing the broader operation of the Annual Bonus and Performance Share Plans, including participation and overall award levels.

The Committee has a formal calendar of items for consideration. The Committee's terms of reference, which are reviewed annually, are available on the Company's website, www.tateandlyle.com.

Committee advisor

The Committee appointed Deloitte LLP as external advisor to the Committee, following a review and competitive tender process during 2012. As part of its annual processes, the Committee considered and confirmed that advice received from Deloitte LLP is objective and independent. Deloitte LLP is a signatory to the Remuneration Consultants' Code of Conduct, giving additional confidence to the Committee that the advice received is objective and independent of conflicts of interest.

Fees charged by Deloitte LLP for the provision of remuneration advice to the Committee amounted to £51,750 for the year ended 31 March 2014 in accordance with standard terms of business and a work plan that primarily reflects the Committee's planned activities during the year. During the year, Deloitte LLP also provided services to the rest of the Group on internal audit, corporate finance, systems, tax compliance and accounting.

Statement of shareholder voting

A resolution to approve the Directors' Remuneration Report was passed at the AGM on 24 July 2013. The voting outcome, which has previously been disclosed, was as follows:

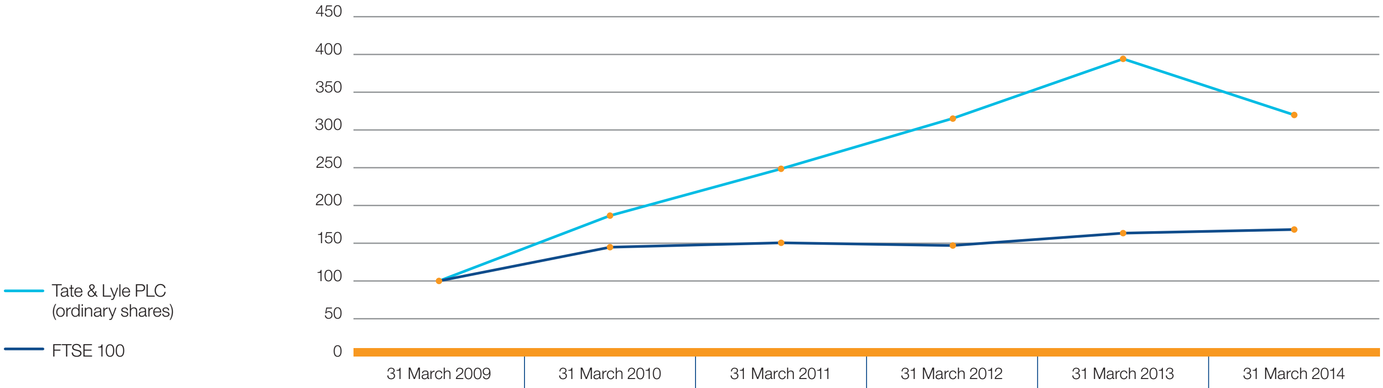
Resolution	Total for Number of votes	% of vote	Total against Number of votes	% of vote	Votes withheld[1] Number of votes
Directors' Remuneration Report	293 142 434	95.92	12 471 975	4.08	593 308

1 Votes withheld are not counted in the calculation of the proportion of votes for or against a resolution. On 24 July 2013, there were 466,378,765 ordinary shares in issue (excluding treasury shares).

Chart showing total shareholder return and Chief Executive pay

The chart, as required under the Regulations, illustrates the cumulative total shareholder return (TSR) performance of Tate & Lyle PLC against the FTSE 100 Index over the past five years. The FTSE 100 Index is considered to be an appropriate benchmark for this purpose since it is a broad equity market index with constituents comparable in size to Tate & Lyle over the five-year period. The graph shows the value of £100 invested in the FTSE 100 Index and Tate & Lyle in the five years from 31 March 2009.

The table provides the accompanying statistics required by the Regulations: a total compensation figure (determined on the same basis as for the single figure) for amounts paid to the individual serving as Chief Executive, and the proportion of any annual bonus and long-term incentive (LTI) that vested in the year (as a percentage of the maximum opportunity).



		31 March 2010	31 March 2011	31 March 2012	31 March 2013	31 March 2014
Chief Executive[1] total remuneration (£000s per single figure)	Javed Ahmed	977	3 277	11 198	5 367	2 729
	Iain Ferguson	1 312	nil	170	n/a	n/a
Annual bonus (% of maximum)		86%	100%	58%	18%	1.6%
LTI vesting (% of maximum)		0%	81%	100%	100%	67.7%

1 Javed Ahmed has served as Chief Executive since his appointment on 1 October 2009. Iain Ferguson was Chief Executive in the period until that date. The total remuneration figure shown for the year ended 31 March 2012 includes the value from a number of one-off compensatory awards made to Javed Ahmed on his appointment, as disclosed and explained in the 2009 and 2012 Annual Reports.

Comparison of movement in Chief Executive and broader employee remuneration

Change in value: year ended 31 March 2014 vs 31 March 2013	Base salary	Value of benefits	Annual bonus[3]
Chief Executive	0%	0%	-91%
Broader employee population[2]	+2.7%	+20%	-56%

2 The broader employee population refers to a global population of salaried employees for salary comparison and the UK employee population for the benefits comparison, reflecting the context in which executive directors' salaries and benefits are determined; and refers to the global group of participants in the Annual Bonus Plan for the bonus comparison, so that the combination of business performance across our divisions that contributes to the Group's results is appropriately represented.

3 Includes deferred shares where applicable.

Relative importance of spend on pay

	Year ended 31 March 2013	Year ended 31 March 2014	% change
Remuneration paid to or receivable by all employees of the Group	£234m	£225m	-3.8%
Distributions to shareholders (by way of dividend and purchase of ordinary shares into treasury)	£140m	£153m	+9.3%

DIRECTORS' REMUNERATION REPORT | CONTINUED

The sections that follow provide more information on remuneration decisions and the operation of incentive plans during the year ended 31 March 2014.

Base salary

Executive directors' salaries are reviewed annually, with effect from 1 April. At the 2014 review, the Committee agreed that no changes would be made to executive director salaries for the year ahead, taking current market positioning into account. The average increase awarded to other UK-based employees was approximately 2.7%.

Executive directors' base salaries as at 1 April (£)	2014	2013	% change
Javed Ahmed	721 000	721 000	nil
Tim Lodge	405 820	405 820	nil

Chairman's and non-executive directors' fees

Fees are reviewed annually, in accordance with our stated policy, by the Committee (excluding the Chairman) in respect of the Chairman's fee, and by the Chairman and the executive directors in respect of other non-executive directors' fees.

Taking into account the competitiveness of current fees against the comparable market position, and the time commitment required of each role, the adjustments in the table below were approved with effect from 1 April 2014. The aggregate increase is broadly in line with the rate of increase applicable to UK-based employees (being approximately 2.7%).

Fees (per annum) as at 1 April (£)	2014	2013	% change
Basic fees			
Chairman[1]	324 500	315 950	2.7%
Non-executive director	62 850	61 500	2.1%
Senior Independent Director	72 850	68 600	6.2%
Supplemental fees (per annum)			
Chairman of Audit Committee	16 650	16 300	2.2%
Chairman of Remuneration Committee	12 500	10 850	15.2%
Chairman of Corporate Responsibility Committee	11 100	10 850	2.3%
Chairman of Research Advisory Group	23 300	22 800	2.2%

1 The Chairman's fee includes his role as Chairman of the Nominations Committee.

Annual bonus

The bonus structure described here applied to the year ended 31 March 2014; we propose to retain this structure for the coming year.

The bonus focuses performance on three objectives: profitability; sales performance; and cash conversion. Before any bonus is payable, a minimum level of profit has to be achieved by the Company, regardless of performance against other metrics.

For each performance metric, there is a corresponding multiplier, which varies between threshold, target and stretch levels of performance. Once the minimum profit threshold is achieved, bonuses are calculated by applying the multipliers which have the effect of increasing or decreasing the value of the bonus depending on performance against each metric in turn. To achieve the maximum payout, performance against all three metrics must be at or above the stretch level.

		Step 1		Step 2		Step 3		
Target bonus (% of base salary) Chief Executive (75%) Chief Financial Officer (50%)	X	**Profitability multiplier (once minimum threshold is achieved)**	X	**Sales performance multiplier**	X	**Cash conversion multiplier**	=	**Bonus achieved (as % of base salary)**

Profit performance is the most important of the three metrics, so multipliers for the profitability factor are more heavily geared than for the other two metrics, that is, improvements in profitability have the greatest impact on bonus payments. All multipliers and their weightings are agreed by the Committee when targets are set at the start of the year, reflecting the importance of each of the metrics in the context of the progress made against the Company's long-term business strategy.

