Companies House

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The poor quality has been noted, but unfortunately steps taken to improve them were unsuccessful.

Companies House would like to apologise for any inconvenience this may cause

Annual Report 1985

The eighty-third Annual General Meeting of Tate & Lyle Public Limited Company will be held at eleven-thirty a.m. on Wednesday, 5th February 1986, at the London Marriott Hotel, Duke Street, Grosvenor Square, London W1. The formal notice of meeting appears on page 48.

CONTENTS

BOARD OF DIRECTORS

Sir Robert Haslam	*Chairman*
N M Shaw	*Group Managing Director (and Chairman designate)*
*Sir Alex Alexander	
*Sir Richard Cave	
*The Rt Hon Earl Jellicoe	
J R Kerr Muir	
J C W Mitchell	
*Mrs J P G Prior	*From 1st March 1985*
*C F Sedcole	
*H S Tate	
F Thomlinson	
L R Wilson	
J E Wright	*From 1st December 1985*
M J L Attfield	*Until 30th June 1985*

**Non executive*

Secretary: C P McFie FCIS

Registered office:
Sugar Quay, Lower Thames Street,
London EC3R 6DQ

Auditors:
Touche Ross & Co.

Principal bankers:
Lloyds Bank Plc

Merchant bankers:
Kleinwort, Benson Limited
S G Warburg & Co Ltd

Solicitors:
Linklaters & Paines

Stockbrokers:
Hoare Govett Ltd

Registrar and transfer office:
Lloyds Bank Plc
Goring-by-Sea
Worthing, West Sussex BN12 6DA

Consultant actuaries:
R Watson & Sons

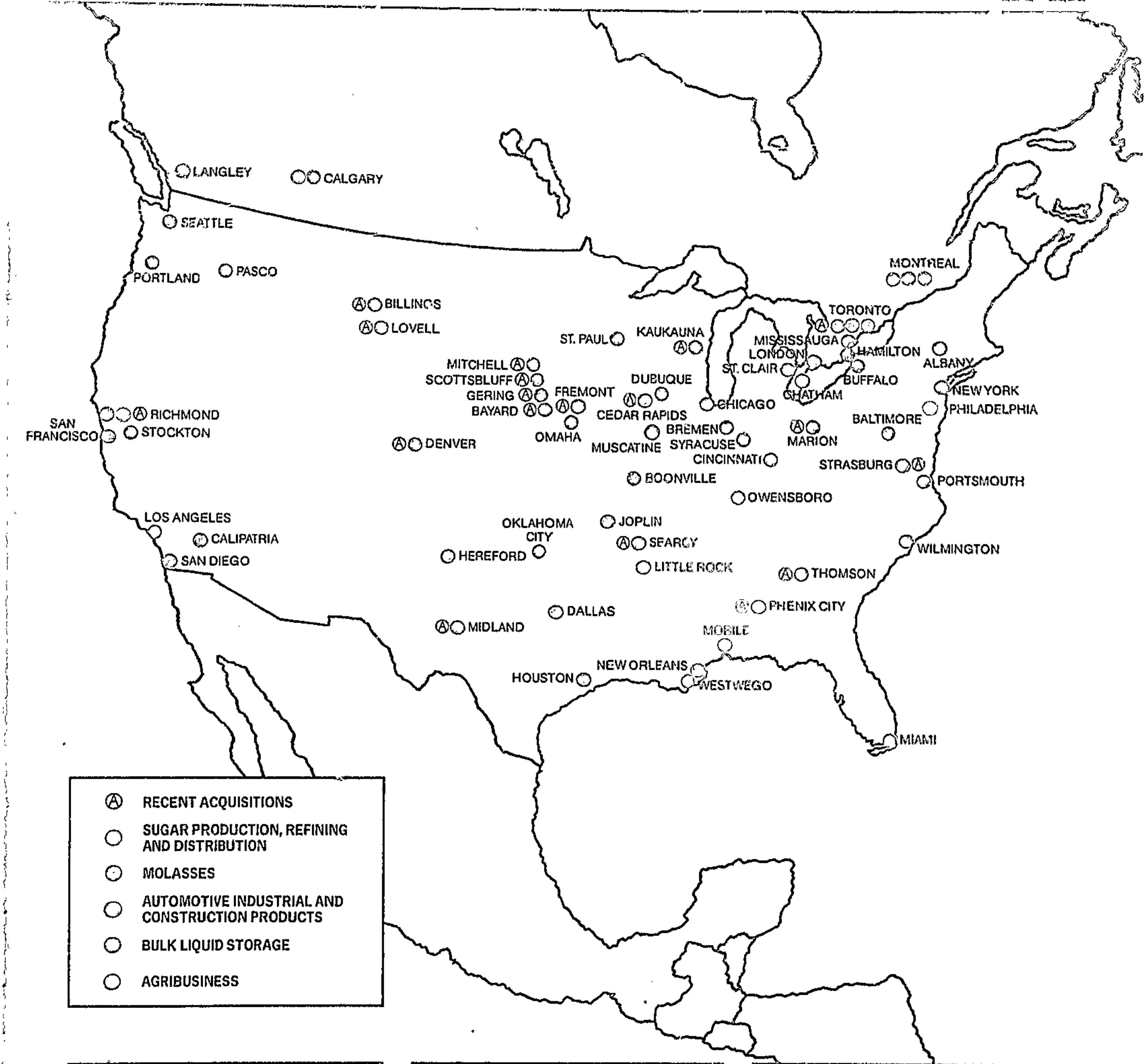
THE YEAR IN BRIEF

	1985	1984
Turnover	£1,627m	£1,676m
Profit before taxation	£76.7m	£65.4m
Profit after taxation	£47.6m	£43.5m
Profit after taxation attributable to shareholders*	£38.1m	£35.9m
Extraordinary loss	£11.6m	—
Retained profit	£11.2m	£22.8m

Earnings per £1 ordinary share*	55.3p	52.4p
Dividends per £1 ordinary share	22.0p	19.0p
Dividend cover*	2.5 times	2.8 times

**Before extraordinary loss*

THE GROUP IN NORTH AMERICA



REDPATH INDUSTRIES LIMITED

Redpath Sugars	Cane sugar refiners.
Daymond	Vinyl siding and extruded aluminium products.
Multi-Fittings	Plastic injection moulding
Ⓐ Donlee Manufacturing Industries	Plastic components for the automotive, and oil and gas drilling industries; precision machined components and custom gears

US SUGAR GROUP

Refined Sugars Inc.	Cane sugar refiners.
Ⓐ The Western Sugar Company	Beet sugar processing.

PACIFIC MOLASSES GROUP

Pacific Molasses Company	Trading and distribution of molasses and other related feed products
Ⓐ Vigortone Ag Products Inc.	Blended vitamin and mineral pre mixes for the livestock industry

BULK LIQUID STORAGE

Unitank Terminal Service	Storage, handling and distribution of chemicals and refined petroleum products

AGRIBUSINESS

Tate & Lyle Enterprises Inc.	Development and management of agricultural projects

I am pleased, in my last Statement as Chairman, to report record profits once again. Continuing an unbroken seven year upward trend, Group profits before tax were £76.7m compared with £65.4m in 1984. Net profit available for shareholders, before extraordinary items, was £38.1m. Earnings per share at 55.3p were only marginally higher than in 1984, largely as a consequence of a higher percentage tax charge in the UK.

It is particularly encouraging to be able to report record profits in a year when margins in our sugar refining businesses came under pressure in both the UK and the United States. The outcome shows how a spread of related enterprises, individually of modest size, can bring stability and maintain growth even when the core businesses are experiencing temporary profit pressure.

This maintained growth allows the Board to recommend a final dividend of 14.5p per share, to make a total for the year of 22.0p, 16% higher than last year. Our policy over the last five years has been to maintain a progressive dividend trend: the rate of increase has averaged 16% per annum.

Exchange Rates

This year, for the first time, we have translated profits from overseas companies into sterling at an average exchange rate for the year, instead of the rate ruling on the last day of the year. With the increasing volatility of foreign exchange markets, the latter method has become inappropriate for the Group. Overseas businesses are established for the long term, retaining a high proportion of their earnings to fund future growth. A snapshot exchange rate at any given time does not give a good indication of the value of their profits to a UK shareholder. Use of average rates reduces artificial volatility of earnings and gives shareholders a better perspective of the Group's progress.

Expansion

This has been an exciting year for growth. Having prepared a strong base over the last few years, we have been able to initiate an acquisition programme that has balanced the geographical spread of our businesses; strengthened our position in overseas sugar markets and diversified into new markets that are nevertheless related to existing skills.

In the United States, the establishment of The Western Sugar Company, through the purchase of six beet sugar factories in the Mid-West, has strengthened our position in the US and complements our cane sugar refining business in the North-East. Acquisition of a further cane sugar refining company in Louisiana – Colonial Sugars – has been announced, and completion is expected next year. With Colonial, our sugar production capacity in the US will exceed that in the UK – the core business from which the whole Group originated – and will be the second largest in North America.

In Portugal, where we have a controlling shareholding in the Sidul sugar refinery in Lisbon, we are in discussion with the owners of Sores, the other Lisbon refiner, with a view to acquiring a substantial stake in that company. We are hopeful of increasing our investment in the Portuguese refining industry in the near future.

Our non-sugar interests have been strengthened both in North America and the UK. The purchases of Vigortone Ag Products in the United States and Farm Feed Holdings at home, have diversified our molasses businesses into speciality animal feed areas that are a natural 'downstream' development for our well-established trading, storage and distribution network.

Redpath has extended its plastic injection moulding business by acquisition. In particular, the purchase of Donlee Manufacturing Industries, whose business is primarily in the automotive parts market, opens up many new opportunities.

These acquisitions, which in total amount to £92m, represent a conscious change of pace, arising from a confidence in the health of the Group's existing businesses. They are performing well up to expectations and are already contributing strongly to Group earnings net of financing costs. The recent expansion has substantially increased our involvement in North America, and changed the geographical balance of the Group's operations. Nevertheless, we still remain keen to expand our business at home and continue to seek suitable investment opportunities.

The EEC Sugar Regime

Negotiations for the new sugar regime for the period 1986/1991 are under way; the proposals contain no threat to the future of ACP raw sugar supplies. Contracts have been secured with ACP suppliers on a five year rolling basis which will provide sufficient raw sugar for full operation of the two UK refineries at London and Greenock, provided there is no increase in UK beet sugar quotas.

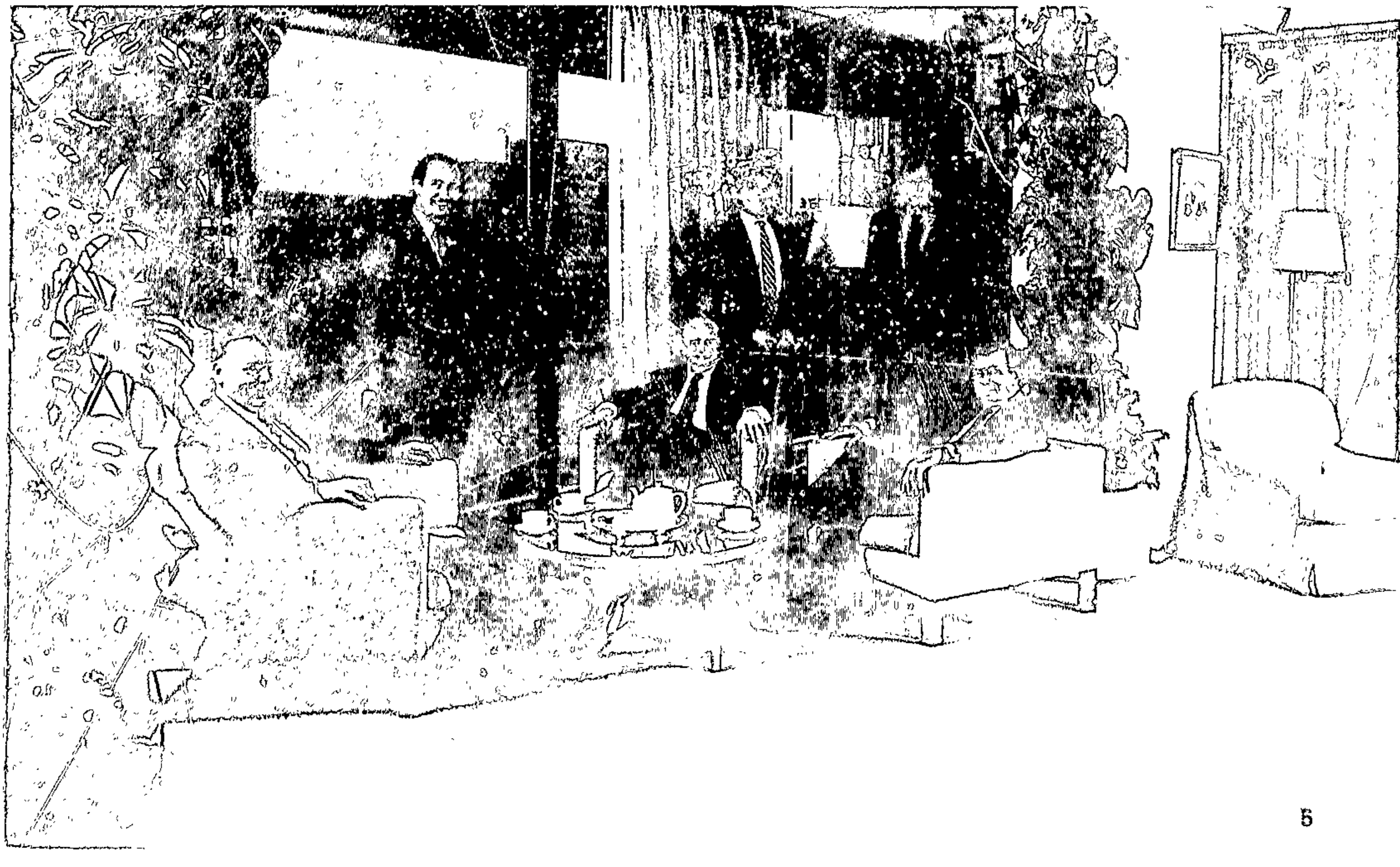
Proposals for such an increase are currently being debated within the UK. They have been justified as catering for rising industrial demand and to secure supplies of sugar for new applications in biotechnology and the chemical industry. It is our firm belief that any increase in demand for these applications during the period of the next sugar regime is likely to be minimal; and only a small fraction of the surplus of 200,000 tonnes that already exist in Britain at current quota levels. An increase in quotas would aggravate this over-supply and threaten the closure of our Westburn refinery in Greenock, with serious consequences for employment in the sugar, food and drink industries in Scotland.

The terms of the EEC sugar regime will also be of great significance to our refining interests in Portugal when that country accedes to the regime on 1st March 1986. In the accession negotiations Portugal has secured undertakings that should ensure sufficient supplies of raw sugar for the refiners, but there may be a difficult period of adjustment until the machinery for authorising imports has been devised and brought into operation.

New Chairman

I was very pleased when Mr N M Shaw, our Group Managing Director, accepted the Board's invitation to succeed me as Chairman.

The Chairman and Executive Directors
l to r: Frank Thomlinson, James Kerr Muir, Robert Haslam, John Mitchell, Red Wilson, Neil Shaw.



Neil Shaw made his early career in Canada & Dominion Sugar Co. Limited (now Redpath Industries Limited), becoming President of that company's non-sugar interests in 1969 and President and Chief Executive Officer in 1972. He joined the Main Board of Tate & Lyle in 1975 and was appointed Group Managing Director in 1980. He holds a number of non-executive directorships outside the Group.

I believe he has been the main driving force behind the Group's progress during the past five years. As he will also retain his existing responsibilities, when he takes over as Chairman, the Company will be continuing to make the best possible use of his skilful and dynamic leadership.

Directors

It was with great regret that I recorded in my Interim Statement that John Lyle had died. He had retired from the Board in 1983 after a long and distinguished career as Director, Chairman and finally President. His influence on the structure and culture of the Company was immense.

Michael Attfield left the Group during the year. He will be remembered for his development in the early 1970's of the sugar trading team which generated substantial profits in the second half of that decade. Less well-known, but in many ways more important, was his far-sighted assessment of the commercial opportunities available in the changing world sugar economy, which enabled him to instigate or support many valuable new initiatives for the Group during his twelve years as a director.

Frank Thomlinson, also, will be retiring in April after six years service on the Board. During a highly successful career with the Group, he has been particularly associated with sugar refining in the UK and The West Indies Sugar Company in Jamaica. His experience there gave him a sympathy with the problems of the ACP countries, demonstrated by his untiring work in maintaining their position as favoured suppliers to the European refining industry. I know that those countries would wish to add their thanks to our own for his skilful reconciliation of the many diverse interests involved. His unrivalled knowledge of the sugar industry will be greatly missed.

The Board has been strengthened by the recent appointment of Eric Wright as a director. Having joined the Company in 1941, he has an extensive knowledge of all the Group's activities. He served as a distinguished Secretary of the Company from 1976 to 1983. More recently he has carried a wide range of administrative responsibilities, and has been responsible for our insurance companies, and UK pensions.

I also was pleased last March to welcome Mrs Jane Prior to the Board as a non-executive director. She has already visited many of the Group's locations both in the UK and overseas and her presence on the Board will further strengthen the Company's awareness of its responsibilities to the wider public.

