

Notes to the consolidated financial statements

38 Acquisitions and disposals

Acquisitions

During the year the Group paid £1 million of deferred consideration relating to the acquisition of Tate & Lyle South Africa in the year ended 31 March 2005. The payment represents an adjustment to the purchase price and is recognised as an addition to goodwill in the year (Note 15).

In the year ended 31 March 2008, the Group acquired 80% of the issued share capital of G. C. HAHN & Co. (Hahn). The Group effectively bears all the risks and rewards for 100% of the business and therefore no minority interest is recognised in the Group's financial statements. The acquisition agreement allows for the Group to acquire the remaining 20% of the issued share capital of Hahn prior to 1 January 2020 through put and call options. As at 31 March 2009, this option had not yet been exercised.

At 31 March 2009 deferred consideration of £28 million is recognised in trade and other payables. The table below sets out the fair value adjustments arising on this acquisition.

	Book value on acquisition £m	Fair value adjustments £m	Fair value £m
Intangible assets	–	52	52
Property, plant and equipment	11	1	12
Inventories	8	2	10
Trade and other receivables	18	(2)	16
Cash and cash equivalents	5	–	5
Trade and other payables	(9)	(1)	(10)
Provisions	–	(2)	(2)
Borrowings	(2)	–	(2)
Deferred tax liabilities	–	(17)	(17)
	31	33	64
Goodwill			36
Consideration payable			100
Satisfied by:			
Cash consideration, including costs			80
Deferred consideration			20
			100
Cash movement:			
Cash consideration, including costs			80
Less cash and cash equivalents acquired			(5)
Net cash outflow in the year			75

Goodwill on acquisition relates to anticipated synergies that do not meet the criteria for recognition as an intangible asset at the date of acquisition.

Disposals

International Sugar Trading

On 31 March 2009, the Group completed the disposal of its International Sugar Trading business. Total consideration, net of disposal costs was £57 million.

	£m
Total consideration, net of costs	57
Net assets disposed	(14)
Trade and other payables assumed	(43)
Other items, including risk transfer payments and fair value adjustments	(22)
Loss on disposal	(22)
Cash flows:	
Cash consideration, net of costs	57
Cash inflow in the year	57

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38 Acquisitions and disposals (continued)

Net assets disposed comprised inventories. The disposal generated a cash inflow of £57 million; an outflow is anticipated in the forthcoming year of approximately £29 million.

A number of other investments relating to the International Sugar Trading business were not included in the initial sale and are being addressed separately in accordance with the relevant shareholders' agreements. The sales of some of these interests, with associated profits, are expected to occur in the year ending 31 March 2010 and the investments are classified as held for sale. The sale of the International Sugar Trading business and the anticipated disposal of the other investments are together unlikely to generate a material profit or loss on disposal.

Other disposals

On 21 January 2009, the Group disposed of its shareholding in Orsan UK Ltd, the holding company of its Chinese monosodium glutamate business. Total consideration, net of provisioning and disposal costs was £1 million and the profit on disposal was £2 million. The cash impact of the disposal was an outflow of £4 million.

In the year ended 31 March 2008, the Group made the following disposals:

- Tate & Lyle Canada (Redpath) on 22 April 2007 for total consideration, net of disposal costs of £140 million;
- five European starch plants on 1 October 2007 for total consideration, net of disposal costs of £212 million; and
- its 49% indirect shareholding in Occidente on 28 December 2007 for total consideration, net of disposal costs of £46 million.

Net assets disposed comprised:

	Redpath £m	European starch plants £m	Occidente £m
Property, plant and equipment	51	172	26
Available-for-sale financial assets	–	–	1
Intangible assets	–	2	–
Inventories	22	42	19
Provisions	–	(4)	(1)
Retirement benefit surplus/(obligation)	2	(4)	–
Trade and other receivables	22	150	5
Cash and cash equivalents	6	20	4
Trade and other payables	(18)	(118)	(6)
Borrowings	–	(43)	(12)
Net assets disposed	85	217	36
Goodwill written-off	–	(15)	–
Other items, including exchange differences transferred from equity	5	12	(2)
Total consideration, net of costs	140	212	46
Profit/(loss) on disposal	60	(8)	8
Cash flows:			
Cash consideration, net of costs	139	223	46
Cash disposed	(6)	(20)	(4)
Cash inflow in the year	133	203	42

On 26 April 2007, the Group disposed of its shareholding in Pure Cane Molasses for cash consideration of £4 million. The loss on disposal was £1 million.

On 15 June 2007, the Group disposed of its shareholding in Tate & Lyle Reinsurance, comprising part of its reinsurance operations and including cash balances of £2 million, for cash consideration of £3 million. The loss on disposal was £1 million.

39 Post balance sheet events

Subsequent to the year end, the Board endorsed its decision to mothball the Sucralose McIntosh site. An impairment charge of £97 million has been recognised in connection with this endorsement and the Group expects to incur charges in the region of £60 million in the forthcoming year completing the mothballing.