Annual bonus for the year ended 31 March 2014 (audited)

The table below provides further information on each metric. The Committee considers that bonus targets are commercially sensitive because they may reveal information about the business plan in the year ahead that may damage our competitive advantage, and accordingly does not disclose these on a prospective basis. However, we continue our practice of reporting the level of performance required to achieve maximum bonus for the year just ended relative to the prior year's performance, and the level of performance actually achieved against those targets.

Bonus objective	Profitability	Sales performance	Cash conversion
Metric	PBTEA	Net sales less cost of raw materials	Cash conversion cycle
Definition	Adjusted profit before tax, exceptional items, amortisation and net retirement benefit interest	Gross sales net of associated selling costs, less the costs of raw materials used in production	The number of days between cash expenditure and collection, taking account of inventory, payables and receivables; based on the average of the four quarter-end results
Rationale	Measures the underlying profit generated by the business and whether management is converting growth into profit effectively	Measures whether management is growing the business: by assessing growth after deducting the cost of raw materials, this metric better reflects the value added by the business	Measures whether the business is managing its working capital and converting profit into cash effectively
Performance required for maximum bonus	11.4% improvement vs prior year	8.0% improvement vs prior year	6.7% improvement vs prior year
Actual performance	0.5% improvement vs prior year	2.0% improvement vs prior year	4.8% improvement vs prior year
Bonus outcome	Between threshold and target	Between threshold and target	Between target and stretch
Comments on actual performance	Speciality Food Ingredients – operating profit growth of 1% with good volume growth in Asia Pacific, Europe and Latin America offset by slightly lower US volumes and lower SPLENDA® Sucralose prices; Bulk Ingredients – operating profit 4% lower as a result of soft US beverage season, lower returns from co-products and the impact of the protracted severe cold winter in North America	Lower sales largely driven by the impact of pass through of significantly lower corn prices in Bulk Ingredients and starch-based speciality ingredients	This improved by three days as a result of lower inventory levels in the US and significantly lower corn prices

Performance is measured on the basis of constant exchange rates for the Group's continuing operations. The Committee reviews and approves the performance outcomes, considers the Group's safety performance and then may make adjustments on an exceptional basis to ensure that the results are a true reflection of the underlying strength and performance of the Company.

On the basis of these performance outcomes, an annual bonus was awarded by the Committee of 2.81% of base salary for the Chief Executive and 1.88% of base salary for the Chief Financial Officer for the year ended 31 March 2014.

Deferral and claw back provisions

Any bonus amount up to 100% of base salary is paid in cash. Any excess above 100% of base salary is paid in the form of deferred shares. The shares are released after two years subject to the executive remaining in service with the Company, and carry the right to receive a payment in lieu of dividend between award and release.

Both the cash and share elements are subject to claw back provisions, which mean that they may be recouped in whole or in part, at the discretion of the Committee in the exceptional event that results were found to have been misstated or if an executive commits an act of gross misconduct.

Long-term incentive – Performance Share Plan

The Performance Share Plan (PSP) was reviewed in 2010 to provide a long-term incentive that is consistent with the business strategy. We specifically consulted with shareholders in detail at that time and again when we renewed the PSP on the same key terms in 2012. The PSP closely aligns executive directors' and senior executives' interests with the strategy and with the interests of shareholders over the long term, and is therefore an important component of the overall package. At the 2012 AGM, 98% of shareholder votes were cast in support of the resolution to approve the PSP.

DIRECTORS' REMUNERATION REPORT | CONTINUED

Maximum award level
Since the 2010 AGM, awards to the executive directors and other senior executives have been granted at the discretion of the Committee, with flexibility for the Committee to make awards of up to 300% of base salary where necessary to ensure market competitiveness, while taking into account Company performance.

Performance conditions
The release of awards depends on the Group's performance during the three-year performance period beginning on 1 April in the year of the award. For awards made since 2010, the performance conditions comprised two elements, explained in the table below, consistent with the principles established following the review and consultation with shareholders at that time.

Metric	Adjusted diluted earnings per share (EPS)		Adjusted return on capital employed (ROCE)	
Definition	Performance is measured by comparing the compound annual growth rate (CAGR) of the Company's adjusted diluted EPS from continuing operations over the three-year performance period against pre-determined targets		Performance is measured by the adjusted ROCE on continuing operations achieved at the end of the three-year performance period against the pre-determined targets[1]	
Weighting	50% of the award depends on this metric		50% of the award depends on this metric	
Rationale	The Committee selected this metric as it is a key determinant of shareholder value creation		The Committee selected this metric as it is a good indicator of the effectiveness of strategic investment decisions and of the quality of earnings generated	
Vesting schedule	EPS performance (CAGR)	Vesting outcome (% of maximum)	ROCE performance	Vesting outcome (% of maximum)
	Below 6%	Nil	Below 13.4%	Nil
	6%	15%	13.4%	15%
	Between 6% and 15%	On a straight line between 15%[2] and 100%	Between 13.4% and 16.4%	On a straight line between 15%[2] and 100%
	At or above 15%	100%	At or above 16.4%	100%

1 The ROCE outcome would be adjusted downward in the event of any asset impairment (adding this back into capital employed); this is to encourage a prudent investment strategy. For this reason, in the event of there being an impairment of assets during the performance period, the ROCE figure for PSP purposes can be significantly lower than the unadjusted ROCE number reported in the Company's accounts.

2 Under the special arrangements that were agreed in 2009 on the Chief Executive's appointment, 25% of his 2011 award vests at threshold performance.

The Committee reviews the appropriateness of metrics and targets ahead of the grant of awards in any year to ensure these remain sufficiently stretching. In practice, no changes to the performance targets have been made since they were established in 2010, and accordingly shares awarded under the PSP in 2011, 2012 and 2013 vest in accordance with the schedule set out in the table above.

Before any shares are released, the Committee must also be satisfied that the level of vesting determined by performance against these targets is justified by the broader underlying financial performance of the Company.

2011 PSP awards vesting by reference to the period ended 31 March 2014 (audited)
PSP awards made in 2011 were dependent on EPS growth and ROCE targets as described above, with each condition applicable to half of the award. Performance against these conditions and the vesting outcome is indicated in the table below.

Performance condition	Weighting	Performance outcome	Vesting outcome for this element	Combined vesting outcome
EPS growth	50%	7.2% growth	26.8%	Based on the combination of EPS and ROCE performance, the Committee has confirmed that 63.4% of the PSP awards made in 2011 have vested
ROCE	50%	18.9%	100%	

Under the arrangements agreed in 2009 on the Chief Executive's appointment, 25% of the award made to Javed Ahmed in 2011 vests at threshold. Accordingly, the EPS element vests at 35.4%, the ROCE element vests at 100%, and the overall combined award vests at 67.7%.

In confirming these outcomes, the Committee also considered the broader underlying financial performance of Tate & Lyle over the performance period, to ensure that vesting results based on these performance outcomes were consistent with a broader view of the financial health and performance of the business.

Claw back provisions

Awards made under the PSP from 1 April 2013 are subject to claw back provisions for a period following the vesting date and extending to the fifth anniversary following the date of grant. During this period, the Committee may determine that an award will lapse wholly or in part (or may require that a participant shall repay up to 100% of the value of any award that has vested by virtue of performance), in the event of circumstances including the following: material misstatement of financial results; misconduct which justifies, or could justify, summary dismissal of the participant; or if information has emerged which would have affected the value of the original award that was granted to a participant, or the level at which the performance conditions were judged to have been satisfied.

Single figure table (audited)

	Salary/fees		Benefits[1]		Annual Bonus		PSP Shares[2]		Pension		Other remuneration		Total	
Year ended 31 March	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Chairman														
Sir Peter Gershon	316	307	–	–	–	–	–	–	–	–	–	–	316	307
Executive directors														
Javed Ahmed	721	721	23	20	20	233	1 712	4 141	252	252	–	–	2 728	5 367
Tim Lodge	406	406	15	14	8	87	903	1 956	101	101	–	–	1 433	2 564
Non-executive directors														
Liz Airey	78	76	–	–	–	–	–	–	–	–	–	–	78	76
William Camp	72	67	–	–	–	–	–	–	–	–	–	–	72	67
Douglas Hurt	62	60	–	–	–	–	–	–	–	–	–	–	62	60
Virginia Kamsky	62	20	–	–	–	–	–	–	–	–	–	–	62	20
Anne Minto	62	20	–	–	–	–	–	–	–	–	–	–	62	20
Dr Ajai Puri	84	82	–	–	–	–	–	–	–	–	–	–	84	82
Robert Walker	79	70	–	–	–	–	–	–	–	–	–	–	79	70
Former directors														
Evert Henkes	–	47	–	–	–	–	–	–	–	–	–	–	–	47

1 Benefits for executive directors include health insurance and car allowance.

2 PSP awards were released to participants based on the achievement of performance conditions over the period ended 31 March 2014 (as described on page 68). PSP awards vested following the Remuneration Committee meeting in May 2014 and are valued at a share price of 668.50 pence, being the closing share price on 27 May 2014 which is the vesting date.