Education and Training

We strongly believe that a company has social responsibilities that its owners, the shareholders, cannot undertake individually but would wish to see carried out on their behalf. This is particularly true of the training and education of young people, in which we take a strong interest.

I have reported in previous years on the education schemes at Newham, close to our Thames refinery, and Cambridge University, and these continue. Indeed the latter has been used as a blueprint for others to follow, and at least two other major international organisations are establishing comparable scholarship schemes. Practical assistance, very often in terms of time and not money, is given to many other groups in small but important ways. During the year we have continued to sponsor overseas students on a variety of degree level agricultural courses at different universities.

Encouraging creativity is as important as training. In conjunction with the Student Industrial Society we have recently announced a new Innovation Award to stimulate business ideas within universities, polytechnics and institutes of higher education. We hope that initiatives such as this will be more common in future, as the importance of innovation to sustain growth in a developed economy becomes more generally realised.

People

I have been privileged to preside over many exciting developments during my three years as Chairman; but one thing has remained unchanging, and that is the quality and commitment of the people who work for the Group throughout the world. A Board may guide and direct, but it is people that make things happen. It has been a great pleasure for me to work with the Tate & Lyle team and I have appreciated enormously the warm support that I have received from people at all levels in the Group. I would like to record my own and the Board's thanks to all employees for their skill and dedication which have contributed so materially to the current health of the Group. I am pleased that they will have the opportunity to participate in the successful future to which the Group can look forward with confidence.

Prospects

In the last three years the Group has consolidated its position, and has now started to make new investments which should maintain its momentum over the rest of the decade and beyond. The business is operating from a solid financial base and has every opportunity to achieve further profit growth. I remain confident of the ability of the Group under my successor and the seasoned management team to grasp and exploit these opportunities.

Robert Haslam

Robert Haslam, Chairman
11th December 1985

Postscript to Chairman's Statement

The EEC Sugar Regime

The Council of Ministers has now decided that beet quotas will remain unchanged for two years, after which they will be reviewed in the light of any changes in demand which may have occurred. In particular this will allow time for any possible developments in the chemical industry to emerge and for the level of subsidy required to sustain such potential uses to be assessed.

20th December 1985

THE CHANGING WORLD OF TATE & LYLE

1980	1981	1982	1983
Liverpool Sugar Refinery	Bulk Storage Tanks	Bulk Tank Terminals	Alcântara Group
Garton's Starch Factories	Biospecialties Plant	Surfactant Plant	Zymaize Joint Venture
Six Ships	Farrow Irrigation Business	V.O.N. Brewing Sugar Plant	Glenow Building Materials
Two Truck Service Depots	Tylin Management Services	Hay-Lambert Caramel Plant	Unalco Chemical Distribution
Tate & Lyle Feeds			Merton Grove factory
Reality Furniture			Holway Packaging

RATIONALISATION

Events are shown in the calendar years in which they were announced.

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1984	1985
Donlee Manufacturing Industries	The Western Sugar Co.
Speciality Feed Businesses	Vigortone Ag Products
Bulk Tank Terminal	
Immobilised Enzymes Plant	Farm Feed Holdings
"Microtal" Sugars	Texas Plastic Industries
Millwall Plant	
Speciality Sweeteners Division	Thames Refinery Process Block
Belize Sugar Industries	Wymondham Oil Terminal
Agricultural Drainage Pipe Operations	Merry & CB Packaging Divisions

GROWTH

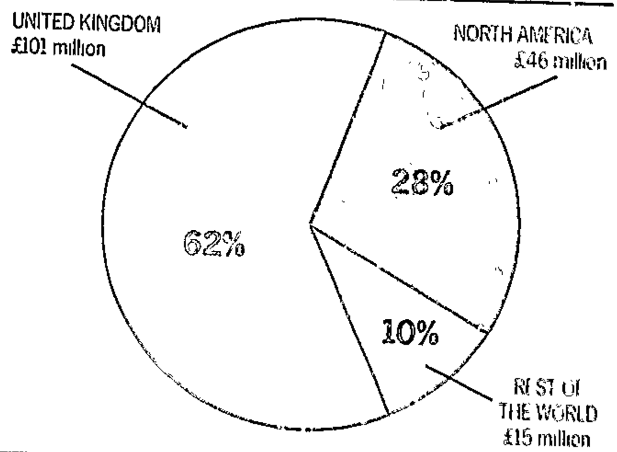
ACQUISITIONS

NEW DEVELOPMENTS

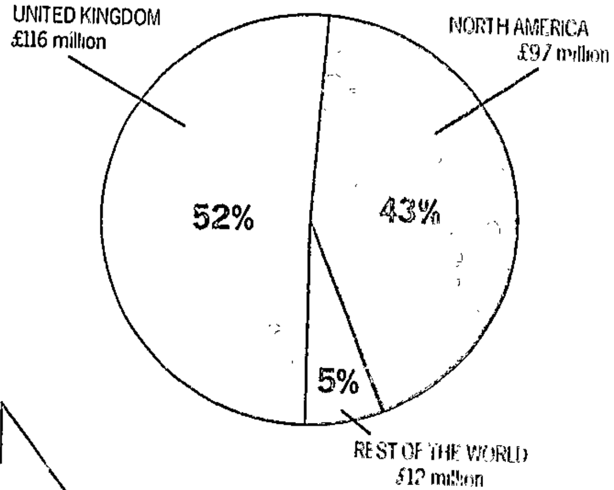
CLOSURES/DISPOSALS

The change in distribution of fixed assets

1980



1985



Essential restructuring of the Group was completed in the early 1980's, forming the base from which expansion is now taking place in both existing and new businesses.

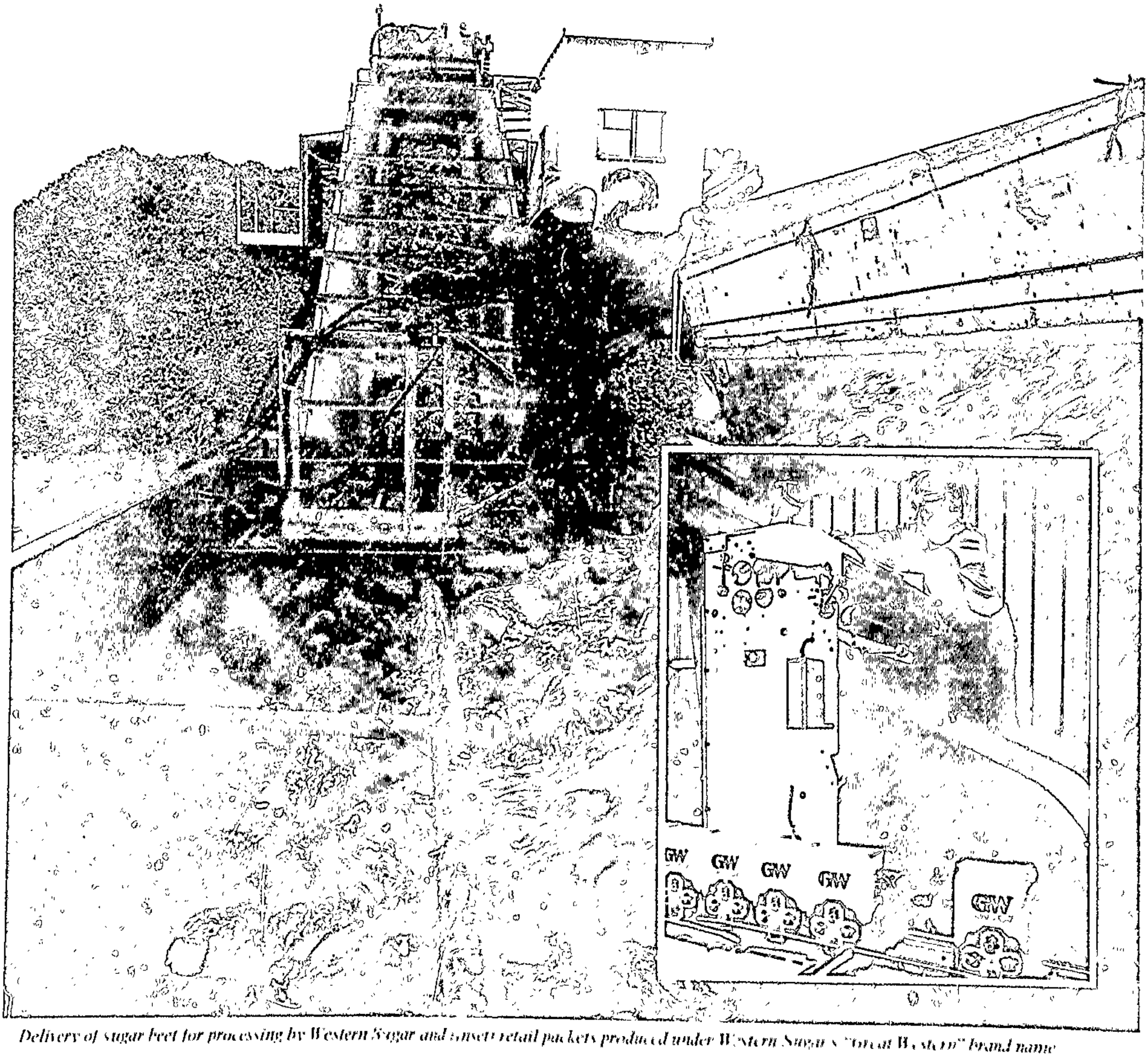
TATE + LYLE DEVELOPING [illegible]RENGTH IN NORTH AMERICA

The Group's main ac[illegible] [illegible] th[illegible] [illegible] last eighteen months has been in the ma[illegible] [illegible] [illegible] America. Nearly half the Group's ass[illegible] [illegible] that continent, participating in the growth of the world's greatest economy and diversifying business risk away from dependence on the UK.

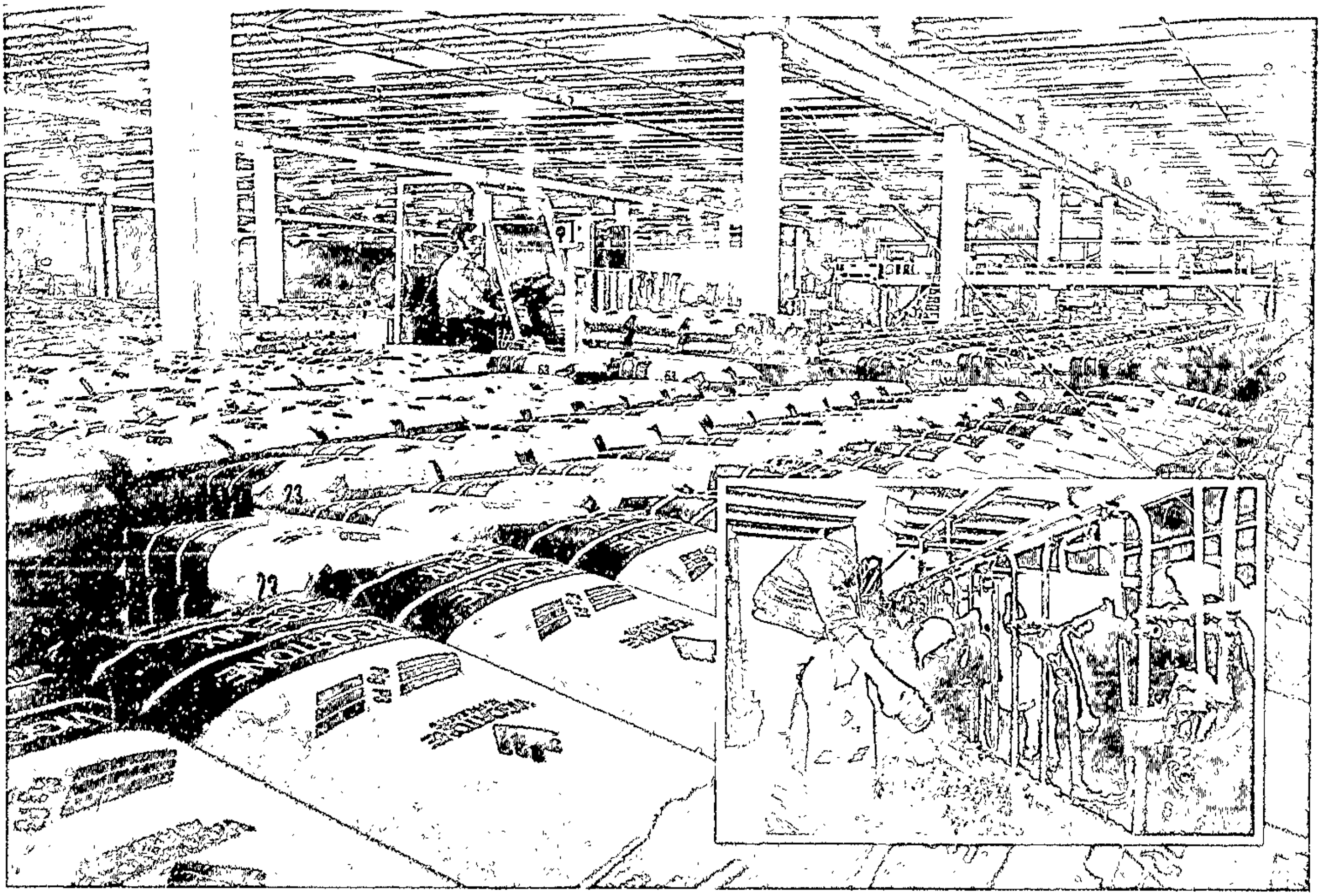
In March 1985 the Group re-entered the sugar beet processing business by acquiring six beet factories located in Nebraska, Montana and Wyoming to form The Western Sugar Company. These factories are capable of producing over 250,000 tonnes of refined sugar each year; they will give the Group a strong position in the Mid-West and will complement its established strength in the North-East where Refined Sugars operates its half million tonne cane sugar refinery.

Pacific Molasses purchased the Speciality Feeds Division of A. E. Staley and The Pro-lix Company. It also acquired the much larger Agri-Products Division of Beatrice Inc., two operating units of which were sold almost immediately. The remaining assets were formed into Vigortone Ag Products Inc. Vigortone manufactures blended vitamin and mineral pre-mixes for the livestock industry in four modern plants in the central and eastern areas of the US. It is a technical and market leader in its field and will provide an ideal vehicle for further expansion in the manufacture and distribution of speciality feed products.

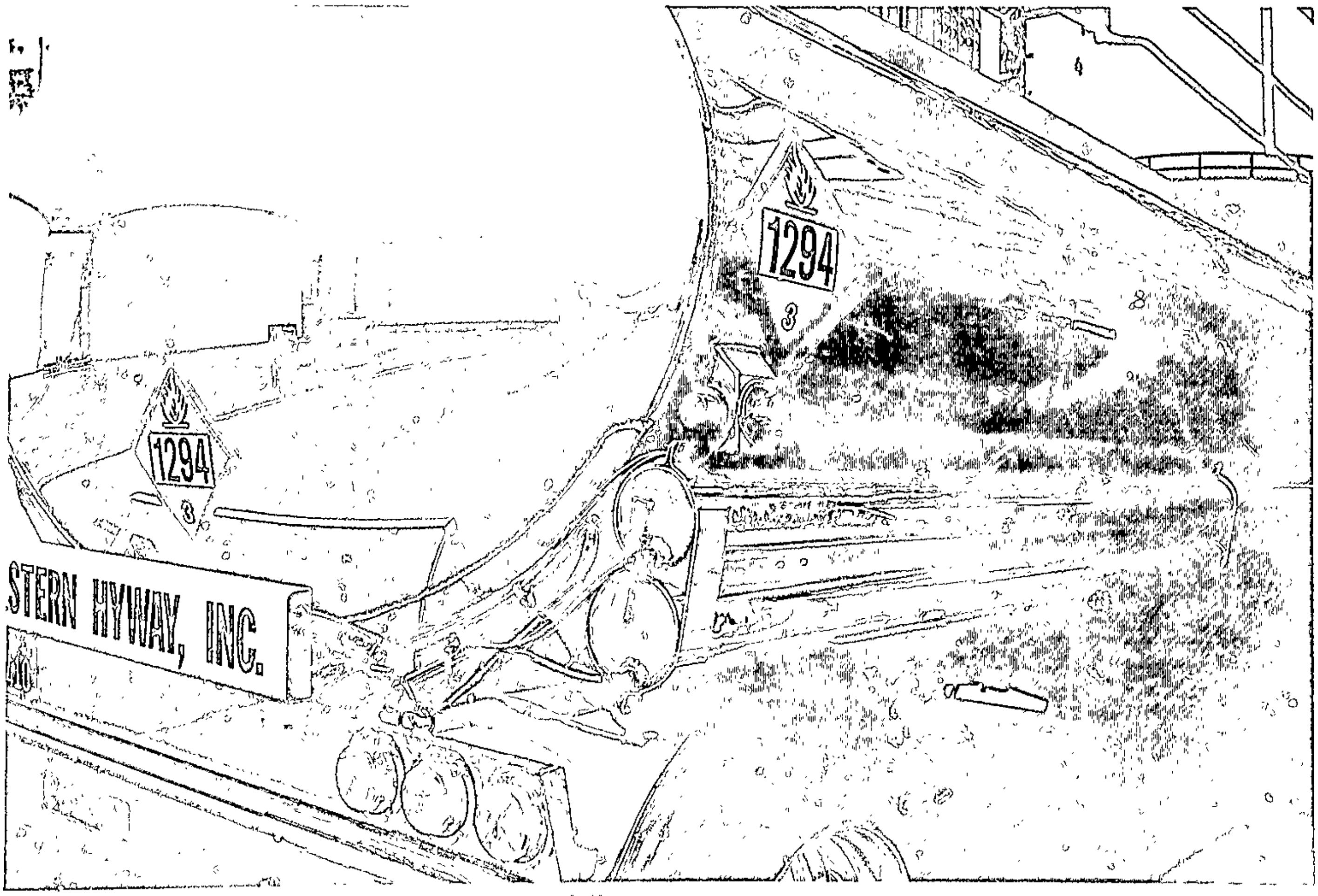
Unitank Terminal Service of Philadelphia purchased a bulk liquid terminal and warehouse facility at Richmond, California (Port of San Francisco). It has a total capacity of 54,000 cubic metres, with 63 storage tanks suitable for the complete range of petroleum and chemical products. Through its various companies, the Group is now able to offer facilities in all major ports in the US.



