

## Notes to the consolidated financial statements

### 11 Income tax expense (continued)

#### Tax on items recognised directly in equity

	Year to 31 March	
	2009 £m	2008 £m
Deferred tax charge on share-based payments	4	3
Deferred tax (credit)/charge on retirement benefits	(31)	10
Deferred tax credit on financial instruments	(9)	-
Deferred tax credit on foreign exchange	-	(1)
Current tax credit on foreign exchange	-	(21)
<b>Total</b>	<b>(36)</b>	<b>(9)</b>

The effective tax rate for the year, calculated on the basis of the total income tax expense relating to continuing operations as a proportion of profit before tax, is 16.8% (2008 – 41.8%). This compares with the standard rate of corporation tax in the United Kingdom of 28% (2008 – 30%) as follows:

	Year to 31 March	
	2009 £m	2008 £m
Profit before tax	113	182
Corporation tax charge thereon at 28% (2008 – 30%)	32	55
Adjusted for the effects of:		
– exceptional items	3	13
– expenses not deductible for tax purposes	2	(1)
– losses not recognised	29	18
– adjustments to tax in respect of previous periods	(7)	(7)
– different tax rates applied on overseas earnings	(40)	(2)
<b>Total</b>	<b>19</b>	<b>76</b>

The effective tax rate relating to continuing operations on profit before exceptional items and amortisation is 27.3% (2008 – 33.2%).

### 12 Discontinued operations

On 2 July 2008, the Group reached an agreement for the sale of its International Sugar Trading operations to Bunge Limited. Accordingly, the results of the International Sugar Trading operations are presented as discontinued operations for the years ended 31 March 2009 and 31 March 2008.

Following an extensive review of the impact of the new EU Sugar Regime, the Group's Eastern Sugar joint venture ceased processing beets by March 2007 and renounced its sugar quotas in Hungary, Czech Republic and Slovakia in return for Restructuring Aid. Accordingly, the results of Eastern Sugar are presented as discontinued operations for the years ended 31 March 2009 and 31 March 2008.

Discontinued operations in the year ended 31 March 2008 also include the results of the starch facilities in the UK, Belgium, France, Spain and Italy (disposed of on 1 October 2007), Redpath (sold on 22 April 2007) and Occidente (sold on 28 December 2007).

## Notes to the consolidated financial statements

### 12 Discontinued operations (continued)

Year to 31 March 2009						
Notes	Sugar Trading £m	Redpath £m	Eastern Sugar £m	European Starch Plants £m	Occidente £m	Total £m
Sales	852	-	-	-	-	852
Operating (loss)/profit before exceptional items	(1)	-	2	-	-	1
Exceptional items	(22)	-	-	-	-	(22)
Operating (loss)/profit	(23)	-	2	-	-	(21)
Finance income	4	-	2	-	-	6
Finance expense	(8)	-	-	-	-	(8)
(Loss)/profit before tax	(27)	-	4	-	-	(23)
Income tax expense	-	-	(1)	-	-	(1)
(Loss)/profit for the year	(27)	-	3	-	-	(24)

Year to 31 March 2008						
Notes	Sugar Trading £m	Redpath £m	Eastern Sugar £m	European Starch Plants £m	Occidente £m	Total £m
Sales	557	11	31	308	44	951
Operating (loss)/profit before exceptional items	(9)	-	5	38	2	36
Exceptional items	-	60	-	(8)	8	60
Operating (loss)/profit	(9)	60	5	30	10	96
Finance income	-	-	2	-	1	3
Finance expense	-	-	-	(1)	(1)	(2)
(Loss)/profit before tax	(9)	60	7	29	10	97
Income tax expense (note a)	-	-	(1)	(7)	(8)	(16)
(Loss)/profit for the year	(9)	60	6	22	2	81

(a) Income tax expense in Occidente in the year to 31 March 2008 included an £8 million charge in respect of exceptional items.

Net cash flows from discontinued operations are as follows:

Year to 31 March 2009						
	Sugar Trading £m	Redpath £m	Eastern Sugar £m	European Starch Plants £m	Occidente £m	Total £m
Net cash generated from operating activities	87	-	53	-	-	140
Net cash generated from investing activities	62	-	4	-	-	66

  

Year to 31 March 2008						
	Sugar Trading £m	Redpath £m	Eastern Sugar £m	European Starch Plants £m	Occidente £m	Total £m
Net cash (used in)/generated from operating activities	(120)	(8)	22	22	-	(84)
Net cash generated from/ (used in) investing activities	-	-	1	(23)	(2)	(24)

There were no cash flows used in or generated from financing activities in the years ended 31 March 2009 or 31 March 2008.