Total pension entitlements (audited)

Directors participate in arrangements that are defined contribution in nature. Contributions made to or in lieu of pension in respect of each director during the year are shown in the single figure table.

As a deferred member of the Group Scheme, Tim Lodge's total accrued pension from the Group Scheme at the end of the year amounted to £193,340 per annum (31 March 2013 – £188,000). The Scheme was closed to future accrual from April 2011; the year-on-year change relates only to the inflation-linked contractual uplift in deferred pension values that applies under the Scheme rules. His normal retirement date is the end of the month in which he attains age 62. No additional benefits would arise in the event of his early retirement.

Termination and loss of office payments (audited)

There have been no payments to past directors and no loss of office payments made during the year.

Share awards made during the year (audited)

	Award	Type of award	Date of grant	Number of shares	Face value of award[3]	Face value as % of salary[3]	Performance conditions[4]	Performance period	% of vesting at threshold
Javed Ahmed	Performance Share Plan	Nil cost option	2 July 2013	267 418	£2 163 010	300%	50% adjusted diluted EPS growth; 50% adjusted ROCE	Three financial years ending 31 March 2016	15%
Tim Lodge	Performance Share Plan	Nil cost option	2 July 2013	150 518	£1 217 465	300%			

3 Under the terms of the Plan approved by shareholders, the number of shares comprising an award in any year is calculated based on the average share price over the last three months of the preceding financial year, being 808.85 pence for the 2013 award.

4 Performance conditions are described on page 68.

DIRECTORS' REMUNERATION REPORT | CONTINUED

Share awards made in prior years (audited)

The table below sets out the current position of share-based awards made to executive directors.

	As at 1 April 2013 (number)	Awards vested during year (number)	Awards lapsed during year (number)	Awards exercised during year (number)	As at 31 March 2014 (number)	Market price on date awards granted (pence)	Market price on date awards vested (pence)	Vesting date
Javed Ahmed								
Share-incentive arrangements on recruitment:								
Compensatory Award A[1]	419 403	–	–	–	419 403	444.90	632.50	01/10/11
Compensatory Award C[2,3]	257 870	–	–	–	257 870	444.90	676.50	29/05/12
Long-term incentive Award A[2,3]	656 640	–	–	–	656 640	444.90	676.50	29/05/12
Long-term incentive Award B[2,4,5]	473 042	473 042	–	–	473 042	440.20	875.50	28/05/13
Long-term incentive Award C[2,6]	378 337	–	–	–	378 337	590.50	–	After 31/03/14
Performance Share Plan[2,7]:								
2012	310 567	–	–	–	310 567	671.00	–	After 31/03/15
Deferred shares from annual bonus[8]:								
2011 bonus year	2 010	–	–	–	2 010	676.50	–	29/05/14
Tim Lodge								
Performance Share Plan[2,7]:								
2008	26 088	–	–	26 088	–	394.25	611.00	24/05/11
2009	151 999	–	–	151 999	–	294.25	676.50	29/05/12
2010[6]	223 381	223 381	–	223 381	–	440.20	875.50	28/05/13
2011	212 950	–	–	–	212 950	590.50	–	After 31/03/14
2012	174 805	–	–	–	174 805	671.00	–	After 31/03/15
Deferred shares from annual bonus[8]:								
2010 bonus year[9]	51 683	51 683	–	51 683	–	611.00	816.50	31/05/13
2011 bonus year	1 131	–	–	–	1 131	676.50	–	29/05/14

1 This award, to compensate Javed Ahmed for certain long-term incentives given up by him as a consequence of leaving his former employer, is not subject to performance conditions. The shares were available to exercise from 1 October 2011, being the second anniversary of Javed Ahmed joining the Company and will remain exercisable until 30 September 2017. Pending delivery, he receives a payment in lieu of dividend on these shares which is subject to the deduction of tax. In the event of a change in control, the shares will be delivered immediately.

2 The three-year performance period for these awards begins on the first day of the financial year in which the award is granted.

3 This award is subject to the same performance conditions as PSP awards made in 2009.

4 This award is subject to the same performance conditions as PSP awards made in 2010.

5 2010 PSP awards vested in full, based on the achievement of adjusted diluted EPS growth and adjusted ROCE performance, as described in the Annual Report 2013.

6 This award is subject to the same performance conditions as PSP awards made in 2011.

7 The performance conditions for PSP awards made in 2011, 2012 and 2013 are 50% adjusted diluted EPS and 50% adjusted ROCE, as described in this Report.

8 Deferred shares granted under the Annual Bonus Plan (as described on page 67). The full value of these awards has been disclosed previously in the emoluments table(s) in the relevant bonus year(s). For example, the values of deferred shares relating to performance in the year ended 31 March 2012 are included in the emoluments table for the year ended 31 March 2012 (contained within the Annual Report 2012).

9 The shares awarded in relation to the 2010 bonus vested at the end of their two-year deferral period.

All-employee schemes (audited)

Details of the directors who were in office for any part of the financial year, and who hold or held options to subscribe for ordinary shares of the Company, are set out in the table below.

Savings-related share options are options granted under the HMRC-approved Sharesave Plan. Options are not subject to performance conditions and are normally exercisable during the six-month period following the end of the relevant three- or five-year savings contract.

	As at 1 April 2013 (number)	Options granted during year (number)	Options exercised during year (number)	Options lapsed during year (number)	As at 31 March 2014 (number)	Exercise price (pence)	Exercise period
Chief Executive (Javed Ahmed) Savings-related options 2009	3 720	–	–	–	3 720	418.00	01/03/15 to 31/08/15
Chief Financial Officer (Tim Lodge) Savings-related options 2012	2 471	–	–	–	2 471	607.00	01/03/18 to 31/08/18

Statement of directors' shareholding and share interests (audited)

Personal share ownership requirements (policy on executive share ownership)

The Committee and executive management believe that personal investment in Company shares is an important part of our overall remuneration framework. Material personal investment in Company shares serves to strengthen the long-term alignment of interests between senior executives and the Company's shareholders.

Our executive shareholding requirements are more demanding and extend to a greater number of senior executives in the Group when compared with similar UK-listed companies.

- The Chief Executive has a target share ownership requirement of four times base salary, and his shareholding currently exceeds this target.
- The Chief Financial Officer has a target shareholding of three times base salary, and his shareholding currently exceeds this target.
- Other Executive Committee members are subject to the share ownership policy, with target holdings at three times salary.
- This policy was extended to a broader group of executives from 2011 who have senior leadership roles within the Company. The shareholding target for this group is equal to their base salary.

The Committee monitors progress against the share ownership requirements annually.

Directors' interests (audited)

The interests held by each person who was a director during the financial year in the ordinary shares of 25p each in the Company are shown below. All of the interests set out in the table are beneficially held and no director had interests in any class of shares other than ordinary shares. The table also summarises the interests in shares held through the Company's various share plans.

	Interest in shares[1]	Shares – conditional on performance[2]	Shares – not conditional on performance[3]	Options – not conditional on performance[4]	Total
Chairman					
Sir Peter Gershon	82 080	–	–	–	82 080
Executive directors					
Javed Ahmed	1 204 457	956 322	1 808 965	3 720	3 973 464
Tim Lodge	316 391	538 273	1 131	2 471	858 226
Non-executive directors					
Liz Airey	16 000	–	–	–	16 000
William Camp	2 200	–	–	–	2 200
Douglas Hurt	10 000	–	–	–	10 000
Virginia Kamsky	5 000	–	–	–	5 000
Anne Minto	8 600	–	–	–	8 600
Dr Ajai Puri	2 018	–	–	–	2 018
Robert Walker	22 162	–	–	–	22 162

1 Includes shares owned by connected persons.

2 Includes awards under the Performance Share Plan and the special arrangements that were put in place to facilitate Javed Ahmed's recruitment which are subject to performance conditions.

3 Includes deferred share awards made under the Annual Bonus Plan, and vested but unexercised awards granted to Javed Ahmed in connection with his appointment.

4 Includes HMRC-approved Sharesave Plan awards.

There were no changes in directors' interests in the period from 1 April 2014 to 28 May 2014.

The market price of the Company's ordinary shares at the close of business on 31 March 2014 was 667.50 pence, and the range during the year ended 31 March 2014 was 624.0 pence to 883.0 pence.

On behalf of the Board

Robert Walker
Chairman of the Remuneration Committee
28 May 2014

DIRECTORS' REPORT

About the Directors' Report

The Directors' Report comprises the Governance section from pages 38 to 51, the Directors' Report on pages 72 and 73 and the Useful Information section from pages 141 to the inside back cover. Other information that is relevant to the Directors' Report, and which is incorporated by reference into the Directors' Report, is disclosed as follows:

- Likely future developments of the Company (throughout the Strategic Report)
- Human rights (page 32)
- Greenhouse gas emissions (pages 35 and 36)
- Relationship with employees (page 34)
- Financial instruments (Note 21).