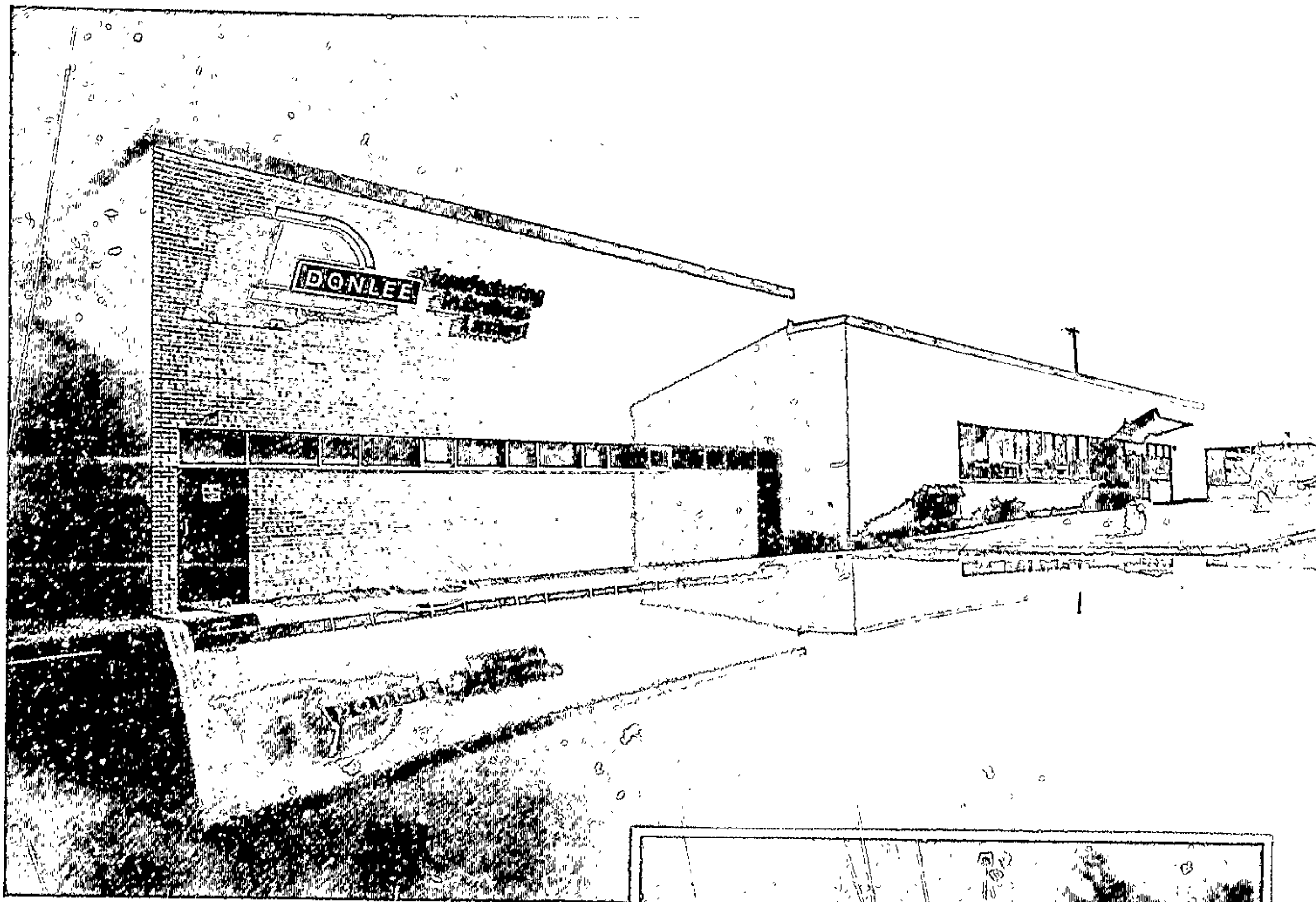
Delivery of sugar beet for processing by Western Sugar and (inset) retail packets produced under Western Sugar's "Great Western" brand name



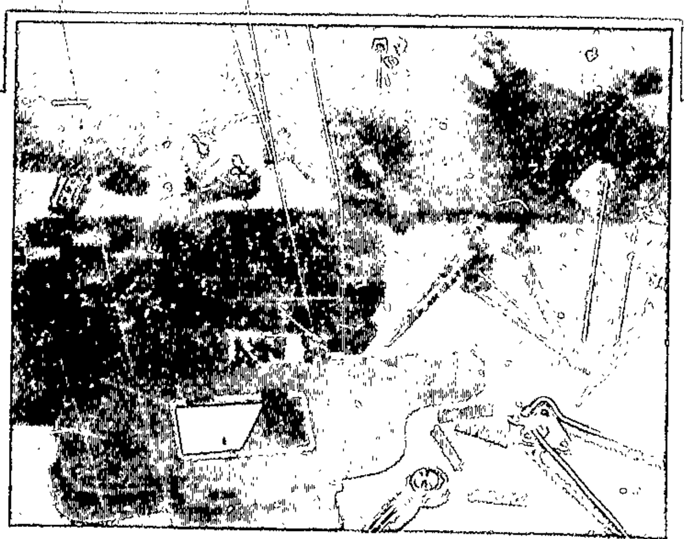
Warehousing of Vigortone's bagged premixes at Cedar Rapids, Iowa, for (inset) on-farm livestock feeding



[illegible] at Richmond [illegible]



Donlee's Paramount plant at Weston, Ontario.

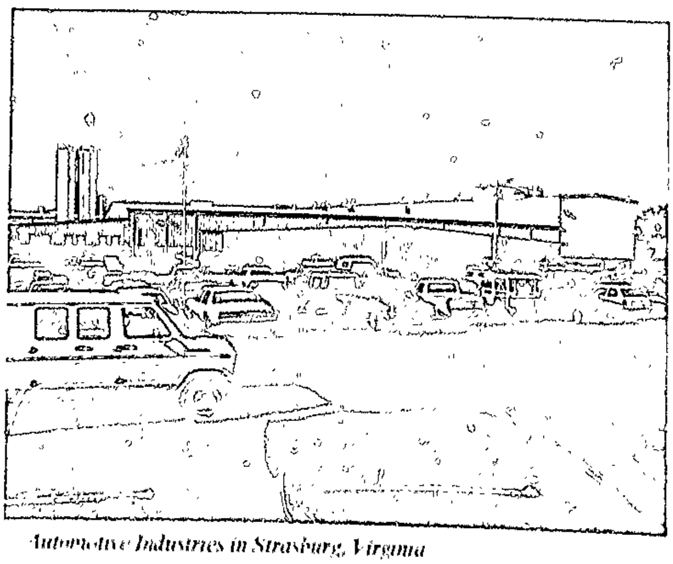


Part of Donlee's automotive product range.

Donlee Manufacturing Industries was purchased by Redpath Industries in early 1985. Donlee has four plants in Toronto and one in Strasburg, Virginia. Its business is organised into two operating units: the Automotive Group and the Precision Products Group. The Automotive Group represents about three-quarters of Donlee's annual Can.$100m sales, and manufactures plastic moulded interior trim and other moulded plastic parts for the original equipment car and truck market. The Precision Products Group manufactures machined components for the nuclear, defence and aerospace industries, and custom industrial gears.

Recently Donlee has itself announced the purchase of the operating assets of Texas Plastic Industries of Midland, Texas. This company manufactures custom injection moulded products primarily for the oil and gas drilling industry. The current product line will be continued, but the plant will also be used to produce interior plastic parts for the new Ford/Mazda assembly plant in Hermonsillo, Mexico to be opened in late 1986.

All these acquisitions, added to the substantial existing businesses of Refined Sugars, Pacific Molasses, Redpath Industries, Unitank and Tate & Lyle Enterprises, form a strong North America Division with many opportunities for further developments and expansion in its varied markets.



Automotive Industries in Strasburg, Virginia

Donlee's Precision Products Group in Toronto — General view and inset: drill press at Donlee Precision

In 1985 the Group made its first significant new investments since the late 1970's. This has been achieved without any setback to earnings, which were once again a record, and without depressing our return on capital – now above 21%.

Significant acquisitions have fuelled growth

In the early 1980's we needed to concentrate on rebuilding our base businesses, strengthening our management and motivating our employees. Excessive growth by acquisition or by opening up new markets would have been a dangerous diversion of energies but by 1984 the Company had become sufficiently strong both financially and managerially to allow a more challenging acquisition programme to be undertaken. This year about £92m has been spent on businesses that have already contributed some £13m to operating profits. This figure would be considerably higher in a full year.

All these purchases fall clearly within our acquisition policy. They are related to existing activities; they are purchased at sensible prices, by fair negotiations with willing sellers; they are of significant size relative to their markets; and their management teams are committed to future success.

The world price of sugar affected the sugar trading sector

The Group holds a long term strategic position in physical raw sugars; its value has been written down to the market price ruling at the end of the period and the resulting loss taken against the sugar trading sector.

The world market price has remained depressed. Original forecasts of a small deficit in the world market supply balance in 1984/85 proved illusory as production ended up higher than predicted, destroying hopes of an early rise in price. Values continued to decline to reach an all-time low, in real terms, of under three US cents/lb in June 1985. However, there has since been a modest increase in price, due to lower production forecasts for 1985/86 and anticipation that if consumption growth continues at recent rates, there could be a reduction in the high level of world stocks, currently estimated at nearly 40% of annual consumption.

Litigation is continuing over the unfulfilled 1982 contract with Indonesia. It has become commonplace for the process of law in an international trading dispute to take a considerable time.

Some disposals have still been necessary

After discussions over many months, involving the management, the farmers and the Government of Belize, the Group completed the disposal of a majority holding in Belize Sugar Industries. This change in ownership has allowed necessary commercial decisions to be taken that would have been extremely difficult for foreign owners of such a key industry in the Belizean economy. In addition, the industry could now qualify for assistance from international lending agencies. Our involvement in the company will continue through a 10% shareholding and a management contract.

The terms of sale include payments related to the future performance of the company. No credit for these potential proceeds has been taken in the Group's accounts, resulting in an extraordinary loss on disposal of £11.6m.

In Canada, Redpath Industries sold its agricultural pipe operations and packaging businesses as part of the re-orientation of its business, reflected in the acquisition of Donlee Manufacturing Industries.

Margins were squeezed in the UK sugar market

Production at the London and Greenock refineries was slightly below the high levels of 1984. Profits were disappointing, primarily because of the squeeze on margins caused by the EEC decision to restrict agricultural price increases to rates below the level of UK inflation. This margin squeeze was aggravated by severe price competition.

EEC policies seem unlikely to be reversed, and acceptable profitability can only be restored through reduced costs. This means attaining significantly higher levels of productivity. Considerable progress has already been made; capital expenditure projects in hand, together with other planned projects, should allow an adequate level of profitability to be restored.

On 1st October 1985, the trading name 'Tate & Lyle Refineries' was changed to 'Tate & Lyle Sugars'. The former name had a long and distinguished history, but the latter is now more appropriate to the current thrust of the business.

Overseas sugar refining had mixed results

Refined Sugars Inc., with a 500,000 tonne per annum refinery at Yonkers, New York, has been going through a painful realignment of the North-east sugar market. Margins were depressed by continuing over-capacity in the market, exacerbated by the long-awaited switch by the soft drinks companies to the use of 100% corn sweeteners in their cola products. RSI was able to report only modest profits in these difficult conditions.

Cost efficiencies were achieved through improved energy utilisation and the commissioning of a new clarification plant. Further penetration of the 5-lb bag sector has improved the company's position in the grocery market.

The Gulf market, in which Colonial Sugars operates, is improving following the closure of one refinery. Meanwhile, Colonial has secured a contract with Louisiana Sugar Cane Products for nearly 50% of its long term raw material needs. The purchase of Colonial is expected to be completed in 1986.

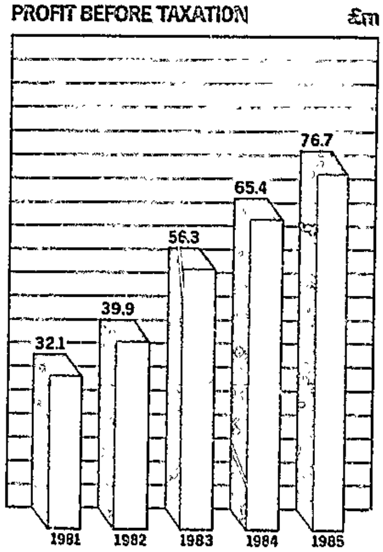
We are hopeful that a US sugar programme will emerge which is more conducive to cane imports. As two major competitors closed refineries during the year, and the scope for further sugar substitution is now very limited, prospects for 1986 look healthier.

Redpath Sugars produces 250,000 tonnes of sugar annually from its Toronto refinery. Although profits were prevented from reaching last year's record levels by a five week strike and by less favourable US trade conditions, the company still achieved a very satisfactory level of profitability in both its sugar refining operations and raw sugar trading activities.

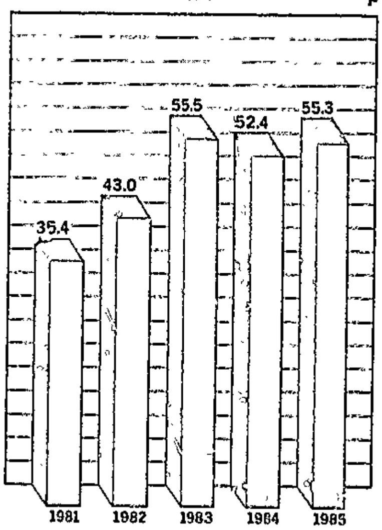
In Portugal, the Alcântara acquisition made in 1983 again did well and the Sidul sugar refinery in Lisbon produced higher profits in a competitive market.

The establishment in March 1985 of The Western Sugar Company in the US has extended the Group's traditional cane sugar refining operations into sugar beet, though not for the first time. The business has not made any contribution to 1985 profits, as the period from April to September is largely occupied with the annual programme of between crop factory maintenance work. The new harvest started in October.

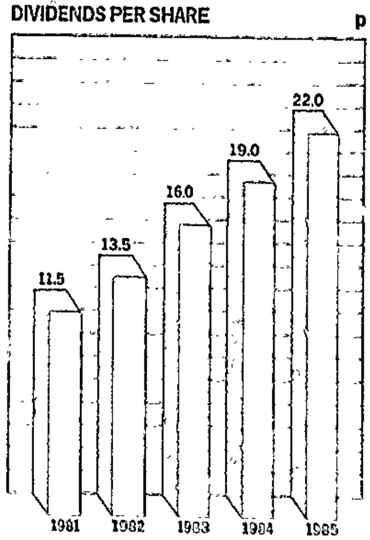
PROFIT BEFORE TAXATION £m



EARNINGS PER SHARE p



DIVIDENDS PER SHARE p



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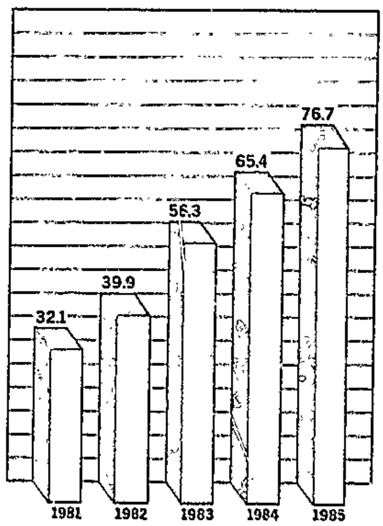
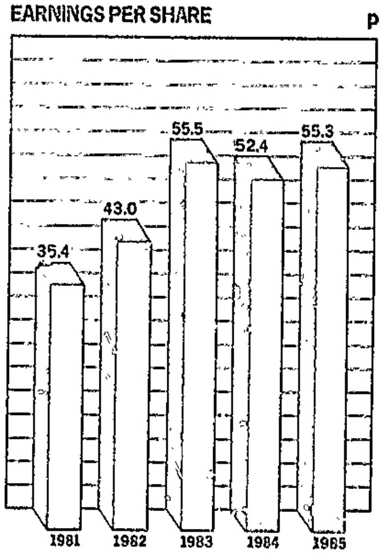


EARNINGS PER SHARE p



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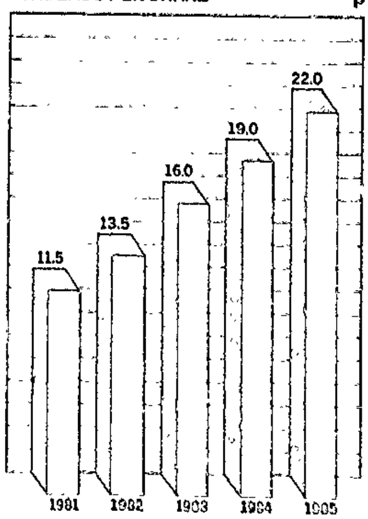


Redpath's non-sugar businesses had an outstanding year

The acquisition of Donlee Manufacturing Industries in January 1985 contributed to a strong performance from Redpath's non-sugar businesses. Donlee is a successful automotive parts manufacturer and complements Redpath's existing strength in the injection moulding of plastic products, with excellent future growth prospects.

Donlee's precision products division has traditionally sold substantially into the nuclear energy industry. Since current prospects for this industry are uncertain, major capital and marketing programmes are underway to develop new markets in aerospace and defence. Initial results are encouraging.

Multi Fittings and Daymond also had excellent results. Multi Fittings continued to improve its contribution by successfully broadening its product lines. Daymond's aluminium operations achieved higher sales and profits from increased automotive business, but its vinyl siding operation was affected by reduced margins arising from severe industry overcapacity.

Promising expansion in speciality feeds for the molasses trading group

The new Vigortone operation in the US performed satisfactorily in its first eight months in the Group, making a positive contribution to the results after full financing costs. This value-added sector continues to offer great potential for growth with a respectable return on investment. This is further evidenced by the successful marketing of the recently acquired Staley feed block business. A new plant for the production of these blocks will be on stream by December 1985.

These developments were paralleled in the UK by the acquisition of Farm Feed Holdings late in the year.

The worldwide molasses trading business of United Molasses and the domestic US business of Pacific Molasses were affected by the generally depressed agricultural scene on both sides of the Atlantic, with violent fluctuations in the dollar contributing to a difficult year. In the EEC the trade has now adjusted to the imposition in 1984 of dairy quotas.

The Group is the leading world trader in molasses, and together with its trading in tallow, feed fats and associated products remains well placed to take advantage of opportunities in this sector.

Both volume and profits increased in the bulk storage businesses

The Group's third party bulk storage companies in the UK are Unitank Storage Company, Tees Storage Company and Wymondham Oil Storage Company; the latter's terminal was formally opened in September 1985. The Tees chemical barging business had a successful first year. The market benefited in the short term from storage of fuel oil during the coal strike. For the longer term continuing rationalisation amongst major oil companies is increasing demand for independent petroleum distribution facilities.

In the US, Unitank Terminal Service performed strongly, with high tank occupancy from the improved facilities offered to customers. The new terminal at Richmond, California integrated well with the business, complementing the range of the Philadelphia terminal. It has contributed better results than expected.

Agreement has been reached to develop chemical storage in a joint venture at Port Kelang, Kuala Lumpur. This will be the first independent storage terminal to be operated in Malaysia.

New opportunities for business with sugar producing countries are appearing

Through its trading, agribusiness and technical products divisions the Group is well placed to offer a complete service to sugar producers. It is encouraging that the last year has seen the emergence of more realistic trading conditions.

Tate & Lyle Technical Services continues to manage sugar estates in Zambia, Swaziland and Jamaica and has contracts in Ghana, Indonesia, Malaysia, Sri Lanka and many Caribbean countries. Tate & Lyle Engineering's activities included the construction of a hotel and textile mill in Swaziland. A machinery workshop was opened during the year in Thailand to service the neighbouring sugar and other industries.

Tate & Lyle Process Technology, British Charcoals & Macdonalds and Smith-Mirrlees manufacture a range of speciality equipment and process chemicals for the sugar, corn and beverage manufacturing industries. Turnover and profits were again significantly higher in a market depressed by low world sugar prices.

The Group's other businesses made a sound contribution to profits

The packing and distribution sector produced a particularly strong performance. The road transport operation in the UK was reorganised to form Tate & Lyle Distribution Services. Profits were very satisfactory and the unit costs of moving in-house products were reduced. In tea packing, Ridgways' margins returned to adequate levels after the squeeze induced by the sharp run-up in prices in 1984.

Our related company in Nigeria continued to expand its packing facilities and secured a substantial share of the retail market, making good profits. The company is investigating investment opportunities aimed at reducing imports and preserving foreign exchange. Sugar cane trials have been started in the North.

At Hugh Baird & Sons, both domestic and export sales of malted barley were maintained at satisfactory levels. The company's reputation for quality and service enabled new business to be secured during the year, despite the difficulties imposed by the scarcity of foreign exchange in its export markets.

Richards (Shipbuilders) delivered five minesweepers to the Royal Navy during 1985, and in a difficult market has been able to attract orders for an off-shore supply vessel, the refit of a Navy Patrol Vessel and the lengthening of a fishing vessel.

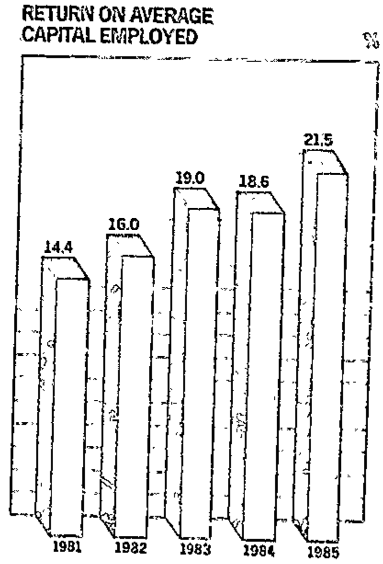
The Group's insurance businesses, Tate & Lyle Reinsurance and Athel Reinsurance Company, have again produced good results. Cautious underwriting policies have served us well during the recent prolonged period of depressed rates. Premium levels are now rising and we are well placed to take advantage of these new market conditions.

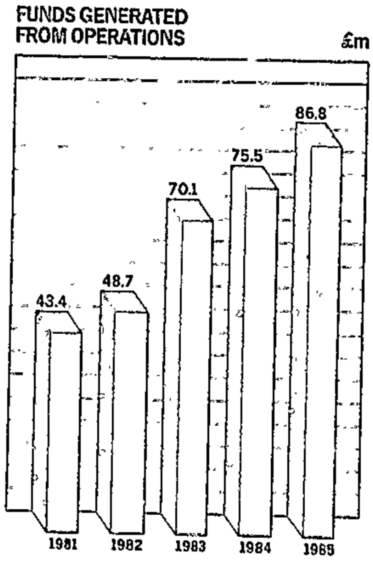
The CST Group of related cereal, sweetener and starch companies, which includes Amylum N.V. in Belgium and Tunnel Refineries in the UK, reported lower profits. A new wheat starch plant was commissioned at Amylum's factory at Aalst in Belgium, and the group has good future prospects on the basis of its production and technical strengths in corn and wheat processing.

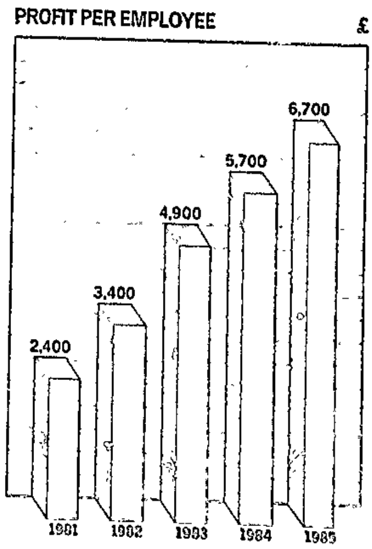
In Zimbabwe, increased domestic demand resulted in record production at the Harare refinery of ZSR. However results were depressed because approval to increase selling prices, applied for in March 1984, was withheld until August 1985.

Research effort continues

The Group's research facilities are based on the campus of Reading University. Research effort has continued throughout the year into new manufacturing processes, product enhancements and sweetener development. A growing part of this work is concerned







with health and nutrition, the most important subject of all for any food company.

The Speciality Sweeteners Division has made good progress in its development of high intensity sweeteners and food ingredients. One product, sucralose, is particularly promising. This is a non-nutritive sweetener produced directly from sugar and almost indistinguishable from it in flavour. It is still a few years away from the marketplace, but the potential well justifies the present commitment of resources.

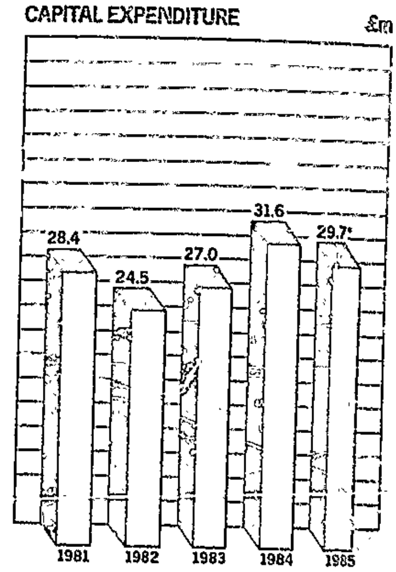
Productivity

During the year conditions in our most important markets have been, in general, volatile and uncertain. Riding these business cycles requires skilful management, but success cannot be achieved without increased productivity. **Only the efficient use of all resources – time, money, personal skills and capital plant – allows good products to be put into the marketplace on time and at competitive prices. This is recognised by employees at all levels, and this year's record profits reflect great credit on their efforts.**

N M Shaw, Group Managing Director

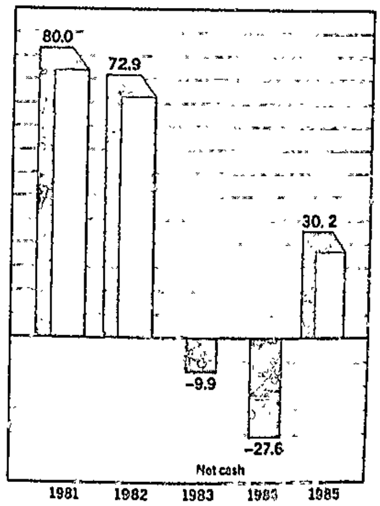
11th December 1985

CAPITAL EXPENDITURE £m

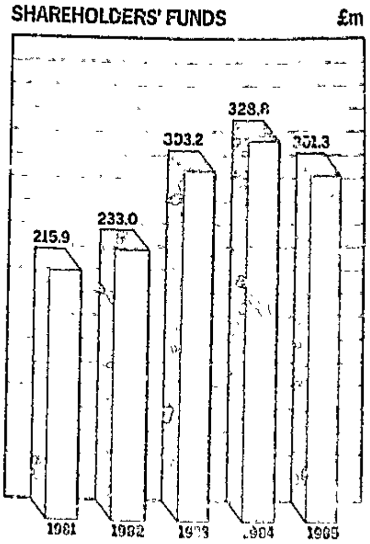


*excludes £33.8m of fixed assets within businesses acquired during 1985

GROUP BORROWINGS NET OF CASH £m



SHAREHOLDERS' FUNDS £m



United Kingdom division

Tate & Lyle Sugars	A M Derde
Tate & Lyle Distribution Services	A G Stanton
Tate & Lyle International	C E Paul
Molasses & Storage	M J Gollin
United Molasses	J H Cheetham
Unitank	R J Kellaway
Hugh Baird	R M Reed
Richards (Shipbuilders)	J G Bell
Speciality Sweeteners	J C Abram

International division

TLA Group	M W Goodwin
Technical Products Group	M C Bennett

Foreign Investment division	S Gifford
Alcântara	F J Pereira do Valle
Tate & Lyle (Nigeria)	Mrs M R A Adeleke
ZSR	G H D Hinde

North America division

Redpath Sugars	M D McEwen
Automotive, Industrial & Construction Products	J A Swan
Pacific Molasses	M J Godfrey
Refined Sugars	P J Mirsky
Unitank Terminal Service	H G Rieger
Western Sugar	D A Lapins

Corporate

Strategic Planning	D M Davis
Research & Development	R C Righelato
Personnel	P D C Greenway
Corporate Affairs	C D Runge

Principal activities of the Group

The activities of the Group are classified into the following principal classes of business:

- Sugar production and refining
- Sugar trading
- Molasses
- Automotive, industrial and construction products
- Cereal sweeteners and starches
- Packing and distribution
- Malting
- Agribusiness
- Bulk liquid storage
- Insurance

Comment on Group activities is given in the Review of Operations on pages 14 to 18.

Significant changes in Group interests

Donlee

Redpath Industries Limited completed the purchase of the whole of the share capital of Donlee Manufacturing Industries Limited in January 1985. The total purchase consideration was Can. $44 million of which Can. $16 million was in cash, the balance being satisified by the issue of non-convertible preference shares and unsecured loan stock. Additional purchase consideration, up to a maximum of Can. $8 million could arise on redemption of the preference shares in years up to 1991.

The Western Sugar Company

In March 1985, six beet sugar processing factories were acquired from Great Western Sugar Company for a cash consideration of US $21.5 million. These assets together with stocks of refined sugar, packaging materials, beet pulp and molasses also purchased at the time were subsequently injected into The Western Sugar Company which has been formed as a wholly-owned subsidiary of Refined Sugars Inc.

Acquisitions by Pacific Molasses Company

In February 1985, the Agri-Products Division of Beatrice Inc. was purchased for a cash consideration of US $42.2 million. Two operating units within this division were sold shortly thereafter for US $17.8 million.

In November 1984, the Specialty Feeds Division of A.E. Staley Manufacturing Company was purchased for US $1.5 million and in June 1985 The Pro-lix Company, manufacturer of liquid feeds, was also purchased for US $1.5 million.

Farm Feed Holdings Limited

In July 1985, Farm Feed Holdings Limited and its subsidiaries were acquired for £5.75 million paid in cash. This UK based group manufactures animal feed mixes and supplements, brewers adjuncts, and feed milling and ancillary equipment.

Belize Sugar Industries Limited

Completion took place during the period of the sale of 86.97% of the ordinary shares of Belize Sugar Industries Limited to the Government of Belize and other Belizean interests. An initial payment of US $1.25 million was received in October 1984; any further sale consideration will be related to the performance of the company. The Group's shareholding has now been reduced to 10% which is to be retained as an investment.

Disposals by Redpath Industries Limited

In October 1984 the operating assets of the agricultural pipe operations of Daymond in Canada and Certain Teed/Daymond Co. in the US were sold for Can. $7.7 million.

The Packaging Division (CB Packaging and Merry Packaging) was sold in January 1985 also for Can. $7.7 million.

Colonial Sugars Inc.

A preliminary agreement to purchase the entire share capital of Colonial Sugars Inc. of Mobile, Alabama, USA was announced in January 1985. This agreement has not yet been finalised.

Share Capital

During the financial period ended 28th September 1985 the issued ordinary share capital of the Company was increased by the issue of 633,153 ordinary shares of £1 each on the exercise of options under the share option schemes and by the issue of 6,888 ordinary shares on conversion of Loan Stock.

Post balance sheet event

Redpath Industries Limited, through its subsidiary Automotive Industries Inc., has agreed to purchase the operating assets of Texas Plastic Industries Inc. for an estimated Can. $6.0 million.

Group profit and loss account and dividends

The Group profit and loss account appears on page 22. After payment of the preference dividend of £0.1 million, the profit for 1985 attributable to the ordinary shareholders, amounted to £26.4 million. Ordinary dividends amounting to £15.2 million have been or are proposed to be paid and the balance of £11.2 million has been retained in reserves.

The directors recommend a final dividend of 14.5p (1984-12.5p) per share making for the 52 weeks a total of 22.0p (1984-19.0p).

Tangible fixed assets

Changes in tangible fixed assets over the period are detailed in Note 12 to the financial statements.

Current cost accounting

The mandatory status of the Statement of Standard Accounting Practice No. 16 was withdrawn in June 1985. The directors have accordingly decided not to publish current cost financial statements.

Donations

During the period the Group contributed £15,000 to the Conservative Party, £2,000 to the Alliance Fund, and £500 to the Tory Reform Group.

£147,000 was donated to UK charitable bodies.

Corporate responsibility

The Group has traditionally supported the wider community. Currently this manifests itself by the support of educational schemes, both for residents near the London refineries and students from overseas countries. Some research fellowships are also offered.

Directors

The names of the persons who have been directors at any time during the period are listed on page 1.

Mr M J L Attfield resigned as a director on 30th June 1985.

Mrs J P G Prior was appointed as a non-executive director on 1st March 1985 and Mr J E Wright was appointed as a director on 1st December 1985. They, therefore, retire under Article 113 and, being eligible, each offer themselves for re-election.

The directors retiring by rotation under Article 107 are Mr C F Sedcole, Mr H S Tate and Mr F Thomlinson who, being eligible, each offer themselves for re-election.

With the exception of Mr F Thomlinson and Mr J E Wright, the directors offering themselves for re-election are non-executive and do not have service contracts with the Company.

Mr C F Sedcole joined the Board in 1982 and is currently deputy chairman of Reed International PLC.

Mr H S Tate, a Board member since 1957, became a non-executive director in 1982 and has recently been appointed as executive chairman of The London Commodity Exchange.