Results and dividend

A review of the results can be found on pages 1 to 37.

An interim dividend of 7.8p per ordinary share was paid on 3 January 2014. The Directors recommend a final dividend of 19.8p per ordinary share to be paid on 1 August 2014 to shareholders on the register on 27 June 2014, subject to approval at the 2014 Annual General Meeting (AGM). The total dividend for the year is 27.6p per ordinary share (2013 – 26.2p).

Research and development

The Group spent £33 million (2013 – £32 million) on research and development during the year.

Articles of Association

The Articles of Association set out the internal regulation of the Company and cover such matters as the rights of shareholders, the appointment or removal of directors, and the conduct of the Board and general meetings. Copies are available on request and are displayed on the Company's website, www.tateandlyle.com.

In accordance with the Articles of Association, directors can be appointed or removed by the Board or by shareholders in general meeting. Amendments to the Articles of Association have to be approved by at least 75% of those voting in person or by proxy at a general meeting of the Company. Subject to UK company law and the Articles of Association, the Directors may exercise all the powers of the Company, and may delegate authorities to committees, and may delegate day-to-day management and decision making to individual executive directors. Details of the Board Committees can be found on pages 47 to 51 and on page 64.

Share capital

As at 31 March 2014, the Company had nominal issued ordinary and preference share capital of £119 million comprising £117 million in ordinary shares, including £0.6 million in treasury shares and £2 million in preference shares.

To satisfy obligations under employee share plans, the Company issued 9,983 ordinary shares during the year and reissued 2,443,619 ordinary shares from treasury. The Company issued 2,914 shares during the period from 1 April 2014 to 28 May 2014. Further information about share capital is in Note 24. Information about options granted under the Company's employee share plans is in Note 26.

The Company was given authority at the 2013 AGM to make market purchases of up to 46,639,912 of its own ordinary shares. The Company purchased 3,045,000 of its own ordinary shares during the year ended 31 March 2014; these shares are held in treasury to satisfy awards made under performance share plans. This authority will expire at the 2014 AGM and approval will be sought from shareholders for a similar authority to be given for a further year.

Restrictions on holding shares

There are no restrictions on the transfer of shares and prior approval is not required from the Company nor from other holders for such a transfer. No limitations are placed on the holding of shares and no share class carries special rights of control of the Company. There are no restrictions on voting rights other than those outlined below on preference shares. The Company is not aware of any agreements between shareholders that may restrict the transfer or exercise of voting rights.

Shareholders' rights

Holders of ordinary shares have the rights accorded to them under UK company law, including the rights to receive the Company's annual report and accounts, attend and speak at general meetings, appoint proxies and exercise voting rights.

Holders of preference shares have limited voting rights and may not vote on: the disposal of surplus profits after the dividend on the preference shares has been provided for; the election of directors or their remuneration; any agreement between the directors and the Company; or the alteration of the Articles of Association dealing with any such matters. Further details regarding the rights and obligations attached to share classes are contained in the Articles of Association which are available on the Company's website, www.tateandlyle.com.

DTR Rule 5 disclosure

As at 28 May 2014, the Company had been notified under Rule 5 of the Disclosure and Transparency Rules of the following holdings of voting rights in its shares:

	Number of shares[2]	% held[2]
Black Rock, Inc	46 514 801	9.97
AXA S.A.[1]	22 890 148	4.98
Artemis Investment Management LLP[1]	23 207 193	4.97
Invesco Limited[1]	23 111 061	4.95
Schroders plc	21 252 858	4.56
TIAA-CREF Investment Management, LLC and Teachers Advisors, INC.	18 348 821	3.94
Barclays Global Investors[1]	17 568 133	3.59

1 Notification was made over 12 months ago; as permitted under Rule 5, shareholders may not be required to notify us of subsequent changes within certain ranges.

2 As at the date in the notification to the Company.

Change of control

The Company has a committed bank facility of US$800 million, which matures in 2016. Under the terms of this facility, the banks can give notice to Tate & Lyle to prepay outstanding amounts and cancel the commitments where there is a change of control of the Company. The Company is the guarantor of a £200 million bond issue by its subsidiary, Tate & Lyle International Finance PLC, dated 25 November 2009, which is repayable in 2019. Under the terms of the bond issue, noteholders have the option to request an early repayment where there is a change of control of the Company.

All of the Company's share plans contain provisions relating to a change of control. Further information is on page 60.

Political donations

Again this year, in line with the Group's policy, no political donations were made in the European Union (EU). Outside the EU, the Group's US business made contributions during the year totalling US$22,000 (£14,000) (2013 – US$19,000; £12,000) to state political party committees and to the campaign committees of state candidates affiliated to the major parties. In all, ten separate donations were made, the largest being of $5,000 and the smallest $300. US$14,000 (£9,000) (2013 – US$8,000; £5,000) was also contributed by the Tate & Lyle Political Action Committee (PAC). Nine separate donations were made, the largest being of $4,000 and the smallest $1,000. The PAC is funded entirely by US employees. Employee contributions are entirely voluntary and no pressure is placed on US employees to participate. No funds are provided to the PAC by Tate & Lyle but under US law, an employee-funded PAC must bear the name of the employing company.

DIRECTORS' STATEMENT OF RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the Parent Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether IFRSs as adopted by the European Union and, with regard to the Parent Company Financial Statements, applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and Parent Company Financial Statements respectively
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the directors, whose names and functions are listed on pages 38 and 39, confirm that, to the best of his or her knowledge:

- The Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's and the Group's performance, business model and strategy
- The Group Financial Statements, which have been prepared in accordance with IFRSs as adopted by the EU, and the Parent Company Financial Statements in accordance with UK Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Parent Company
- The Strategic Report and the Directors' Report include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

Disclosure of information to auditors

So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and he or she has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The Directors' Report on pages 38 to 51, pages 72 and 73 and pages 141 to the inside back cover and the Directors' Remuneration Report from pages 52 to 71 of this Annual Report were approved by the Directors on 28 May 2014.

On behalf of the Board

Lucie Gilbert
Company Secretary
28 May 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TATE & LYLE PLC

Report on the Group financial statements

Our opinion

In our opinion the Group financial statements of Tate & Lyle PLC and its subsidiaries (collectively 'the Group'), defined below:

- give a true and fair view of the state of the Group's affairs as at 31 March 2014 and of the Group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The Group financial statements, which are prepared by Tate & Lyle PLC, comprise:

- the consolidated statement of financial position as at 31 March 2014;
- the consolidated income statement and consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation comprises applicable law and IFRSs as adopted by the European Union.

Certain disclosures required by the financial reporting framework have been presented elsewhere in the Annual Report 2014 ('the Annual Report'), rather than in the notes to the Group financial statements. These are cross-referenced from the Group financial statements and are identified as audited.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)'). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Group financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Overview of our audit approach

Materiality

We set certain thresholds for materiality. These helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the Group financial statements as a whole to be £15 million, which represents approximately 5% profit before tax from continuing operations.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1 million as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Overview of the scope of our audit

The Group is primarily structured across two divisions being Speciality Food Ingredients and Bulk Ingredients with a central support function. The Group financial statements are a consolidation of the Group's reporting units, spread across the two divisions, which comprise the Group's operating businesses and centralised functions covering 35 countries.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at the reporting units by us, as the Group engagement team, or component auditors from other PwC network firms operating under our instructions. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those reporting units to be able to conclude whether sufficient and appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

Accordingly, we identified six reporting units which, in our view, required an audit of their complete financial information, either due to their size or their risk characteristics. In addition, specific audit procedures on certain balances and transactions were performed at a further nine reporting units. The procedures described above provided coverage of 78% of the Group's sales and 70% of the Group's profit before tax from continuing operations.

This, together with additional procedures at a Group level, including the audit of individual transactions that were material to the Group in operating businesses not subject to an audit of their complete financial information or where specific audit procedures were not undertaken by component auditors, gave us the evidence we needed for our opinion on the Group financial statements as a whole.

Areas of particular audit focus

In preparing the financial statements, the Directors made a number of subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We primarily focused our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

In our audit, we tested and examined information, using sampling and other auditing techniques, to the extent we considered necessary to provide a reasonable basis for us to draw conclusions. We obtained audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

We considered the following areas to be those that required particular focus in the current year. This is not a complete list of all risks or areas of focus identified by our audit. We discussed these areas of focus with the Audit Committee. Their report on those matters that they considered to be significant issues in relation to the financial statements is set out on page 48.