Mr J E Wright is employed under a service contract as managing director of the Administration and Corporate Services Division. This service contract will expire on 31st January 1988, unless extended by mutual agreement.

Directors' interests

Particulars of directors' interests as required by the Companies Act 1985 are as follows:

	Tate & Lyle PLC			
	Ordinary Shares		Executive Share Option Scheme	
	28 Sept. 1985	29 Sept. 1984	28 Sept. 1985	29 Sept. 1984
Beneficial interests				
Sir Alex Alexander	125	125	—	—
Sir Richard Cave	125	125	—	—
Sir Robert Haslam	6,375	6,375	66,964	35,964
The Rt. Hon. Earl Jellicoe	1,175	1,175	—	—
J R Kerr Muir	5,026	133	35,000	20,428
J C W Mitchell	8,200	200	38,480	39,337
Mrs J P G Prior	100	—*	—	—
C F Sedcole	125	125	—	—
N M Shaw	22,500	6,500	70,000	47,180
H S Tate	25,007	25,007	—	—
F Thomlinson	125	125	—	—
L R Wilson	100	100	—	-

*holding at date of appointment

Directors held common shares of no par value of Redpath Industries Limited as follows:

J R Kerr Muir	4,800	4,800
J C W Mitchell	300	300
N M Shaw	24,660	24,660
H S Tate	6	6
L R Wilson	46,982	45,945

1984 holding as adjusted for share split in February 1985.

Notes:

1 At 28th September 1985 Mr J R Kerr Muir held a total of 2,449 options granted under the Savings-Related Share Option Scheme (1984 – 1,362).

2 No director had any interest in other shares in or debentures of Group companies.

3 At 28th September 1985, directors held 210,444 share options within the Executive Scheme as noted above. These options are exercisable as follows:—

Number of shares	Subscription price
5,000	212p
35,964	278p
13,480	408p
156,000	438p
210,444	

4 In the period from 28th September 1985 to 9th December 1985 Mr L R Wilson increased his holding in Redpath Industries Limited to 49,200 common shares of no par value. There were no other changes in directors' interests in this period.

Other interests in shares

The directors have not been advised and have no reasonable cause to believe that there are any individual interests, or group of interests held by persons acting together, which exceed 5% of the Company's issued equity capital.

The Company has not acquired or disposed of any of its own shares during the period.

The close company provisions of the Income and Corporation Taxes Act 1970 do not apply to the Company and there has been no change in this respect since 28th September 1985.

Share option schemes

The Savings-Related and Executive Share Option Schemes were adopted by the Company in General Meeting on 24th September 1981. Amendments to the rules of both schemes were approved by special resolutions at the Annual General Meetings held on 1st March 1984 and on 21st February 1985. Details of options granted and outstanding under both schemes are shown in Note 20 on page 36. The number of shares over which options are held by directors who are participants in the schemes is noted additionally on this page.

Employment policies

The Group has a comprehensive framework of employment policies. From these, operating units and subsidiary companies develop their own specific procedures designed to suit their particular business environment.

Equal opportunity policy

Tate & Lyle is committed to ensuring equality of employment opportunity regardless of sex, marital status, colour, race, ethnic or national origin, or disability. The aim of such policies, which cover recruitment, career development and promotion opportunities, is to ensure that all employees have the opportunity to develop as fully as possible in accordance with their individual abilities and the needs of the Group.

Employment of disabled persons

The Group has made and will continue to make every effort to retain and assist any individuals disabled in the course of their employment and to help with their rehabilitation. Contacts have been maintained with Disablement Resettlement Officers and organisations specifically involved in providing work for the disabled.

Employee involvement

Arrangements exist to keep all employees informed on matters of concern to them and, following publication of the Group's results, information is disseminated widely. This includes performance statistics for both the Group and individual operating units. Information is given on the performance of the pension funds.

Youth training

In the United Kingdom, the Group will provide over 170 high quality training places for school leavers in the coming year either through the Youth Training Scheme, traditional apprenticeships or other schemes.

South Africa

In accordance with the White Paper (Command 7233) the Department of Trade has been provided with information on the wages and conditions of employment of our subsidiary in South Africa. The number of black Africans employed was 24. A summary of this information is available upon written application to the Secretary.

Auditors

The Auditors, Touche Ross & Co., have expressed their willingness to continue to act, and a resolution for their re-appointment will be submitted to the Annual General Meeting.

By Order of the Board

C P McFie, Secretary
11th December 1985

TATE + LYLE

GROUP PROFIT AND LOSS ACCOUNT

	Note	1985 £ million	1984 £ million
Turnover		1,626.7	1,675.6
Operating profit	2	67.5	54.3
Share of profits of related companies	4	9.0	8.4
Interest receivable and similar income		20.0	20.1
Interest payable and similar charges	5	(19.8)	(17.4)
Profit before taxation		76.7	65.4
Taxation	6	29.1	21.9
Profit after taxation		47.6	43.5
Minority interests		9.5	7.6
		38.1	35.9
Extraordinary loss	7	11.6	—
Profit for the period		26.5	35.9
Dividends paid and proposed	8	15.3	13.1
Retained profit		11.2	22.8
Earnings per share—basic	9	55.3p	52.4p
Earnings per share—fully diluted	9	53.3p	50.6p

Statement of total Group reserves

	£ million	£ million
At beginning of the period	258.1	232.5
Differences on exchange	(15.0)	11.5
Adjustment on changes in the Group	(0.3)	0.6
Revaluation surplus	1.3	—
Goodwill on acquisitions	(26.0)	—
Premium on shares issued	0.7	—
Additional provision for deferred taxation	—	(9.3)
Retained profit	11.2	22.8
At end of the period	230.0	258.1

Figures for 1984 have been restated to reflect the use of average exchange rates.

	Note	1985 Group £ million	1984 Group £ million	1985 Tate & Lyle PLC £ million	1984 Tate & Lyle PLC £ million
Fixed assets					
Tangible assets	12	**225.3**	208.7	**0.9**	1.2
Investments	13	**53.2**	49.9	**147.9**	163.5
		278.5	258.6	**148.8**	164.7
Current assets					
Stocks	14	**155.4**	168.1	**—**	—
Debtors	15	**137.7**	139.0	**169.4**	105.5
Investments	16	**113.8**	163.8	**45.8**	89.5
Cash at banks and in hand		**6.4**	14.0	**—**	7.7
		413.3	484.9	**215.2**	202.7
Creditors—amounts falling due within one year	17	**(267.4)**	(266.3)	**(124.9)**	(125.6)
Net current assets		**145.9**	218.6	**90[illegible]**	77.1
Total assets less current liabilities		**424.4**	477.2	**239.1**	241.8
Creditors—amounts falling due after more than one year	18	**(48.9)**	(65.6)	**(47.5)**	(58.3)
Provisions for liabilities and charges	19	**(32.4)**	(41.0)	**(0.2)**	(0.7)
Total net assets		**343.1**	370.6	**191.4**	182.8
Capital and reserves					
Called up share capital	20	**71.3**	70.7	**71.3**	70.7
Share premium account		**43.4**	42.7	**43.4**	42.7
Revaluation reserve	21	**21.6**	19.7	**—**	—
Other reserves	22	**7.8**	6.7	**0.3**	0.3
Profit and loss account	23	**157.2**	189.0	**76.4**	69.1
		301.3	328.8	**191.4**	182.8
Minority interests		**41.8**	41.8	**—**	—
		343.1	370.6	**191.4**	182.8

The financial statements were approved by the Board at a meeting on 11th December 1985.

Robert Haslam Robert Haslam
N M Shaw N M Shaw
Directors

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	1985 £ million		1984 £ million	
Source of funds				
Profit before taxation		76.7		65.4
Adjustment for items not involving the movement of funds:				
Depreciation on tangible fixed assets	19.4		16.4	
Retained in related companies	(7.5)		(5.2)	
Other non cash items	(1.8)		(1.1)	
		10.1		10.1
Total generated from operations		86.8		75.5
Issue of shares for cash	1.3		—	
Issue of preference shares(a)	6.2		—	
Proceeds from sale of fixed assets	7.7		4.0	
Proceeds from sale of Belize Sugar Industries Limited(b)	1.0		—	
Exchange and other reserve movements	—		5.4	
		16.2		9.4
		103.0		84.9
Application of funds				
Purchase of tangible fixed assets	29.7		31.6	
Purchase of fixed asset investments	1.9		4.0	
Purchase of subsidiaries(a)	92.5		—	
Taxation paid	18.4		15.5	
Movement in working capital excluding taxation and items affecting Group borrowings	1.2		1.7	
Exchange and other reserve movements	3.3		—	
Dividends paid—parent company	13.7		12.5	
—minority interests in subsidiary companies	2.7		1.9	
		163.4		67.2
Increase in Group borrowings net of cash (1984-reduction)		60.4		(17.7)

The following summarises the effect of:

(a) Purchase of subsidiaries

	Net assets acquired £m		Discharged by £m
Fixed assets	33.8	Issue of preference shares	6.2
Working capital	31.6	Issue of long term debt	8.3
Borrowings	(5.0)	Cash paid	78.0
Goodwill, including £6.1 million attributable to minority interests	32.1		
	92.5		92.5

(b) Sale of Belize Sugar Industries Limited

	£m
Fixed assets	12.2
Working capital	8.4
Borrowings	(7.6)
Minority interests	(0.4)
	12.6
Extraordinary loss	(11.6)
Proceeds from sale	1.0

1. ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements comprise the financial statements of the holding company and its subsidiaries. The main subsidiaries are listed on page 42. The results of subsidiaries or businesses sold or acquired during the period are included up to or from the respective dates of sale or acquisition.

The columns headed 1985 relate to the results of the holding company and principal subsidiaries for the 52 weeks ended 28th September 1985 and the balance sheet at that date. The columns headed 1984 are the results for the 52 weeks ended 29th September 1984 and the balance sheet at that date.

The financial statements are prepared under the historical cost convention with the exceptions that:

certain tangible fixed assets have been included on a revalued basis as set out in note 12 on page 30;

certain stock has been valued using the principles of base stock accounting which are not in accordance with the Statement of Standard Accounting Practice No. 9.

Goodwill arising on the acquisition of subsidiaries and related companies is written off to reserves in the year of acquisition.

Turnover

Turnover, analysed on page 40, represents the amount receivable by the Group in the ordinary course of business, net of value added and other sales taxes, for goods sold and services provided outside the Group and includes the value of contracts for the sale of commodities on terminal markets, except where such contracts are directly associated with the hedging of physical purchases.

Trading in commodities

Molasses trading

Stocks of blackstrap molasses up to a fixed maximum tonnage are valued at a base price. Such base stock is the amount currently regarded as the normal operating quantity necessary for trading and distribution. The maintenance of this tonnage is necessary for the continuance of the business and it is not normally available for disposal. The consistent use of the base stock method ensures that fluctuations in prices are eliminated from stock values. The base price of molasses is denominated in US$. Values and volumes are amended from time to time to give effect to changes which are regarded as permanent.

Any excess of the stock of blackstrap molasses over the base tonnage is valued at the lower of cost or net realisable value. Beet molasses and other molasses related stocks are also valued on this basis.

In certain cases contracts are entered into whereby the purchase price is determined by reference to market movements over periods which are not co-terminous with the accounting period. Accounting principles are applied consistently in calculating such purchase prices by including an estimate of future market movements.

Sugar trading

United Kingdom domestic

Raw sugar is imported into the United Kingdom, mainly from countries in Africa, the Caribbean and the Pacific (the A.C.P. countries) and purchase prices are effectively determined by the European Economic Community. Sugar stocks held for the UK domestic market are valued at the lower of direct cost plus attributable overheads or net realisable value.

United Kingdom export

Sugar stocks held for the export market are valued at the lower of direct cost plus attributable overheads or net realisable value and provision is made for any net loss anticipated on forward positions.

Canada

Owing to the difficulties of transportation experienced on the import of raw sugar into Canada during certain times of the year, it is considered necessary to maintain a base stock of raw sugar. This tonnage of raw sugar is the amount regarded as the normal operating quantity necessary for continuous refining processes and is not normally available for disposal. In order to ensure a constant supply of raw sugar, purchases and sales are made extending over a period of some months. The base stock tonnage therefore includes net forward commitments including transactions in the sugar terminal markets.

The base stock tonnage is initially valued at the price ruling when the base is established, but some values are amended from time to time to give effect to changes in price levels which are regarded as permanent.

Stock in excess of the base quantity is hedged on commodity markets and is not at significant market risk. Gains and losses resulting from trading activities relative to maintaining the hedged position are taken into the profit and loss account at the time the hedging transactions occur. Such stock is valued at the lower of cost or net realisable value. The value of in-process and finished goods includes attributable overheads.

USA

Sugar stocks are valued at the lower of cost or net realisable value. The value of in-process and finished goods includes attributable overheads. Gains and losses resulting from trading activities relative to maintaining a hedged position are taken into the profit and loss account at the time the hedging transactions occur.

International

Profits and losses on international trading in sugar are incorporated in the financial statements at the time of realisation. Provision is made for any net loss anticipated on forward positions.

Insurance business

The reinsurance underwriting results:

in respect of business written by overseas subsidiaries are determined annually and;

in respect of business written by the United Kingdom subsidiary are determined on a three year accounting basis.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling on the last day of the financial period (closing rates) except when covered by an open foreign exchange contract in which case the rate of exchange specified in the contract is used.

The profits of overseas subsidiary companies are translated at the average of daily rates and the difference in relation to closing rates is dealt with through distributable reserves.

Differences on exchange arising from the translation of (a) the opening balance sheets of overseas subsidiary companies at year-end rates and (b) foreign currency borrowings used to finance long term foreign investments and holdings of base stock, are taken direct to reserves. All other profits and losses on exchange are credited or charged to operating profit.

Depreciation of tangible fixed assets

Depreciation is based on the cost, or in certain cases revaluation, less capital grants, and the estimated effective lives of the assets concerned. The methods and rates used are dependent on the type of operation and the local conditions.

In the majority of cases depreciation is applied on a straight line basis using the following asset lives:

Freehold land: no depreciation

Freehold buildings: 20 to 50 years

Leasehold property: period of the lease

Bulk liquid and molasses storage installations: 20 to 60 years

Other plant and machinery including ships and motor vehicles: 3 to 20 years.

Tangible fixed assets which are being acquired under finance leases are capitalised and depreciated in accordance with the Group's normal depreciation policy. Imputed interest is written off to the profit and loss account on the 'sum of the digits' method based on the period of the lease.

Valuations of stocks and contract work in progress

Stocks, other than those stocks of sugar and molasses to which reference is made under 'Trading in commodities', are valued at direct cost plus attributable overheads, or net realisable value if lower. Long term contract work in progress is shown at cost plus attributable profits less foreseeable losses and progress payments received and receivable.

Expenditure relating to the next sugar beet crop of The Western Sugar Company is carried forward to the new financial period as production work in progress at actual cost and classified as New Crop Expenditure.

Related companies

The Group's share of the profits or losses of the companies in which the Group owns at least 20% of the equity and in which in the opinion of the directors it also exercises a significant influence in the management is included in the profit and loss account.

Investments in related companies are shown at cost less amounts (including goodwill on acquisition) written off, adjusted for the Group's share of post acquisition reserves. The principal related companies are shown on page 43.

Research and development

All expenditure on research and development is charged against profit in the period when the expenditure is incurred.

Pensions

The Group makes contributions to various pension funds and the level of contributions is determined in conjunction with the independent actuaries concerned in the UK or overseas.

Grants

Investment and regional development grants are deducted from the cost of the relevant assets. Interest relief grants are deducted from net interest payable on a cash received basis.

Deferred taxation

Deferred taxation is provided at the anticipated tax rate on differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements, to the extent that it is probable that a liability or asset will crystallise.

2. OPERATING PROFIT

	1985 £ million	1984 £ million
The following have been credited in arriving at operating profit:		
Change in stocks	—	18.5
Own work capitalised	2.2	0.7
Profit on sale of tangible fixed assets	2.5	1.8
Income from fixed asset investments:		
listed	—	0.6
unlisted	0.6	0.2
Exchange differences	1.8	2.3
Surplus on reduction in volume of base stock of molasses	0.5	—
Other operating income	15.8	15.4
	23.4	39.5
The following have been charged in arriving at operating profit:		
Change in stocks	12.7	—
Raw materials and consumables	1,199.0	1,329.3
Staff costs	146.3	120.7
Depreciation of tangible fixed assets		
Held under finance leases	1.6	1.3
Owned outright	17.8	15.1
Operating lease rentals and other hire charges		
Plant and machinery	2.4	2.3
Land and buildings	4.1	3.8
Amounts written off fixed asset investments	0.7	0.9
Auditors' fees and expenses	1.1	0.8
Other operating charges	196.9	186.6
	1,582.6	1,660.8

3. STAFF COSTS

	1985	1984
Wages and salaries	126.6	106.4
Social security costs	9.9	8.1
Other pension costs	9.8	6.2
(1985 Total includes £20.9 million for businesses acquired during year)	146.3	120.7
	£ thousand	£ thousand
Emoluments of directors of Tate & Lyle PLC, including those based in North America, contained within staff costs were:		
*Fees (for 1985 one director waived his fee of £7,500; 1984—one director waived £7,500)	85	79
*Salaries	857	642
Pension fund contributions and gratuities	135	152
Compensation on termination of contract	130	—
	1,207	873

*Fees and salaries of directors whose duties were discharged wholly or mainly in the UK, included above, were £575,000 (1984 – £529,000).