Area of focus	How the scope of our audit addressed the area of focus
Commodity risk The Group uses corn and other commodity contracts to manage and economically hedge its corn book within the US. The US corn book, comprising the commodity contracts, inventory and purchase and sales contracts for corn and co-products, are marked to fair value at the end of each reporting period. The valuation at each reporting period has a substantial impact on the reported results of the US business and the Group. Furthermore, the valuation can require a high level of judgement. Refer to Notes 3, 19 and 20 to the Group financial statements.	We obtained an understanding of the risks associated with the valuation and pricing methodology used at the year end and compared it to the underlying accounting policy. We confirmed the open commodity positions with brokerage houses and re-performed market price valuations for contracts on a sample basis to test the accuracy of the valuation. We tested manual adjustments that were made to the valuations to check the rationale on which they were based. In instances where commodities are not readily traded on an open market, we performed trend analyses against similar market traded commodities.
Direct tax provisions The Directors are required to exercise significant judgement when determining the appropriate amount to provide in respect of potential direct tax exposures relating to challenges by the tax authorities on cross border arrangements and transfer pricing in various countries. Refer to Notes 3, 11 and 29 to the Group financial statements. We focused on this area because of the inherent judgements required in estimating the amount of provision required. Changes in assumptions can materially affect the levels of provisions recorded in the financial statements.	We obtained a detailed understanding of the Group's tax strategy and assessed key technical tax issues and risks related to business and legislative developments. We recalculated management's valuations of direct tax provisions and determined whether the calculations were in line with the Group's methodology and principles and whether they had been applied consistently with previous years. We challenged the key underlying assumptions, having due regard for on-going correspondence between Group entities and local tax authorities.
Retirement benefit obligation liabilities The Group operates material defined benefit pension plans, giving rise to pension plan liabilities in the UK and the US. The Group also operates a significant retirement medical scheme in the US. We focused on this area because of the magnitude of the defined benefit pension plan liability and the retirement medical scheme in the context of the overall statement of financial position. Levels of judgement and technical expertise are required in choosing appropriate assumptions to measure the plans and scheme liabilities. Changes in key assumptions can have a material impact on the calculation of the liabilities. Refer to Notes 3 and 30 to the Group financial statements.	We obtained an understanding of the assumptions used by the Group's actuaries and management in calculating the retirement benefit obligations for the defined benefit pension plans in the UK and the US, and the retirement medical scheme in the US. Having formed that understanding we challenged the key actuarial assumptions (including pension increases, salary increases, inflation, discount rates and mortality), by comparing these to benchmark ranges based on market conditions and expectations at 31 March 2014 and comparison across the wider pensions industry. We also confirmed whether the methods used by management to determine key assumptions had been consistently applied year-on-year and evaluated the rationale for any changes in approach. We tested the reconciliation of the opening to closing liability for accuracy taking into account the movements in key assumptions over the year and any changes made to benefits provided within the schemes. We compared membership census data used in the actuarial models to the payroll data held by the Group to determine that the data used in the actuarial calculations was complete and represented only genuine members.
Fraud in revenue recognition Auditing Standards (ISAs (UK & Ireland)) presume there is a risk of fraud in revenue recognition because of the pressure management may feel to achieve the planned results. The Group's focus on revenue and profit targets as a key performance indicator creates incentive for revenue to be recorded in the incorrect period. Therefore, we focused on whether transactions have been recorded in the period in which the Group becomes entitled to record revenue.	We challenged the appropriateness of management's revenue recognition policies, particularly regarding the appropriate recording of sales around the year end date. We performed a combination of testing of the financial controls around revenue recognition and testing of revenue recorded during the year, and testing of sales transactions and credit notes around the year-end date to determine whether the criteria for recording revenue had been met. We tested revenue recorded through manual adjustments to determine whether those manual entries corresponded to revenue transactions that had occurred in the period and met the Group's revenue recognition policies.
Risk of management override of internal controls Auditing Standards (ISAs (UK & Ireland)) require that we consider this.	We tested key reconciliations and manual journal entries. We also considered whether there was evidence of bias by management in the significant accounting estimates and judgements relevant to the financial statements. Furthermore, we assessed the overall control environment of the Group, including the arrangements for staff to 'whistle-blow' inappropriate actions, and interviewed senior management and the Group's internal audit function. We incorporated a number of unpredictable audit procedures into our work, including the audit of certain immaterial balances.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TATE & LYLE PLC | CONTINUED

Going Concern
Under the Listing Rules we are required to review the Directors' statement, set out on page 28, in relation to going concern. We have nothing to report having performed our review.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to prepare the Group financial statements using the going concern basis of accounting. The going concern basis presumes that the Group has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the Group financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's ability to continue as a going concern.

Opinions on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements.

Other matters on which we are required to report by exception

Adequacy of information and explanations received
Under the Companies Act 2006 we are required to report to you if, in our opinion we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Directors' remuneration
Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

Corporate Governance Statement
Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Parent Company's compliance with nine provisions of the UK Corporate Governance Code ('the Code'). We have nothing to report having performed our review.

On page 73 of the Annual Report, as required by the Code Provision C.1.1, the Directors state that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's performance, business model and strategy. On page 48, as required by C.3.8 of the Code, the Audit Committee has set out the significant issues that it considered in relation to the Group financial statements, and how they were addressed. Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

- the statement given by the Directors is materially inconsistent with our knowledge of the Group acquired in the course of performing our audit; or
- the section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We have no exceptions to report arising from this responsibility.

Other information in the Annual Report
Under ISAs (UK & Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited Group financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- is otherwise misleading.

We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors
As explained more fully in the Directors' Statement of Responsibilities set out on page 73, the Directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other matter
We have reported separately on the Parent Company financial statements of Tate & Lyle PLC for the year ended 31 March 2014 and on the information in the Directors' Remuneration Report that is described as having been audited.

John Waters (Senior Statutory Auditor)
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

London

28 May 2014

Notes:

(a) The maintenance and integrity of the Tate & Lyle website (www.tateandlyle.com) is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED INCOME STATEMENT

	Notes	2014 £m	Restated* 2013 £m
		Year ended 31 March	
Continuing operations			
Sales	4, 5	**3 147**	3 256
Operating profit	4, 6	**325**	334
Finance income	10	**2**	1
Finance expense	10	**(37)**	(34)
Profit before tax		**290**	301
Income tax expense	11	**(45)**	(46)
Profit for the year from continuing operations		**245**	255
Profit for the year from discontinued operations	12	**28**	18
Profit for the year		**273**	273
Profit for the year attributable to:			
– owners of the Company		**273**	272
– non-controlling interests	12	**–**	1
Profit for the year		**273**	273

Earnings per share		**pence**	pence
Continuing operations:	13		
– basic		**52.8p**	54.9p
– diluted		**52.1p**	53.8p
Continuing and discontinued operations:	13		
– basic		**58.8p**	58.6p
– diluted		**58.0p**	57.4p

Analysis of adjusted profit before tax from continuing operations		**£m**	£m
Profit before tax		**290**	301
Adjusted for:			
– exceptional items	7	**14**	12
– amortisation of acquired intangible assets	15	**10**	10
– net retirement benefit interest	10, 30	**8**	4
Adjusted profit before tax		**322**	327

* Restated for the adoption of IAS 19 (Revised 2011) 'Employee Benefits' (see Note 43).

The Notes on pages 82 to 133 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 March 2014 £m	Restated* 2013 £m
Profit for the year		**273**	273
Other comprehensive (expense)/income			
Items that may be reclassified to profit or loss			
Fair value loss on cash flow hedges	25	**(1)**	(3)
Fair value loss on cash flow hedges transferred to profit or loss	25	**–**	4
Fair value loss on available-for-sale financial assets	18	**–**	(1)
(Loss)/gain on currency translation of foreign operations	25	**(130)**	57
Fair value gain/(loss) on net investment hedges	25	**50**	(30)
Currency translation gain transferred to profit or loss on disposal of foreign operations	37	**–**	(14)
Tax expense relating to the above items	11	**–**	(6)
		(81)	7
Items that will not be reclassified to profit or loss			
Retirement benefit plans:			
– actual return lower than interest on plan assets	30	**(29)**	(13)
– net actuarial gain/(loss)	30	**19**	(132)
Tax expense relating to the above items	11	**(22)**	(6)
		(32)	(151)
Total other comprehensive expense		**(113)**	(144)
Total comprehensive income		**160**	129
Analysed by:			
– continuing operations		**132**	117
– discontinued operations		**28**	12
Total comprehensive income		**160**	129
Attributable to:			
– owners of the Company		**160**	127
– non-controlling interests		**–**	2
Total comprehensive income		**160**	129

* See Note 43.