The remuneration, including performance-related bonuses but excluding pension fund contributions, of the individual directors and of other Group employees whose emoluments exceeded £30,000 and whose duties were discharged wholly or mainly in the UK was as follows:

	£ thousand	£ thousand
Chairman	86	76
Highest paid director	233	185
Directors:	Number	Number
Up to £5,000	1	1
£5,001 to £10,000	2	2
£10,001 to £15,000	3	3
£20,001 to £25,000	—	1
£45,001 to £50,000	—	1
£60,001 to £65,000	1	1
£65,001 to £70,000	2	—
£70,001 to £75,000	—	1
£75,001 to £80,000	—	1
£85,001 to £90,000	1	—
£185,001 to £190,000	—	1
£230,001 to £235,000	1	—
Other employees:		
£30,001 to £35,000	23	15
£35,001 to £40,000	15	11
£40,001 to £45,000	10	7
£45,001 to £50,000	6	4
£50,001 to £55,000	4	1
£55,001 to £60,000	1	1
£60,001 to £65,000	1	

The remuneration of the highest paid director is denominated in Canadian dollars.

3. STAFF COSTS continued

Transactions with directors

The following interest-free Stock Option Loans (made available in Canada under Canadian corporate practice within the terms of employment of senior staff of Redpath) for shares in Redpath Industries Limited have subsisted during the financial period ended 28th September 1985:

Director	Current final expiry date	Total outstanding at 28th September 1985	Total outstanding at 29th September 1984, and maximum during period
N M Shaw	Sept. 1990	Can. $53,318	Can. $66,566
J R Kerr Muir	June 1988	Can. $6,509	Can. $8,876
L R Wilson	April 1993	Can. $129,436	Can. $145,467

A loan of £5,000 bearing an interest rate of 2.5% per annum made available to J R Kerr Muir subsisted in his favour at 29th September 1984. The loan was repaid in October 1984.

4. SHARE OF PROFITS OF RELATED COMPANIES

	1985 £ million	1984 £ million
Listed investments	3.5	1.7
Unlisted investments	5.5	6.7
	9.0	8.4

5. INTEREST PAYABLE AND SIMILAR CHARGES

	1985 £ million	1984 £ million
Sums wholly repayable within 5 years	17.7	15.3
All other loans	2.1	2.1
	19.8	17.4

Aggregate finance charges, included above, in respect of leases amounted to £1.2 million (1984 – £1.3 million).

6. TAXATION

	1985 £ million	1984 £ million
On profit of the Company and subsidiaries for the period:		
UK Corporation Tax at 42.5% (1984 – 47.5%)	14.9	6.3
Double taxation relief	(5.8)	(1.9)
	9.1	4.4
Deferred taxation:		
UK	2.5	0.7
Overseas	(2.6)	3.9
Overseas taxation	19.0	10.4
	28.0	19.4
On Group share of profits of related companies:		
UK	0.7	1.0
Overseas	2.3	1.6
	3.0	2.6
Adjustments to previous years:		
UK Corporation Tax	(0.1)	0.2
Overseas taxation	(1.8)	(0.3)
	(1.9)	(0.1)
	29.1	21.9

7. EXTRAORDINARY LOSS

The extraordinary loss for 1985 of £11.6 million arose on the sale to Belizean interests of a substantial majority shareholding in Belize Sugar Industries Limited. No taxation relief is available on this loss.

There were no extraordinary profits or losses for 1984.

8. DIVIDENDS PAID AND PROPOSED	1985 £ million	1984 £ million
Preference	0.1	0.1
Ordinary	15.2	13.0
	15.3	13.1

The total ordinary dividend is 22.0p made up as follows:
Interim dividend paid 26th July 1985 – 7.5p (1984 – 6.5p)
Final dividend proposed payable 7th February 1986 – 14.5p (1985 – 12.5p)

9. EARNINGS PER SHARE

The basic earnings per share are calculated by dividing profit after taxation less minority interests and preference dividend, but before extraordinary items, £38.0 million (1984 – £35.8 million), by the weighted average number of ordinary shares in issue during the period, 68,657,214 (1984 – 68,283,751).

The fully diluted earnings are arrived at on the basis of the following assumptions:

(a) that the issued share capital had been increased by 1,442,375 ordinary shares on conversion of the remaining 13% convertible loan stock and that the attributable earnings were increased by £0.3 million, being interest on the convertible stock less relief for Corporation Tax at 42.5%;

(b) that the outstanding options over 2,496,685 shares (1984 – 2,143,388) had been exercised and that the funds so generated would give rise to net earnings of £0.5 million (1984 – £0.3 million).

10. TURNOVER BY GEOGRAPHICAL MARKET	1985 £ million	1984 £ million
Europe	661.3	661.9
North America	508.1	392.0
Central and South America	42.4	29.7
Africa	60.1	72.7
Oceania	0.3	0.5
Asia	13.3	15.2
	1,285.5	1,172.0
Commodity trading worldwide	341.2	503.6
	1,626.7	1,675.6

11. ALLOCATION OF PROFIT BY GEOGRAPHICAL BASE	1985 %	1984 %
United Kingdom	32	46
Canada	36	27
USA	5	18
Other Countries	12	2
	85	93
Businesses which trade on a worldwide basis	15	7
	100	100

12. TANGIBLE FIXED ASSETS

(a) Group	TOTAL	PROPERTY AND PLANT					BASE STOCK
		Land and buildings Freehold	Land and buildings Leasehold	Bulk liquid and molasses storage installations	Plant and machinery	Assets in course of construction	
Gross book value	£ million	£ million	£ million	£ million	£ million	£ million	£ million
At 29th September 1984	340.2	67.0	1.7	54.4	181.6	14.7	20.8
Differences on exchange	(21.8)	(3.8)	(0.1)	(3.1)	(11.7)	(0.4)	(2.7)
Businesses acquired	39.3	13.4	0.1	0.5	25.3	—	—
Business sold	(20.4)	(3.5)	—	—	(16.7)	(0.2)	—
Revaluation	1.9	1.5	—	0.2	0.2	—	—
Additions	29.7	2.7	0.1	2.9	15.9	8.1	—
Reclassifications	—	0.2	—	0.2	3.5	(3.9)	—
Disposals	(15.4)	(1.5)	(0.1)	(0.8)	(12.7)	—	(0.3)
At 28th September 1985	353.5	76.0	1.7	54.3	185.4	18.3	17.8
Depreciation							
At 29th September 1984	131.5	20.2	1.0	21.8	88.5	—	—
Differences on exchange	(9.8)	(1.3)	—	(1.7)	(6.8)	—	—
Businesses acquired	5.5	0.6	—	—	4.9	—	—
Business sold	(8.2)	(0.7)	—	—	(7.5)	—	—
Charge for the period	19.4	2.9	—	2.4	14.1	—	—
Disposals	(10.2)	(0.7)	—	(0.5)	(9.0)	—	—
At 28th September 1985	128.2	21.0	1.0	22.0	84.2	—	—
Net book value							
At 28th September 1985	225.3	55.0	0.7	32.3	101.2	18.3	17.8
At 29th September 1984	208.7	46.8	0.7	32.6	93.1	14.7	20.8

(b) Analysis of gross book values at 28th September 1985

	TOTAL	Freehold	Leasehold	Bulk liquid and molasses storage installations	Plant and machinery	Assets in course of construction	BASE STOCK
Cost	265.2	43.5	1.0	42.7	157.7	18.3	2.0
1968 valuation	0.2	0.2	—	—	—	—	—
1973 valuation	0.1	0.1	—	—	—	—	—
1976 valuation	17.1	0.7	—	11.2	—	—	5.2
1977 valuation	49.3	26.7	0.7	0.4	21.5	—	—
1981 valuation	10.6	—	—	—	—	—	10.6
1985 valuation	11.0	4.8	—	—	6.2	—	—
	353.5	76.0	1.7	54.3	185.4	18.3	17.8

(c) Analysis of land and buildings

	FREEHOLD			LEASEHOLD		
	Total	Land	Buildings	Total	Long	Short
	£ million	£ million	£ million	£ million	£ million	£ million
Gross book value	76.0	11.4	64.6	1.7	0.2	1.5
Depreciation	21.0	—	21.0	1.0	—	1.0
Net book value						
At 28th September 1985	55.0	11.4	43.6	0.7	0.2	0.5
At 29th September 1984	46.8	10.4	36.4	0.7	0.2	0.5

Corporation tax on chargeable gains not exceeding £1.3 million would arise if the revalued tangible fixed assets were to be sold at their book values.

Freehold land and buildings and plant and machinery owned by Alcântara Sociedade de Empreendimentos Açucareiros, S.A.R.L. and its subsidiaries have been revalued. The revaluation, done in accordance with Portuguese general practice, was undertaken by officials of the Alcântara group and revalued amounts were calculated by the application of Government indices to the book values of the assets concerned. The surplus arising, less that attributable to minority interests, has been credited to revaluation reserve.

12. TANGIBLE FIXED ASSETS continued

(d) Leased assets

Included within tangible fixed assets are the following capitalised values and related accumulated depreciation at 28th September 1985 of assets being acquired under finance leases:

	Total	Bulk liquid and molasses storage installations	Plant and machinery
	£ million	£ million	£ million
Capitalised value	16.5	1.4	15.1
Depreciation	6.3	0.2	6.1
Net book value	10.2	1.2	9.0

(e) Cost of revalued assets

The gross values of assets in course of construction are the historical cost of those assets. However, certain of the other tangible fixed assets are included at a valuation. The following is a statement of the historical cost, or value ascribed in the earliest available record on or after acquisition, and related depreciation of those classes of assets at 28th September 1985.

	Land and buildings	Bulk liquid and molasses storage installations	Plant and machinery	Base stock
	£ million	£ million	£ million	£ million
Cost (or earliest ascribed value)	56.4	48.3	181.2	12.0
Depreciation	15.0	19.4	82.0	—
Net book value	41.4	28.9	99.2	12.0

(f) Base stock consists of

	1985 £ million	1984 £ million
Raw sugar for refining in Canada at a base price expressed in Can. $	5.2	6.1
Molasses in various countries at base prices expressed in US$	12.6	14.7
	17.8	20.8

(g) Tate & Lyle PLC at 28th September 1985

	Total	Freehold land	Freehold buildings	Plant and machinery
	£ million	£ million	£ million	£ million
Cost	2.1	—	0.1	2.0
Depreciation	1.2	—	—	1.2
Net book value				
At 28th September 1985	0.9	—	0.1	[illegible]
At 29th September 1984	1.2	0.1	0.1	1.0

Expenditure in the period amounted to £0.5 million and depreciation charged was £0.5 million. The net book value of disposals was £0.3 million.

13. FIXED ASSET INVESTMENTS	1985 £ million	1984 £ million
Group		
Related companies:		
Listed – quoted value £2.4 million (1984 – £1.7 million)	6.0	4.8
Unlisted	31.1	28.6
	37.1	33.4
Other fixed asset investments:		
Listed on overseas exchanges at cost	7.4	7.5
Market value £8.6 million (1984 – £7.3 million)		
Unlisted – at cost less amounts provided of £4.3 million (1984 – £3.6 million)	8.7	9.0
Directors' valuation £8.7 million (1984 – £9.1 million)		
Total	53.2	49.9

Unlisted investments include £3.1 million (1984 – £4.3 million) being cost, less amortisation, of interests in oil and gas properties held by the Canadian subsidiary, Redpath Industries Limited.

	1985 £ million	1984 £ million
Tate & Lyle PLC		
Shares in Group companies at cost or earliest ascribed value	58.6	52.8
Revaluation additions	7.2	7.2
	65.8	60.0
Loans to Group companies less amounts provided of £9.8 million (1984 – £11.0 million)	80.8	102.2
Shares in related company at cost less acquisition goodwill of £4.8 million written off	1.3	1.3
Total	147.9	163.5

Movement in book value of fixed asset investments	1985 Group £ million	1985 Tate & Lyle PLC £ million
At 29th September 1984	49.9	163.5
Differences on exchange	(2.4)	—
Additions	1.9	5.8
Movements in provisions	(0.7)	1.2
Reduction in loans to Group companies	—	(22.6)
Retained profits of related companies	4.5	—
At 28th September 1985	53.2	147.9

14. STOCKS	1985 Group £ million	1984 Group £ million
Raw materials, consumables and in-process stocks	101.2	127.7
Contract work in progress	1.8	1.3
Finished goods and goods held for resale	47.5	39.3
Payments on account	—	(0.2)
New crop expenditure	4.9	—
	155.4	168.1
Current replacement cost exceeded the historical cost of stocks by	0.7	0.4

Contract work in progress is stated after deduction of progress payments received and receivable of £14.9 million (1984 – £16.0 million).

15. DEBTORS

	1985 Group £ million	1984 Group £ million	1985 Tate & Lyle PLC £ million	1984 Tate & Lyle PLC £ million
Amounts falling due within one year:				
trade debtors	118.4	115.9	—	—
amounts owed by Group companies	—	—	167.4	101.4
amounts owed by related companies	3.0	1.1	0.1	0.1
overseas taxation	0.7	1.1	—	—
other debtors	2.0	4.8	0.9	2.3
prepayments and accrued income	6.7	7.7	1.0	1.7
	130.8	130.6	169.4	105.5
Amounts falling due after one year:				
trade debtors	3.8	4.0	—	—
amounts owed by related companies	—	1.6	—	—
other debtors	3.1	2.8	—	—
	6.9	8.4	—	—
	137.7	139.0	169.4	105.5

16. CURRENT ASSET INVESTMENTS

	1985 Group £ million	1984 Group £ million	1985 Tate & Lyle PLC £ million	1984 Tate & Lyle PLC £ million
Listed on The Stock Exchange	2.9	[illegible]	—	[illegible]
Listed on overseas exchanges	18.1	[illegible]	—	—
Unlisted investments	1.2	[illegible]	—	[illegible]
Loans, short term deposits and fixed interest securities	91.6	141.1	45.8	[illegible]
	113.8	163.8	45.8	89.5

Investments listed on The Stock Exchange had a quoted value at 28th September 1985 of £2.9 million (1984–£4.0 million). Investments listed overseas had a quoted value of £18.6 million (1984–£18.6 million).

17. CREDITORS—AMOUNTS FALLING DUE WITHIN ONE YEAR

	1985 Group £ million	1984 Group £ million	1985 Tate & Lyle PLC £ million	1984 Tate & Lyle PLC £ million
Current portion of long term creditors:				
debentures and other loans	7.2	0.3	2.8	0.1
bank loans and overdrafts	2.4	16.3	0.1	15.1
amounts owed to Group companies	—	—	23.8	46.7
obligations under finance leases	2.1	1.7	—	—
Other bank loans and overdrafts:				
secured	4.1	3.5	—	—
unsecured	82.8	12.5	75.9	10.0
Payments received on account	5.5	2.2	—	—
Trade creditors	85.7	98.5	—	—
Bills of exchange	0.9	5.1	—	—
Short term loans:				
secured	—	13.1	—	—
unsecured	8.7	35.1	0.6	34.2
Overseas taxation	13.1	2.5	—	—
UK taxation	6.9	7.0	7.9	6.2
Social security	2.1	1.9	1.0	1.0
Accruals and deferred income	34.0	52.1	1.0	2.2
Other creditors	1.8	[illegible]	1.7	1.6
Proposed dividends:				
holders of Tate & Lyle PLC shares	10.1	8.5	10.1	8.5
	267.4	266.3	124.9	125.6

Loans and overdrafts at 28th September 1985 amounting to £4.1 million are secured against certain tangible fixed assets and current assets.

18. CREDITORS— AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	1985 Group £ million	1984 Group £ million	1985 Tate & Lyle PLC £ million	1984 Tate & Lyle PLC £ million
Debentures and other loans				
5½% debenture stock 1980/85 (a)	2.7	2.7	2.7	2.7
6¾% unsecured loan stock 1985/90	1.1	1.1	1.1	1.1
7¼% debenture stock 1989/94 (b)	2.7	2.8	2.7	2.8
7½% unsecured loan stock 2003/2008	1.3	1.3	1.3	1.3
9% debentures 1989 (US $24,279,000)	17.3	19.6	—	—
10¼% unsecured loan stock 2003/2008	0.5	0.5	0.5	0.5
13% convertible unsecured loan stock 1994/1999 (c)	4.3	4.3	4.3	4.3
Variable secured loan 1986 (US $2,000,000)	1.4	1.6	—	—
Variable unsecured loan 1986/88(d) (Can. $16,000,000)	8.3	—	—	—
Variable secured loan 1990	—	1.0	—	—
Other secured loans	1.0	1.0	—	—
Other unsecured loans	0.9	0.3	—	—
	41.5	36.2	12.6	12.7
less portion due within one year	7.2	0.3	2.8	0.1
	34.3	35.9	9.8	12.6
Bank loans and overdrafts				
Variable unsecured 1986 (US $2,800,000)	2.0	3.2	—	
Variable unsecured 1967/87	—	0.6	—	—
Variable unsecured 1985/88	—	30.0	—	30.0
Variable secured other	0.8	0.4	—	—
Variable unsecured other	0.3	0.6	0.3	0.3
	3.1	34.8	0.3	30.3
less portion due within one year	2.4	16.3	0.1	15.1
	0.7	18.5	0.2	15.2
Amounts owed to Group companies	—	—	60.4	75.7
less portion due within one year	—	—	23.8	46.7
	—	—	36.6	29.0
Obligations under finance leases	9.3	9.9	—	—
less portion due within one year	2.1	1.7	—	—
	7.2	8.2	—	
UK taxation	6.7	3.0	0.9	1.5
	48.9	65.6	47.5	58.3
Maturity of above amounts				
One to two years	12.0	12.3	1.1	4.4
Two to five years	24.9	40.9	0.2	15.2
Over five years	12.0	12.4	46.2	38.7
	48.9	65.6	47.5	58.3

(a) Redeemed on 30th November 1985.