The notes on pages 82 to 133 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2014 £m	At 31 March 2013 £m
ASSETS			
Non-current assets			
Goodwill and other intangible assets	15	**389**	356
Property, plant and equipment	16	**865**	958
Investments in associates	17	**6**	6
Available-for-sale financial assets	18	**28**	27
Derivative financial instruments	20	**23**	54
Deferred tax assets	29	**7**	8
Trade and other receivables	23	**1**	3
Retirement benefit surplus	30	**–**	12
		1 319	1 424
Current assets			
Inventories	22	**418**	510
Trade and other receivables	23	**314**	383
Current tax assets		**1**	4
Derivative financial instruments	20	**79**	86
Cash and cash equivalents	33	**396**	379
		1 208	1 362
Assets held for sale	18	**–**	1
		1 208	1 363
TOTAL ASSETS		**2 527**	2 787
EQUITY			
Capital and reserves			
Share capital	24	**117**	117
Share premium	24	**406**	406
Capital redemption reserve		**8**	8
Other reserves	25	**58**	139
Retained earnings		**460**	366
Equity attributable to owners of the Company		**1 049**	1 036
Non-controlling interests		**1**	–
TOTAL EQUITY		**1 050**	1 036
LIABILITIES			
Non-current liabilities			
Trade and other payables	27	**2**	3
Borrowings	28	**439**	821
Derivative financial instruments	20	**2**	21
Deferred tax liabilities	29	**45**	24
Retirement benefit deficits	30	**220**	277
Provisions for other liabilities and charges	31	**10**	15
		718	1 161
Current liabilities			
Trade and other payables	27	**315**	382
Current tax liabilities		**40**	53
Borrowings and bank overdrafts	28	**339**	75
Derivative financial instruments	20	**50**	60
Provisions for other liabilities and charges	31	**15**	20
		759	590
TOTAL LIABILITIES		**1 477**	1 751
TOTAL EQUITY AND LIABILITIES		**2 527**	2 787

The Notes on pages 82 to 133 form part of these financial statements.

The consolidated financial statements on pages 77 to 133 were approved by the Board of Directors on 28 May 2014 and signed on its behalf by:

Javed Ahmed, Tim Lodge Directors

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 March 2014 £m	Restated* 2013 £m
Cash flows from operating activities			
Profit before tax from continuing operations		**290**	301
Adjustments for:			
– depreciation of property, plant and equipment	16	**97**	91
– exceptional items, net of cash flow impact		**–**	(9)
– amortisation of intangible assets	15	**21**	17
– share-based payments	26	**8**	13
– other non-cash items		**(6)**	–
– finance income	10	**(2)**	(1)
– finance expense	10	**37**	34
Change in working capital	32	**38**	(107)
Change in net retirement benefit obligations		**(43)**	(42)
Cash generated from continuing operations		**440**	297
Interest paid		**(33)**	(36)
Income tax paid		**(23)**	(18)
Net cash generated from operating activities in discontinued operations		**–**	8
Net cash generated from operating activities		**384**	251
Cash flows from investing activities			
Purchase of intangible assets		**(45)**	(42)
Purchase of property, plant and equipment		**(114)**	(92)
Proceeds on disposal of property, plant and equipment		**34**	3
Acquisitions of businesses, net of cash acquired	37	**(15)**	–
Disposal of businesses, net of cash disposed	37	**3**	36
Disposal of joint ventures, net of cash disposed	37	**–**	15
Purchase of available-for-sale financial assets	18	**(4)**	(4)
Disposal of available-for-sale financial assets	18	**2**	–
Interest received		**2**	1
Net cash used in investing activities		**(137)**	(83)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**–**	1
Purchase of own shares	24	**(29)**	(23)
Cash inflow from additional borrowings		**4**	24
Cash outflow from repayment of borrowings		**(46)**	(117)
Repayment of capital element of finance leases		**(2)**	(2)
Dividends paid to owners of the Company	14	**(124)**	(117)
Dividends paid to non-controlling interests		**–**	(2)
Net cash used in financing activities		**(197)**	(236)
Net increase/(decrease) in cash and cash equivalents	34	**50**	(68)
Cash and cash equivalents			
Balance at beginning of year		**379**	446
Net increase/(decrease) in cash and cash equivalents	34	**50**	(68)
Currency translation differences		**(33)**	1
Balance at end of year	33	**396**	379

* See Note 43.

A reconciliation of the movement in cash and cash equivalents to the movement in net debt is presented in Note 34.

The Notes on pages 82 to 133 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital and share premium (Note 24) £m	Capital redemption reserve £m	Other reserves (Note 25) £m	Retained earnings £m	Attributable to the owners of the Company £m	Non-controlling interests £m	Total equity £m
At 1 April 2012	523	8	128	374	1 033	25	1 058
Year ended 31 March 2013 – Restated*							
Profit for the year	–	–	–	272	272	1	273
Other comprehensive income/(expense)	–	–	11	(156)	(145)	1	(144)
Total comprehensive income	–	–	11	116	127	2	129
Share-based payments (includes tax credit of £2 million)	–	–	–	15	15	–	15
Purchase of own shares	–	–	–	(23)	(23)	–	(23)
Proceeds from shares issued	–	–	–	1	1	–	1
Non-controlling interests in subsidiaries sold	–	–	–	–	–	(25)	(25)
Dividends paid (Note 14)	–	–	–	(117)	(117)	(2)	(119)
At 31 March 2013	**523**	**8**	**139**	**366**	**1 036**	**–**	**1 036**
Year ended 31 March 2014							
Profit for the year	**–**	**–**	**–**	**273**	**273**	**–**	**273**
Other comprehensive expense	**–**	**–**	**(81)**	**(32)**	**(113)**	**–**	**(113)**
Total comprehensive (expense)/income	**–**	**–**	**(81)**	**241**	**160**	**–**	**160**
Share-based payments	**–**	**–**	**–**	**8**	**8**	**–**	**8**
Purchase of own shares	**–**	**–**	**–**	**(29)**	**(29)**	**–**	**(29)**
Non-controlling interests in subsidiaries acquired	**–**	**–**	**–**	**–**	**–**	**1**	**1**
Initial recognition of put option on non-controlling interest (Note 37)	**–**	**–**	**–**	**(2)**	**(2)**	**–**	**(2)**
Dividends paid (Note 14)	**–**	**–**	**–**	**(124)**	**(124)**	**–**	**(124)**
At 31 March 2014	**523**	**8**	**58**	**460**	**1 049**	**1**	**1 050**

* See Note 43.

Other comprehensive income/(expense) recognised in retained earnings relates wholly to retirement benefit plans. An analysis of other comprehensive income/(expense) recognised in other reserves by component of equity is presented in Note 25.

At 31 March 2014, retained earnings included a deduction of £37 million (2013 – £29 million) for the cumulative cost of own shares held in relation to share-based incentive plans. Further information on own shares is presented in Note 24.

Dividends on ordinary shares in respect of the financial year	Year ended 31 March **2014** **pence**	2013 pence
Per ordinary share:		
– interim paid	**7.8p**	7.4p
– final proposed	**19.8p**	18.8p
	27.6p	26.2p

The Notes on pages 82 to 133 form part of these financial statements.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | CONTINUED

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

	Note	Year ended 31 March **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	Year ended 31 March 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	Year ended 31 March 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:

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

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

	At 31 March 2014 £m	At 31 March 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	At 31 March 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	At 31 March 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 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* 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 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.	*Investment risk* 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	Borrowings and finance leases 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	At 31 March 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	At 31 March 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TATE & LYLE PLC

Report on the Parent Company financial statements

Our opinion

In our opinion the Parent Company financial statements, defined below:

- give a true and fair view of the state of the Parent Company's affairs as at 31 March 2014;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The Parent Company financial statements, which are prepared by Tate & Lyle PLC, comprise:

- the Parent Company balance sheet as at 31 March 2014;
- the notes to the Parent Company financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation comprises applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Certain disclosures required by the financial reporting framework have been presented elsewhere in the Annual Report 2014 ("the Annual Report") rather than in the notes to the Parent Company financial statements. These are cross-referenced from the Parent Company financial statements and are identified as audited.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK & Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Parent Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Parent Company financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion:

- The information given in the Strategic Report and the Directors' Report for the financial year for which the Parent Company financial statements are prepared is consistent with the Parent Company financial statements.
- The part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

Other information in the Annual Report

Under ISAs (UK & Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited Parent Company financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Parent Company acquired in the course of performing our audit; or
- is otherwise misleading.

We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Directors' Statement of Responsibilities set out on page 73, the Directors are responsible for the preparation of the Parent Company financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the Parent Company financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other Matter

We have reported separately on the Group financial statements of Tate & Lyle PLC for the year ended 31 March 2014.