(b) Redeemable at par at the Company's option from 30th September 1989 to 30th September 1994.

(c) Convertible into ordinary shares at the rate of £3.00 loan stock to 1 ordinary share on 15th April 1986 to 1989 inclusive, or redeemable at par at the Company's option between 30th April 1994 and 30th April 1999.

(d) Promissory notes repayable in three equal instalments ending in 1988.

(e) Obligations under finance leases are secured against the assets concerned. Debentures, loans and overdrafts of £8.6 million at 28th September 1985 are secured against certain tangible fixed assets or by way of floating charges.

19. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation	Insurance funds	Other	Total
	£ million	£ million	£ million	£ million
Group				
At 29th September 1984	22.9	5.4	12.7	41.0
Differences on exchange	(2.3)	(0.3)	(0.2)	(2.8)
Businesses acquired	1.4	—	—	1.4
Utilised in period	—	—	(7.3)	(7.3)
Profit and loss account	(0.8)	2.3	(0.9)	0.6
Advance Corporation Tax	(0.5)	—	—	(0.5)
At 28th September 1985	20.7	7.4	4.3	32.4

The total at 28th September 1985 includes £0.2 million (1984 - £0.7 million) for Tate & Lyle PLC.

Analysis of deferred taxation	1985 Group £ million	1984 Group £ million	1985 Tate & Lyle PLC £ million	1984 Tate & Lyle PLC £ million
The following amounts have been dealt with in the financial statements:				
Liabilities				
UK – Capital allowances	24.6	23.9	0.1	0.2
Overseas – Capital allowances and other	15.3	20.0	—	—
Assets				
Base stock adjustment	(1.0)	(1.1)	—	—
UK timing differences	(1.9)	(4.1)	(0.1)	(0.2)
Advance Corporation Tax recoverable	(16.3)	(15.8)	—	—
	20.7	22.9	—	—

In accordance with the Group accounting policy, full deferred taxation has been provided throughout the Group with the exception of one overseas subsidiary where it is probable that the liability will not crystallise. The maximum potential liability is in the order of £1.5 million.

No provision has been made for potential taxation liabilities which might arise in the event of the distribution of unappropriated profits or reserves of overseas subsidiary companies.

20. CALLED UP SHARE CAPITAL	1985 £ million	1984 £ million
Authorised share capital of Tate & Lyle PLC	95.0	95.0
Issued and fully paid:		
6½% (now 4.55% plus tax credit) cumulative preference shares of £1 each	2.4	2.4
Ordinary shares of £1 each	68.9	68.3
	71.3	70.7

During the financial period ended 28th September 1985 the issued ordinary share capital was increased by 633,153 shares on the exercise of options under the share option schemes and by 6,888 shares on conversion of Loan Stock. The total consideration was £1.3 million.

At 28th September 1985, the following options had been granted and were still outstanding under the Company's share option schemes. The number of shares issuable and the subscription prices have been adjusted in accordance with the rules of each scheme to take account of the rights issue made in September 1983.

Savings-related scheme				Executive scheme			
Number of shares	Number of options	Subscription price	Date(s) normally exercisable	Number of shares	Number of options	Subscription price	Date(s) normally exercisable
231,532	322	192p	April 1987 to September 1987	485,751	46	212p	January 1985 to January 1989
86,411	168	251p	April 1988 to September 1988	210,810	22	278p	January 1986 to January 1990
26,332	84	368p	April 1989 to September 1989	318,980	41	408p	January 1987 to January 1991
97,627	186	323p	September 1989 to February 1990	—	—	—	—
28,094	38	323p	September 1991 to February 1992	—	—	—	—
58,317	135	395p	March 1990 to August 1990	776,500	23	438p	December 1987 to December 1994
19,271	33	395p	March 1992 to August 1992	—	—	—	—
83,052	190	414p	September 1990 to February 1991	49,347	3	460p	June 1988 to June 1995
24,661	42	414p	September 1992 to February 1993	—	—	—	—
655,297				1,841,388			

Options have been exercised in respect of 15,162 shares in the savings-related scheme and 678,688 shares in the executive scheme in the periods from inception to 28th September 1985. In addition to the figures stated in the above table under the executive scheme, 'corresponding options' over 944,014 shares have been granted at 438p exercisable between December 1987 and December 1994. If these options were to be exercised the figures in the table would be correspondingly reduced.

21. REVALUATION RESERVE

The revaluation reserve arises as a consequence of carrying certain tangible fixed assets in the balance sheet at valuations determined in years up to 1985 The movement on the reserve is:

	Tate & Lyle PLC	Subsidiary companies	Related companies	Total
	£ million	£ million	£ million	£ million
At 29th September 1984	—	19.4	0.3	19.7
Adjustment to opening balance	—	3.1	—	3.1
Revaluation surplus	—	1.3	—	1.3
Transfer to profit and loss account	—	(2.5)	—	(2.5)
At 28th September 1985	—	21.3	0.3	21.6

22. OTHER RESERVES: NON-DISTRIBUTABLE

At 29th September 1984	0.3	6.4	—	6.7
Differences on exchange	—	(1.1)	—	(1.1)
Adjustment on changes in the Group	—	(0.1)	—	(0.1)
Transfer from profit and loss account	—	2.3	—	2.3
At 28th September 1985	0.3	7.5	—	7.8
Comprising:				
Statutory reserves of overseas subsidiaries	—	4.1	—	4.1
Other	0.3	3.4	—	3.7
	0.3	7.5	—	7.8

23. PROFIT AND LOSS ACCOUNT

At 29th September 1984	69.1	103.1	16.8	189.0
Adjustment to opening balance	—	(3.1)	—	(3.1)
Differences on exchange	—	(13.1)	(0.8)	(13.9)
Adjustment on changes in the Group	—	(0.2)	—	(0.2)
Transfer from revaluation reserve	—	2.5	—	2.5
Transfer to other reserves	—	(2.3)	—	(2.3)
Goodwill on acquisitions	—	(26.0)	—	(26.0)
Retained profit	7.3	(0.6)	4.5	11.2
At 28th September 1985	76.4	60.3	20.5	157.2

The amount of depreciation provided in the period on the book value of tangible fixed assets which represents revaluation surpluses has been transferred from revaluation reserve to profit and loss account.

As permitted by Section 228(7) of the Companies Act 1985, the separate profit and loss account of Tate & Lyle PLC has not been presented as part of these financial statements.

24. FINANCIAL COMMITMENTS

(a) Pensions

The Group operates defined benefit pension schemes for its employees in the UK and overseas. The liabilities for each scheme are funded from contributions by the employer, or by the employer and employees combined. These contributions are made in conformity with actuarial recommendations, local statutory requirements and best practice.

The schemes' assets are held separately from the Group's assets and form no part of these financial statements.

An actuarial valuation of the main Group Pension Scheme in the UK was undertaken as at 31st March 1985. The results of this valuation indicated that the assets of the Scheme exceeded liabilities at the valuation date.

	1985 Group £ million	1984 Group £ million	1985 Tate & Lyle PLC £ million	1984 Tate & Lyle PLC £ million
(b) Contracts for capital expenditure:				
Expenditure contracted for but not provided for in the financial statements is estimated at	9.0	7.2	—	—
Expenditure authorised by the directors but not contracted for is estimated at	17.3	17.5	0.4	0.4
	26.3	24.7	0.4	0.4
Capital grants estimated to be receivable on this expenditure	2.5	2.8	—	—
(c) Contingent liabilities:				
Guarantees of loans and overdrafts of subsidiaries and former subsidiaries (of which £8.0 million has been advanced – 1984 £9.7 million)	1.7	—	10.5	12.8
Other trade guarantees	2.3	2.4	1.9	1.9
(d) Operating leases:				
Annual commitments in respect of operating leases which expire:				
Within one year	1.1	1.6	—	0.4
Between two to five years	1.8	1.6	—	—
Over five years	2.8	3.0	1.3	1.2
	5.7	6.2	1.3	1.6

(e) Other trade guarantees have been given in the normal course of business by the Group and by Tate & Lyle PLC at both 29th September 1984 and 28th September 1985. These are excluded from the figures given at (c) above and are in respect of Customs and Excise and Intervention Board for Agricultural Produce bonds, ECGD recourse agreements, letters of credit and tender and performance bonds.

(f) Contracts for sugar trading

A significant part of sugar trading is concerned with priced contracts extending beyond one year. As a matter of policy, exposure to price variation is restricted by hedging on the terminal markets or matching physical contracts while keeping the net tonnage at risk within prescribed limits. However, additional exposure may arise through timing differences and through ancillary risks principally relating to freight rates and the premium for white sugar over raw.

(g) Acquisition of Donlee Manufacturing Industries Limited

Part of the acquisition cost was satisfied by the issue of 400,000 non-convertible preference shares in Redpath Industries Limited. These shares carry a dividend linked to the common share rate and holders have the option to redeem one-third in each of the years February 1988 to January 1991 at a price related to the Redpath common share price. Any shares outstanding on 31st January 1991 must be redeemed on that date. An additional purchase consideration will arise by reference to any excess of the redemption price over the minimum of Can.$30 per share. The maximum of such additional consideration is Can.$8 million which will be written off to reserves as goodwill, when determined.

25. WORKING CAPITAL EXCLUDING TAXATION AND ITEMS AFFECTING TOTAL GROUP BORROWINGS

	1985 Group £ million	1984 Group £ million
Stocks	155.4	168.1
Trade debtors	122.2	119.9
Amounts owed by related companies	3.0	2.7
Other debtors	5.1	7.6
Prepayments and accrued income	6.7	7.7
Payments received on account	(5.5)	(2.2)
Trade creditors	(85.7)	(98.5)
Social security	(2.1)	(1.9)
Accruals and deferred income	(34.0)	(52.1)
Other creditors	(1.8)	(6.0)
Provisions for liabilities and charges	(11.7)	(18.1)
	151.6	127.2
	(127.2)	
Movement over period	24.4	
Acquisitions, less disposals during period	(23.2)	
Statement of source and application of funds	1.2	

26. GROUP BORROWINGS NET OF CASH

	1985 Group £ million	1984 Group £ million
Amounts falling due after more than one year, excluding taxation	42.2	62.6
Amounts falling due within one year		
Debentures and other loans	7.2	0.3
Bank loans and overdrafts	89.3	32.3
Finance leases	2.1	1.7
Bills of exchange	0.9	5.1
Short term loans		
secured	—	13.1
unsecured	8.7	35.1
	150.4	150.2
Current asset investments	(113.8)	(163.8)
Cash at banks and in hand	(6.4)	(14.0)
Net debt (1984 – net cash)	30.2	(27.6)
	27.6	
Movement over period	57.8	
Disposals, less acquisitions during period	2.6	
Statement of source and application of funds	60.4	

The aggregate amount of Group bank loans and overdrafts falling due within one year (note 17) and later (note 18) is £90.0 million. (£76.2 million for Tate & Lyle PLC).

TATE & LYLE ANALYSIS OF TURNOVER AND PROFIT

BY CLASS OF BUSINESS	1985 TURNOVER £ million	1985 PROFIT BEFORE TAXATION £ million	1985 AVERAGE WEEKLY NUMBER OF EMPLOYEES	1984 TURNOVER £ million	1984 PROFIT BEFORE TAXATION £ million	1984 AVERAGE WEEKLY NUMBER OF EMPLOYEES
Sugar production and refining						
United Kingdom	455.5	12.3	2,790	471.2	18.9	3,174
Canada (Note 1)	73.9	12.0	382	78.2	13.9	395
USA (Note 1)	194.5	2.9	679	149.9	11.3	454
Other	56.0	2.2	1,923	62.3	(1.8)	3,048
	779.9	29.4	5,774	761.6	42.3	7,071
Sugar trading	341.1	(3.0)	61	503.8	(6.7)	65
Molasses	318.2	9.0	1,362	268.1	11.2	903
Automotive, industrial and construction products (Note 2)	89.8	14.4	1,588	54.9	3.3	758
Cereal sweeteners and starches	66.4	3.4	—	63.9	5.1	—
Packing and distribution	37.9	6.6	896	42.1	1.0	862
Malting	24.9	2.5	129	24.7	2.4	154
Agribusiness	21.2	2.1	370	18.4	(2.0)	422
Bulk liquid storage	14.3	2.4	164	11.9	2.0	161
Insurance	—	3.3	4	—	2.1	4
Other activities (Note 2)	26.9	3.3	860	22.2	2.9	769
	1,720.6	73.4	11,208	1,771.6	63.6	11,169
Research and development		(3.8)	129		(2.7)	112
Central interest and expenses		7.1	161		4.5	179
Deduct: **Share of turnover of related companies**	(93.9)	—		(96.0)	—	
	1,626.7	76.7	11,498	1,675.6	65.4	11,460

Notes

1. Profit reported by the Group's Canadian and USA sugar refining businesses includes the sugar trading profit arising from the supply of raw sugar to the refineries.
2. The results of the non-sugar activities of Redpath Industries Limited have been re-classified as "Automotive, industrial and construction products"; previously included within "Other activities". 1984 comparatives have been adjusted accordingly.
3. Figures for the average weekly number of employees relate to Tate & Lyle PLC and its subsidiaries; employees within related companies are excluded.
4. Analysis of turnover by geographical market and allocation of profit by geographical base see notes 10 and 11 on page 29.

£ million	1985	1984	1983	1982	1981
EMPLOYMENT OF CAPITAL					
Tangible fix. · assets	**225.3**	208.7	181.1	192.3	183.4
Fixed asset investments	**53.2**	49.9	42.0	37.0	28.5
Net current assets	**145.9**	218.6	209.5	147.5	148.5
	424.4	477.2	432.6	376.8	360.4
Creditors—amounts falling due after more than one year	**(48.9)**	(65.6)	(73.7)	(90.3)	(89.4)
Provisions for liabilities and charges	[illegible]	(41.0)	(25.2)	(28.4)	(29.1)
Total net assets	[illegible]	370.6	333.7	258.1	241.9
CAPITAL EMPLOYED					
Called up share capital	**71.3**	70.7	70.7	57.0	57.0
Reserves	**230.0**	258.1	232.5	176.0	158.9
	301.3	328.8	303.2	233.0	215.9
Minority interests	**41.8**	41.8	30.5	25.1	26.0
	343.1	370.6	333.7	258.1	241.9
PROFIT SUMMARY					
Profit before taxation	**76.7**	65.4	56.3	39.9	32.1
Taxation	**29.1**	21.9	18.8	13.5	12.5
Profit after taxation	**47.6**	43.5	37.5	26.4	19.6
Minority interests	**9.5**	7.6	4.3	0.1	2.3
	38.1	35.9	33.2	26.3	17.3
Extraordinary profit(loss)	**(11.6)**	—	(1.9)	(2.1)	2.6
Profit for the period	**26.5**	35.9	31.3	24.2	19.9
Dividends	**15.3**	13.1	10.4	7.5	6.4
Retained profit	**11.2**	22.8	20.9	16.7	13.5
PER £1 ORDINARY SHARE					
Earnings*	**55.3p**	52.4p	55.5p	43.0p	35.4p
Dividend payments	**22.0p**	19.0p	16.0p	13.5p	11.5p
Dividends as adjusted*	**22.0p**	19.0p	15.9p	13.1p	11.2p
Dividend cover—times*	**2.5**	2.8	3.5	3.3	3.2

Figures in the profit summary for years 1981 to 1984 have been restated to reflect the use of average exchange rates.

*Before extraordinary profit(loss) and years 1981 to 1983 adjusted for rights issue in September 1983.