John Waters (Senior Statutory Auditor)
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

London

28 May 2014

(a) The maintenance and integrity of the Tate & Lyle website (www.tateandlyle.com) is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

PARENT COMPANY BALANCE SHEET

	Notes	At 31 March 2014 £m	2013 £m
Fixed assets			
Tangible assets	2	**13**	9
Investments in subsidiary undertakings	3	**999**	1 006
Investment in associate	4	**1**	1
Total		**1 013**	1 016
Current assets			
Debtors	5	**1 501**	1 535
Cash at bank		**1**	–
		1 502	1 535
Creditors – amounts falling due within one year	6	**(1 533)**	(1 407)
Net current (liabilities)/assets		**(31)**	128
Total assets less current liabilities		**982**	1 144
Creditors – amounts falling due after more than one year	7	**(2)**	(2)
Net assets		**980**	1 142
Capital and reserves			
Called up share capital	10	**117**	117
Share premium account	11	**406**	406
Capital redemption reserve	11	**8**	8
Profit and loss account	11	**449**	611
Total shareholders' funds		**980**	1 142

The Parent Company's financial statements on pages 135 to 140 were approved by the Board of Directors on 28 May 2014 and signed on its behalf by:

Javed Ahmed, Tim Lodge Directors

The Notes on pages 136 to 140 form part of these financial statements.

Tate & Lyle PLC

Registered number: 76535

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 scheme 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
Cost	
At 1 April 2013	12
Additions	9
Transfer to a subsidiary	(4)
At 31 March 2014	**17**
Accumulated depreciation	
At 1 April 2013	3
Charge for the year	1
At 31 March 2014	**4**
Net book value at 31 March 2013	9
Net book value at 31 March 2014	**13**

3 Investments in subsidiary undertakings

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

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
Due within one year		
Amounts owed by subsidiary undertakings	**1 495**	1 531
Other debtors	**6**	4
Total	**1 501**	1 535

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.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS | CONTINUED

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
Total	**1 533**	1 407

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
Total	**2**	2

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
Total	**18**	19

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	**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

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)**
At 31 March 2014	**117**	**406**	**8**	**449**	**980**

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	**7.8p**	7.4p
– final dividend proposed	**19.8p**	18.8p
Total dividend	**27.6p**	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	**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.

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).

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS | CONTINUED

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
Total	**16**	21

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
	2013	6 762	652.00	2019
Performance Share Plan	2008	7 506	–	2011–2018
	2009	16 559	–	2012–2018
	2010	49 986	–	2013–2019
	2011	1 047 850	–	2014–2020
	2012	1 222 200	–	2015–2021
	2013	1 142 877	–	2016–2022
Executive share option scheme	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

INFORMATION FOR INVESTORS

Shareholding enquiries

General enquiries

Information on how to manage your shareholdings can be found at www.shareview.co.uk. The website also provides answers to commonly asked shareholder questions and has links to downloadable forms, guidance notes and company history fact sheets.

Email enquiries (Equiniti Shareview Enquiry Service)

If your question is not answered by the information provided online you can send your enquiry via secure email from the above website. You will be asked to complete a structured form and to provide your shareholder reference number, name and address. You will also need to provide your email address if this is how you would like to receive your response.

Telephone enquiries

0871 384 2063 (for UK calls)[1]
+44 (0)121 415 0235 (for calls from outside the UK).

1 Calls to this number are charged at 8p per minute plus network extras. Lines are open from Monday to Friday, 8.30 am to 5.30 pm UK time (excluding UK public holidays).

Written enquiries

Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

Individual Savings Account (ISA)

Tate & Lyle's ordinary shares can be held in an ISA. For information, please call the Equiniti ISA Helpline on 0871 384 2244.

Tate & Lyle website and share price information

Tate & Lyle's website provides direct links to other Group company sites and to sites providing financial and other information relevant to the Company. The share price is available on the website with a 20-minute delay.

www.tateandlyle.com

Financial calendar

2014 Annual General Meeting	24 July 2014
Announcement of half-year results for the six months to 30 September 2014	6 Nov 2014[1]
Announcement of full-year results for the year ending 31 March 2015	28 May 2015[1]
2015 Annual General Meeting	29 July 2015[1]

1 Provisional date.

Dividends paid on ordinary shares during the year ended 31 March 2014

Payment date	Dividend description	Dividend per share
2 Aug 2013	Final 2013	18.8p
3 Jan 2014	Interim 2014	7.8p

Dividend calendar for dividends on ordinary shares

	2014 final	2015 interim	2015 final
Announced	29 May 2014	6 Nov 2014[1]	28 May 2015[1]
Payment date	1 Aug 2014[2]	2 Jan 2015[1]	31 July 2015[1,2]

1 Provisional date.
2 Subject to approval of shareholders.

Dividends paid on 6½% cumulative preference shares

Paid each 31 March and 30 September.

Capital gains tax

The market values on 31 March 1982 for the purposes of indexation up to April 1998 in relation to capital gains tax of Tate & Lyle PLC shares then in issue were:

Ordinary share of £1 each	201.00p
Equivalent value per ordinary share of 25p	50.25p
6½% cumulative preference share	43.50p

Tate & Lyle American Depositary Shares (ADSs)

The Company's shares trade in the USA on the over the counter (OTCQX) market in the form of ADSs and these are evidenced by American Depositary Receipts (ADRs). The shares are traded under the ticker symbol TATYY. Each ADS is equivalent to four ordinary shares.
For more information, contact The Bank of New York Mellon at:

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Tel: +1 888 269 2377 (for US calls)
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On 10 April 2007, Tate & Lyle was approved for the International PremierQX tier of International OTCQX. This provides a gateway to US securities markets for international companies that are listed on a qualified international exchange. Tate & Lyle's ADR is identified with an International PremierQX logo and investors can find current financial information and other disclosures on www.otcqx.com and www.pinksheets.com.

Electronic communications

Shareholder documents are only sent in paper format to shareholders who have elected to receive documents in this way. This approach enables the Company to reduce printing and distribution costs and its impact on the environment.

Shareholders who have not elected to receive paper copies are sent a notification whenever shareholder documents are published, to advise them how to access the documents via the Tate & Lyle website, www.tateandlyle.com. Shareholders may also choose to receive this notification via email with a link to the relevant page on the website. Shareholders who wish to receive email notification should register online at www.shareview.co.uk, using their shareholder reference number that is either on their share certificate or other correspondence.

Beware of share fraud

Shareholders should be very wary of any unsolicited calls or correspondence offering to buy or sell shares at a discounted price. These calls are typically from fraudsters operating 'boiler rooms'. Boiler rooms use increasingly sophisticated means to approach investors and often leave their victims out of pocket. If you are concerned that you may have been targeted by fraudsters please contact the FCA Consumer Helpline on 0800 111 6768.

FIVE-YEAR SUMMARY

Per share information	Restated[1] 2010	Restated[1] 2011	Restated[1] 2012	Restated[1] 2013	Year ended 31 March 2014
Earnings per share:					
– basic[2]	4.6p	33.7p	63.8p	58.6p	**58.8p**
– adjusted basic[2]	40.0p	48.1p	57.4p	55.8p	**56.5p**
Earnings per share:					
– diluted[2]	4.6p	33.2p	62.7p	57.4p	**58.0p**
– adjusted diluted[2]	40.0p	47.3p	56.4p	54.7p	**55.7p**
Dividends per ordinary share	22.9p	23.7p	24.9p	26.2p	**27.6p**
Closing share price at 31 March	454.2p	577.5p	705.0p	850.0p	**667.5p**
Closing market capitalisation at 31 March (£million)	2 092	2 703	3 301	3 980	**3 125**
Business ratios					
Interest cover (times)[3]	5.8x	6.9x	11.1x	11.1x	**11.6x**
Adjusted profit before tax divided by net finance expense					
Gearing	84%	48%	45%	46%	**34%**
Net debt as a percentage of total net assets[2]					
Adjusted operating margin	8.1%	9.6%	11.1%	10.7%	**11.1%**
Adjusted operating profit as a percentage of sales[2]					
Return on net operating assets	14.0%	20.0%	22.8%	21.5%	**22.2%**
Adjusted operating profit as a percentage of average net operating assets[2]					
Dividend cover (times)					
Basic earnings per share divided by dividends per share[2]	0.2x	1.4x	2.6x	2.2x	**2.1x**
Adjusted basic earnings per share divided by dividends per share[2]	1.7x	2.0x	2.3x	2.1x	**2.0x**

1 Restated for the adoption of IAS 19 (Revised 2011) *Employee Benefits.*

2 These metrics have been calculated using the results of both continuing and discontinued operations.

3 Interest cover has been calculated using the same basis as set out in the Group's external bank covenants.

Employment of capital	2010 £m	2011 £m	2012 £m	2013 £m	At 31 March 2014 £m
Goodwill and intangible assets	340	320	325	356	**389**
Property, plant and equipment	1 208	855	922	958	**865**
Other non-current assets	21	24	28	33	**34**
Working capital	302	279	370	497	**412**
Net pension deficit	(257)	(139)	(140)	(265)	**(220)**
Net assets held for sale (excluding cash included in net debt)	18	62	63	1	**–**
Net operating assets	1 632	1 401	1 568	1 580	**1 480**
Net debt	(814)	(464)	(476)	(479)	**(353)**
Net tax asset/(liability)	36	36	(34)	(65)	**(77)**
Total net assets	854	973	1 058	1 036	**1 050**
Capital employed					
Called up share capital	115	117	117	117	**117**
Reserves	712	833	916	919	**932**
	827	950	1 033	1 036	**1 049**
Non-controlling interests	27	23	25	–	**1**
	854	973	1 058	1 036	**1 050**

Results summary	Restated[1,2] 2010 £m	Restated[1] 2011 £m	Restated[1] 2012 £m	Restated[1] 2013 £m	Year ended 31 March 2014 £m
Continuing operations					
Sales	2 533	2 720	3 088	3 256	**3 147**
Adjusted operating profit	266	319	346	356	**349**
Amortisation of acquired intangible assets	(14)	(13)	(12)	(10)	**(10)**
Exceptional items	(298)	(5)	68	(12)	**(14)**
Operating (loss)/profit	(46)	301	402	334	**325**
Adjusted net finance expense	(53)	(54)	(30)	(29)	**(27)**
Net retirement benefit interest expense	(14)	(13)	(4)	(4)	**(8)**
Net finance expense	(67)	(67)	(34)	(33)	**(35)**
(Loss)/profit before tax	(113)	234	368	301	**290**
Income tax credit/(expense)	98	(45)	(69)	(46)	**(45)**
(Loss)/profit for the year from continuing operations	(15)	189	299	255	**245**
Profit/(loss) for the year from discontinued operations	40	(29)	2	18	**28**
Non-controlling interests	(4)	(4)	(4)	(1)	**–**
Profit for the year attributable to owners of the Company	21	156	297	272	**273**
Continuing operations					
Adjusted profit before tax[3]	213	265	316	327	**322**
(Loss)/earnings per share:					
– basic	(3.3)p	40.9p	64.2p	54.9p	**52.8p**
– diluted	(3.3)p	40.3p	63.0p	53.8p	**52.1p**

1 Restated for the adoption of IAS 19 (Revised 2011) *Employee Benefits*.

2 Restated to reflect the former Sugars businesses which have been classed as discontinued operations.

3 Adjusted profit before tax excludes exceptional items, the amortisation of acquired intangible assets and net retirement benefit interest.

GLOSSARY

A

Acidulants Ingredients such as citric acid that are used to add a 'sour' taste to foods and soft drinks and to act as a preservative.

Adjusted operating profit (PBITEA) Operating profit (as defined separately), adjusted for amortisation of acquired intangible assets and net exceptional items.

Adjusted profit before tax (PBTEA) Profit before taxation (as defined separately), adjusted for amortisation of acquired intangible assets, net exceptional items and net retirement benefit interest.

Aflatoxin A by-product of a grain fungus, present in the 2012 US corn harvest.

B

BI Bulk Ingredients division.

Bio-PDO® Multi-purpose monomer propanediol made from corn sugar (as opposed to being made from a petrochemical source). Used in cosmetics, detergents, carpets and textiles.

C

Carbon dioxide equivalent (CO_2e) One metric tonne of carbon dioxide or an amount of any other greenhouse gas with an equivalent global warming potential, calculated consistently with international carbon reporting practice.

CCC Cash conversion cycle, defined for the purposes of the Annual Bonus Plan as the number of days between cash expenditure and collection, taking account of inventory, payables and receivables; based on the average of the four quarter-end results.

'Clean label' A term used in the food and beverage industry generally to refer to simpler ingredient lists for consumer appeal. Detailed interpretations may vary.

Constant currency Changes in constant currency are calculated by retranslating comparative period results at current period exchange rates.

Continuing operations Operations of the Group excluding any discontinued operations (as defined separately).

Continuous process facility A facility designed to manufacture a finished product via continuous process (rather than a batch process).

Co-products Corn gluten feed, corn gluten meal and corn oil.

Corn gluten feed The largest Tate & Lyle co-product, used by dairy and beef cattle markets.

CR Corporate responsibility.

D

Discontinued 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.

E

EFSA European Food Safety Authority.

F

Food Systems The Tate & Lyle blending business which is part of SFI and which sources ingredients and uses them to develop bespoke combinations of ingredients for customers.

Formulations science This is the study of how ingredients interact in complex mixtures to deliver specific attributes. In food, multiple food components are blended to create desired texture, flavour, appearance, and taste. Formulation science is used to develop predictions of how combinations of ingredients will impact these important performance attributes. This is an interdisciplinary science that includes chemistry, materials science and elements of measurement science, statistics and mathematical modelling.

Functional food ingredients Ingredients that offer benefits that go beyond the basic nutritional role of the ingredient. For example, some carbohydrates are reported to have other benefits such as improved gastrointestinal function.

G

Greenhouse gas (GHG) Any of the following: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6).

H

HAMULSION® food system A thickening agent comprising a blend of different ingredients.

HFCS High fructose corn syrup, also called isoglucose in Europe.

I

ICD Innovation and Commercial Development group, supporting our two business divisions, SFI and BI.

K

KPI Key performance indicator.

N

Natural A 'natural' description usually refers to a food ingredient that is present in nature and has been minimally processed. However, interpretations vary as does the legal and regulatory landscape in different countries.

O

Operating profit (also referred to as profit before interest and tax (PBIT)) Sales less net operating expense.

P

Profit before tax (PBT) Sales, less net operating expense, less net finance expense.

PROMITOR® Soluble Corn Fiber A prebiotic soluble fibre.

PromOat® Beta Glucan A soluble fibre made from wholegrain oats used to bring the health benefits of oat beta glucan to food and beverages.

PULPIZ® Pulp Extender A starch that mimics tomato pulp texture and taste.

PUREFRUIT™ Monk Fruit Extract A zero-calorie sweetener made from monk fruit.

R

REZISTA® speciality food starch A modified starch made from waxy corn which builds and protects texture in foods.

S

Separations science Technology and techniques used to isolate individual compounds from complex mixtures. It includes distillation, filtration, and a variety of other techniques.

SFI Speciality Food Ingredients division.

SME Small- and medium-sized enterprises. For Tate & Lyle, this means regional or global customers with turnover below the level of approximately £500 million.

SODA-LO® Salt Microspheres A salt-reducing ingredient made from salt.

SPLENDA® Sucralose A zero-calorie sweetener made from sugar.

STA-LITE® Polydextrose A soluble fibre with prebiotic properties made from corn and used to provide body and texture in reduced calorie, no-added sugar and high-fibre foods.

T

TASTEVA® Stevia Sweetener A zero-calorie sweetener made from stevia.

Trading cash flows The Group's adjusted operating profit stated before the non-cash charges for depreciation and amortisation.

U

USDA US Department of Agriculture.

DEFINITIONS/EXPLANATORY NOTES

Non-reliance statement
This Annual Report has been prepared solely to provide additional information to shareholders to assess the Group's strategy and the potential of that strategy to succeed, and should not be relied upon by any other party or for any other purpose.

Cautionary statement
This Annual Report contains certain forward-looking statements with respect to the financial condition, results, operations and businesses of Tate & Lyle PLC. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this Annual Report should be construed as a profit forecast.

Tate & Lyle PLC
Tate & Lyle PLC is a public limited company listed on the London Stock Exchange and is registered in England and Wales. More information about Tate & Lyle can be found on the Company's website, www.tateandlyle.com.

Basis of preparation
Unless stated otherwise, the Group's financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Amortisation
Unless stated otherwise, the use of the word 'amortisation' on pages 1 to 73 in this Annual Report relates to the amortisation of intangible assets acquired through business combinations.

Continuing operations
Unless stated otherwise, all comments in this Annual Report refer to the continuing operations adjusted to exclude exceptional items, amortisation of intangible assets acquired through business combinations and net retirement benefit interest. A reconciliation of reported and adjusted information is included in Note 42.

Definitions
In this Annual Report, 'Company' means Tate & Lyle PLC; 'Tate & Lyle' or 'Group' means Tate & Lyle PLC and its subsidiary and joint-venture companies.

Environmental statement
This Annual Report has been printed on UPM Fine offset, a paper produced using wood fibre from fully sustainable forests with Forest Stewardship Council® (FSC®) certification. All pulps used are elemental chlorine free and the manufacturing mill holds the ISO 14001 and the EMAS accreditations for environmental management.

Printed in the UK by Pureprint using vegetable inks and their Alcofree and Pureprint environmental printing technology. Pureprint is a CarbonNeutral® company, is registered to the Environmental Management System ISO 14001 and is FSC chain-of-custody certified.

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