Wholly owned subsidiaries based in the Unit·d Kingdom and registered in England

Athel Reinsurance Company Limited
Richards (Shipbuilders) Limited
Tate & Lyle Industries Limited*
Farm Feed Holdings Limited*
Tate & Lyle Holdings Limited*

Main Operating Units of Tate & Lyle Industries Limited

British Charcoals & Macdonalds
Hugh Baird & Sons
Ridgways
TLA (incorporating Tate & Lyle Agribusiness, Tate & Lyle Engineering and Tate & Lyle Technical Services)
Tate & Lyle Refineries (Tate & Lyle Sugars from 1st October 1985)
United Molasses Company
Group Research & Development
Kentships
Smith-Mirrlees
Tate & Lyle Distribution Services (formerly Tate & Lyle Transport)
Tate & Lyle International
Tate & Lyle Process Technology
Unitank Storage Company

Subsidiaries operating overseas

	Country of incorporation or registration	Proportion of share capital held (percent)
Caribbean Antilles Molasses Company Limited	Barbados	100
Tameco NV	Belgium	100
Tate & Lyle Commodities Limited	Bermuda	100
Tate & Lyle Reinsurance Limited	Bermuda	100
Tate & Lyle do Brasil Servicos e Participacoes Limitada	Brazil	100
Canada West Indies Molasses Company Limited	Canada	100
Redpath Industries Limited	Canada	50.39
Main operating units and subsidiary		
Daymond	Canada	*(50.39)* 100
Multi Fittings	Canada	*(50.39)* 100
Redpath Sugars	Canada	*(50.39)* 100
Donlee Manufacturing Industries Limited	Canada	*(50.39)* 100
Nordisk Melasse A/S	Denmark	100
Société Européenne des Mélasses SA	France	53.34
Caribbean Molasses Company Limited	Guyana	100
Melassa Italiana (Melitalia) SpA	Italy	100
Tate & Lyle (Malaysia) Sdn Bhd	Malaysia	77.50
The Mauritius Molasses Company Limited	Mauritius	66.60
Companhia Exportadora de Melacos Limitada	Mozambique	100
Nederlandsche Melasse Handel Maatschappij BV	Netherlands	100
Tate & Lyle Norge A/S	Norway	100
Alcântara Sociedade de Empreendimentos Açucareiros, S.A.R.L.	Portugal	
—Ordinary shares		58.2
—Preference shares		82.0
Tate & Lyle (Portugal) Importacao e Exportacao Ltda	Portugal	100
The Pure Cane Molasses Company (Durban) (Pty) Limited	South Africa	100
United Molasses (Sudan) Limited	Sudan	100
Caribbean Bulk Storage and Trading Company Limited	Trinidad	100
Tate & Lyle, Inc.	USA	100
Pacific Molasses Company	USA	100
Refined Sugars Inc.	USA	*(75.19)* 100†
Tate & Lyle Enterprises Inc.	USA	100
The Western Sugar Company	USA	*(75.19)* 100†
Vigortone Ag Products Inc.	USA	100
Unitank Inc.	USA	100
Hansa Melasse Handels GmbH	West Germany	100
ZSR Limited	Zimbabwe	50.1

Notes

* Direct subsidiaries of Tate & Lyle PLC.

† In combination with Redpath Industries Limited.

The percentage of equity capital attributable to Tate & Lyle PLC is shown in italics where it is different from the proportion of shares held by subsidiaries.

Unless otherwise stated the share capitals held are of ordinary shares

Particulars of other subsidiaries which are either not material or are dormant will be included in the forthcoming Annual Return.

Related Companies

The companies whose results have been included in the Group financial statements, as explained in the accounting policies, are as follows:

Amylum N.V.

Incorporated and registered in Belgium.
Principal country of operation – Belgium.
Issued share capital: 165,000 shares of no par value
(Group 33.33%).

East African Storage Company Limited

Incorporated and registered in Kenya.
Principal country of operation – Kenya.
Issued share capital: 250,000 shares of Shs 20 each
(Group 50%).

Melasco A/S

Incorporated and registered in Denmark.
Principal country of operation – Denmark.
Issued share capital: 100 shares of 1,000 krone each
(Group 50%).

Premier Molasses Company Limited

Incorporated and registered in Ireland.
Principal country of operation – Ireland.
Issued share capital: 50,000 'A' ordinary shares of Irish £1 each
50,000 'B' ordinary shares of Irish £1 each
(Group 50%).

Tate & Lyle Engineering (Thailand) Limited

Incorporated and registered in Thailand.
Principal country of operation – Thailand.
Issued share capital: 250,000 ordinary shares of 100 Baht each
(Group 49%).

Tate & Lyle Far East Limited

Incorporated and registered in Thailand.
Principal country of operation – Thailand.
Issued share capital: 2,000 ordinary shares of 1,000 Baht each
(Group 49.95%).

Tate & Lyle (Nigeria) Limited

Incorporated and registered in Nigeria.
Principal country of operation – Nigeria.
Issued share capital: 7 949,316 ordinary shares of 50 kobo each
(Group 36.69%).

Tees Storage Company Limited

Registered in England.
Principal country of operation – United Kingdom.
Issued share capital: 100,000 ordinary shares of £1 each
(Group 50%).

Tunnel Refineries Limited

Registered in England.
Principal country of operation – United Kingdom.
Issued share capital: 1,248,000 ordinary shares of £1 each
416,000 preference shares of £1 each
(Group 33.33%).

Unitank Terminal Service

A partnership formed and registered in the United States of America.
Principal country of operation – USA.
(Group 50%).

United Molasses (Ireland) Limited

Incorporated and registered in Northern Ireland.
Principal country of operation – Northern Ireland.
Issued share capital: 50,000 'A' ordinary shares of £1 each
50,000 'B' ordinary shares of £1 each
(Group 50%).

Wymondham Oil Storage Co. Limited

Registered in England.
Principal country of operation – United Kingdom.
Issued share capital: 250,000 'A' ordinary shares of £1 each
250,000 'B' ordinary shares of £1 each
(Group 50%).

Other investments

Béghin-Say S.A.
Incorporated and registered in France.
Group holds 5.20% of the shares.

Belize Sugar Industries Limited
Incorporated and registered in Belize.
Group holds 10% of the ordinary shares.

Hippo Valley Estates Limited

Incorporated and registered in Zimbabwe.
Group holds 10.05% of the ordinary shares.

Sociedade de Refinadores de Santa Iria, S.A.R.L.
Incorporated and registered in Portugal.
Group holds 12.85% of the shares.

The Royal Swaziland Sugar Corporation Limited

Incorporated and registered in Swaziland.
Group holds 8.73% of the ordinary shares.

The Zambia Sugar Company Limited

Incorporated and registered in Zambia.
Group holds 10.87% of the ordinary shares.

Auditors' Report to the members of Tate & Lyle PLC

We have audited the financial statements on pages 22 to 40 and 42 and 43 in accordance with approved Auditing Standards.

In our opinion the financial statements which, with the exception of base stock accounting and the revaluation of certain fixed assets, have been prepared under the historical cost convention, give a true and fair view of the state of affairs of the Company and of the Group at 28th September 1985 and of the profit and source and application of funds of the Group for the period from 30th September 1984 to that date and comply with the Companies Act 1985.

Touche Ross & Co

Touche Ross & Co.
Chartered Accountants
London

11th December 1985

ANALYSIS OF ORDINARY SHAREHOLDERS at 28th September, 1985

Ordinary shareholders – by category

	No. of holders	%	Total shares	%
Individuals	23,331	91.4	13,129,269	19.0
Insurance companies	92	0.4	8,368,981	12.1
Nominee companies including pension funds	691	2.7	37,028,143	53.8
Banks	654	2.6	1,578,924	2.3
Other limited companies	470	1.8	6,374,821	9.2
Other corporate bodies	273	1.1	2,453,761	3.6
	25,511	100.0	68,933,899	100.0

Ordinary shareholders – by size of holding

Up to 500 shares of £1 each	15,825	62.0	3,694,275	5.4
501–1,000	5,755	22.6	4,221,589	6.1
1,001–2,500	2,867	11.2	4,325,556	6.3
2,501–50,000	876	3.4	8,807,086	12.8
50,001–100,000	64	0.3	4,983,512	7.2
Above 100,000	124	0.5	42,901,881	62.2
	25,511	100.0	68,933,899	100.0

FINANCIAL CALENDAR

Reports of Results

Results for first six months announced	29th May 1985
Results for full year announced	11th December 1985
Annual Report 1985 issued	8th January 1986
Annual general meeting	5th February 1986

Dividends on Ordinary Shares

Interim dividend declared	29th May 1985
Interim dividend paid	26th July 1985
Proposed final dividend announced	11th December 1985
Final dividend (if approved) payable	7th February 1986
to shareholders registered on	10th January 1986

Preference Shares, Debentures and Loan Stocks

6½% (now 4.55% plus tax credit) cumulative preference shares	Dividends paid 31st March and 30th September
7¼% debenture stock 1989/94	Interest paid 31st March and 30th September
6¾% unsecured loan stock 1985/90	Interest paid 30th June and 31st December
7½% unsecured loan stock 2003/2008	Interest paid 31st March and 30th September
10¼% unsecured loan stock 2003/2008	Interest paid 31st March and 30th September
13% convertible unsecured loan stock 1994/1999	Interest paid 30th April and 31st October

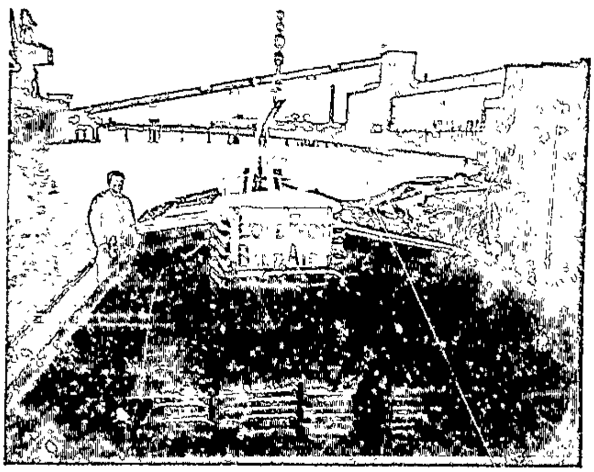
Capital Gains Tax

The market values on 6th April 1965 for the purposes of capital gains tax of Tate & Lyle PLC stocks then in issue were:

Ordinary shares	[illegible]6.25p
6½% (now 4.55% plus tax credit) cumulative preference shares	90.00p
5½% debenture stock 1980/85– redeemed [illegible] November 1985	[illegible]

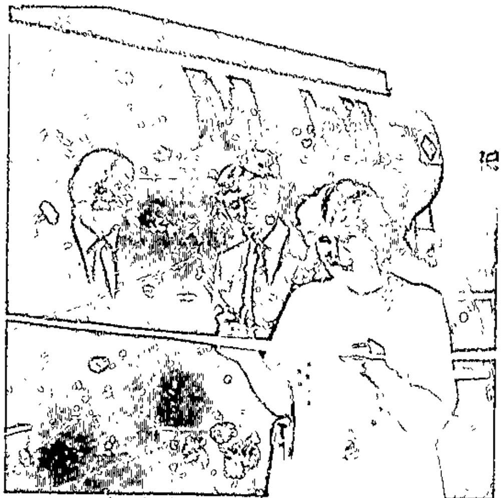
TATE & LYLE EVENTS AND PEOPLE

Project Manager Jack Freeman and Commissioning Manager Tony Latham overview the completed new process block at Thames Refinery . . . . .



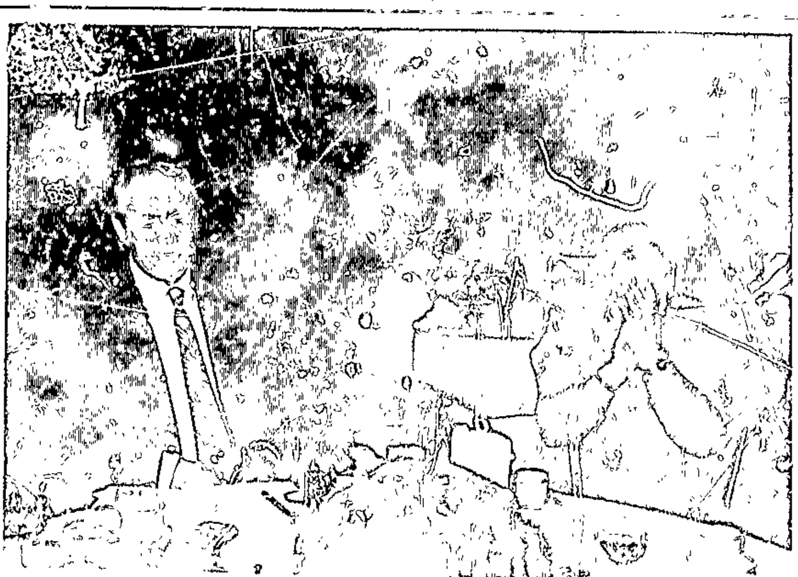
. . . . . . while 150 tonnes of Thames' production starts its journey to Ethiopia.

In Denver USA, Sir Robert Haslam 'chairs' the first Board Meeting of The Western Sugar Company . . . . . .



. . . . . . and in Suffolk UK, with Mobil [illegible] man John Lowein, he attends the official ope[illegible] Unitank's new terminal by the Mayor of Wymondham Mrs. Brenda Ford

An aspiring seven year old learns "the right way" from top British tennis player Jo Hobbs (right) at the Tate & Lyle sponsored British Women's [illegible] Tennis Tournament



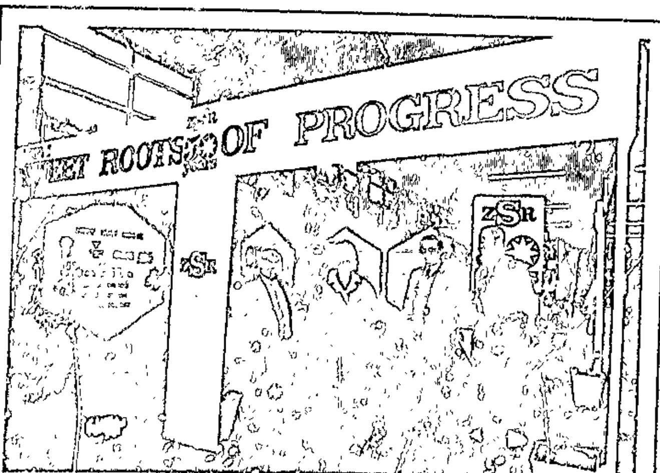
At his farewell dinner, Michael Attfield receives applause and appreciation from Lady Haslam, his Board Colleagues and their wives

At Sugar Quay, the Prime Minister of Belize The Hon. Manuel Esquivel (third from right) visits the Group Chairman and senior directors of Tate & Lyle and Belize Sugar Industries......

...... and at a Belize airfield HM The Queen chats with MD of Belize Sugar Industries Mickey Browne and his wife Pastie.

Commemorative sugar packs in Zimbabwe mark ZSR's 50th Anniversary .....

This year's winners of a Tate & Lyle Sixth Form Scholarship show off their awards



... as does a stand at the Harare Show, manned by ZSR Chairman Guy Hinde (second from right) and his team

Using a computer simulation, R&D personnel at Reading monitor the operation of an evaporator at Refined Sugars in New York.

TATE + LYLE

NOTICE OF MEETING

Notice is hereby given that the eighty-third Annual General Meeting of Tate & Lyle Public Limited Company will be held at the London Marriott Hotel, Duke Street, Grosvenor Square, London W1, on Wednesday, the fifth day of February 1986 at eleven-thirty a.m. for the following purposes:—

Ordinary Business

1. To receive the Company's financial statements for the period ended 28th September 1985 together with the reports of the directors and auditors thereon and to declare a final dividend on the Ordinary Shares of the Company.
2. To re-elect as directors C F Sedcole, H S Tate and F Thomlinson – directors retiring by rotation under Article 107 and Mrs J P G Prior and J E Wright – directors retiring under Article 113.
3. To re-appoint Touche Ross & Co. as auditors and to authorise the directors to fix their remuneration.

Special Business

To consider and if thought fit to pass the following resolution as a Special Resolution:—

4. That:—

(A) The directors be and are hereby generally authorised in accordance with Section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot relevant securities within the terms of the restrictions and provisions following, namely:—

(i) this authority shall (unless previously revoked or renewed) expire at the Annual General Meeting next following the date of the passing of this resolution;

(ii) this authority shall be limited to the allotment of relevant securities up to the aggregate nominal amount of £23,000,000.

(B) Equity securities allotted wholly for cash may pursuant to the authority given in (A) above only be allotted:—

(i) in connection with an offer of such securities by way of rights to the holders of Ordinary Shares on the register on a record date fixed by the directors in proportion (as nearly as may be) to such holders' then holdings of such shares but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements otherwise arising or legal or practical problems under the laws of, or the requirements of any recognised regulatory body in, any territory; or

(ii) (otherwise than under sub-paragraph (B)(i) above) up to the aggregate nominal amount of £4,500,000.

(C) The directors be and are hereby empowered to allot, pursuant to the said authority, equity securities as if Section 89(1) of the said Act did not apply to any such allotment provided that this power shall be limited to allotments of equity securities expressly authorised by or in accordance with the said authority which shall (unless previously revoked or renewed) expire at the Annual General Meeting next following the date of the passing of this resolution.

(D) For the purposes of this resolution:—

(i) the said authority and the said power shall allow and enable the directors to make an offer or agreement before the expiry of that authority and power which would or might require relevant securities or (as the case may be) equity securities to be allotted after such expiry; and

(ii) words and expressions defined in or for the purposes of Part IV of the Companies Act 1985 shall bear the same meaning herein.

Any member of the Company entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. A form of proxy is enclosed. Completion and return of the proxy will not preclude a member from attending and voting in person.

By Order of the Board,
C. P. McFIE, *Secretary*,
Sugar Quay, Lower Thames Street, London EC3R 6DQ.
6th January 1986

Copies of directors' service contracts (other than contracts expiring or determinable within one year by the Company without payment of compensation) will be open for inspection at the registered office of the Company during usual business hours from 6th January 1986 until the date of the Annual General Meeting, and will be available for inspection at the place of the Annual General Meeting, from 11.15 a.m. until the close of the meeting.