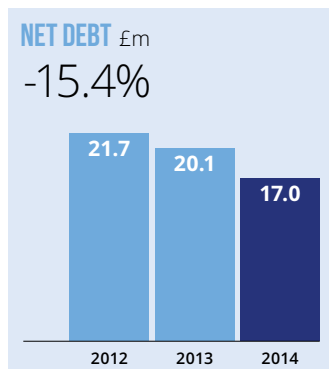
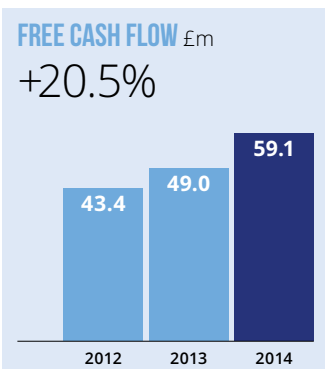
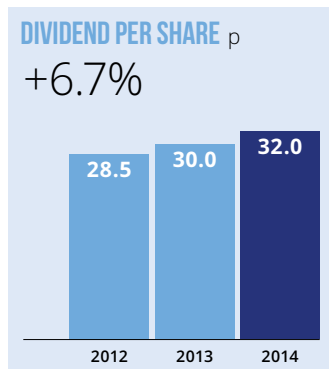
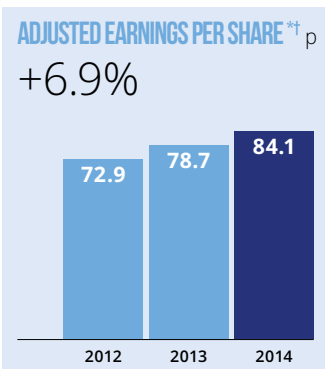
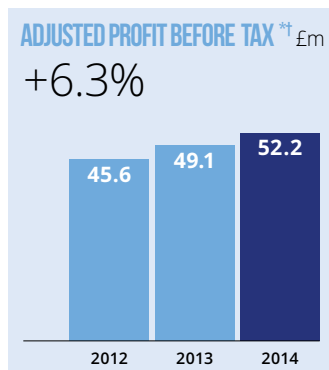
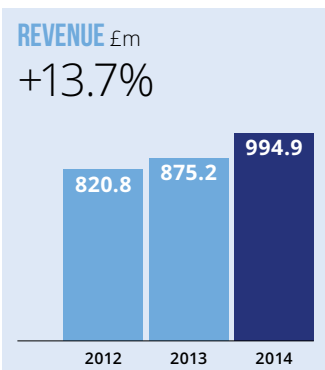




HIGHLIGHTS



TRADING HIGHLIGHTS

- Strong revenue growth
- Record adjusted profit before tax
- Full year dividend increased by 6.7 per cent
- Record free cash flow
- £14 million investment in pig breeding and rearing activities
- £28 million investment in asset base
- Reportable accident incident ratio down 47 per cent
- Like-for-like relative carbon footprint down 7 per cent

*: 2014 – Excluding release of contingent consideration and net IAS 41 valuation movement on biological assets
2013 – Excluding impairment of property, plant and equipment
2012 – Excluding impairment of goodwill and effects of associate

†: Restated to reflect amendment to IAS 19 Employee Benefits

STRATEGIC REPORT

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ABOUT US

“CranSWICK plc is a leading and innovative British supplier of premium, fresh and added-value food products with annual revenues of approximately £1.0 billion.

Our core market is the United Kingdom where we provide a range of fresh pork, gourmet sausages, premium cooked meats, charcuterie, traditional hand-cured, air-dried bacon, gourmet pastry products and sandwiches through retail, food service and manufacturing channels.

With a clear focus on premium ranges, we deliver exceptional food through a dedicated focus on innovation, quality and service.

We have a rapidly developing export business serving the European, US and South East Asian markets.

We operate from twelve well invested, highly efficient production facilities in the UK employing almost 8,000 people.

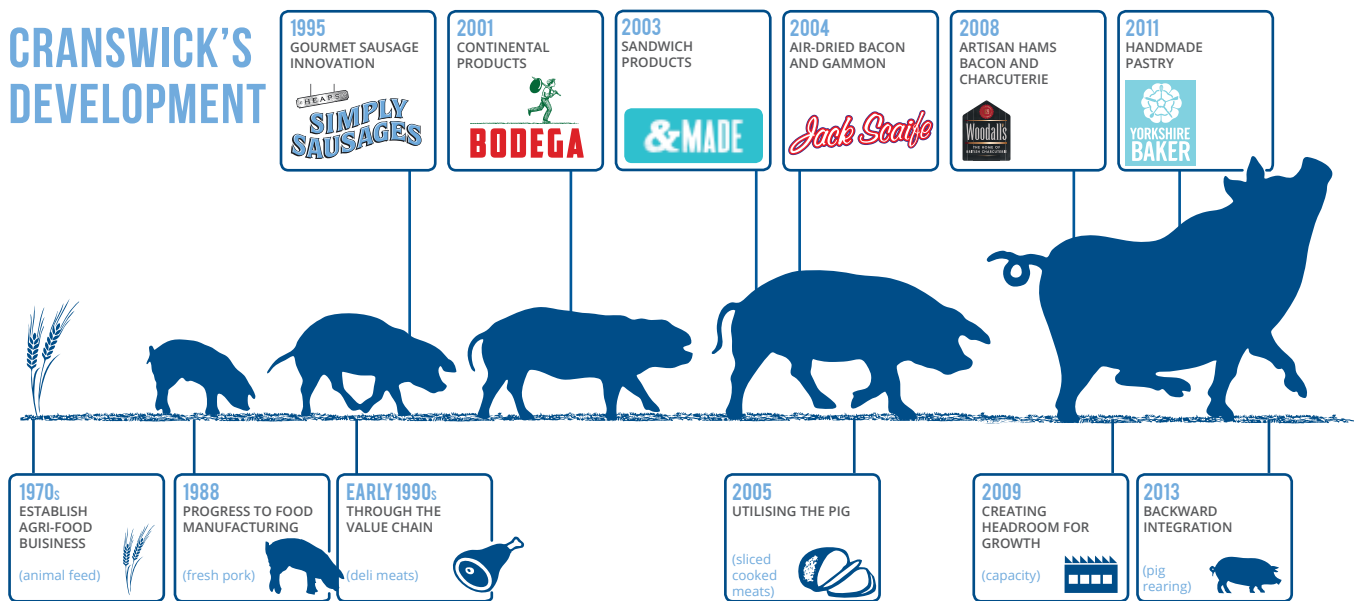
Our vertically integrated business model now enables us to source almost 20 per cent of the Group’s British pig requirement from our own farms.”



For further information
please visit our website
www.cranSWICK.co.uk

AT A GLANCE

CRANSWICK'S DEVELOPMENT



Cranswick was formed by farmers in the early 1970s to produce pig feed. In 1988 the Board embarked on a strategy to broaden the base of the Group's activities. Opportunities were sought to develop into related areas that added value to the Group's processes. Activities have since been extended from this agricultural base into the food sector. See our strategy for future growth on page 8.

OUR PRODUCT CATEGORIES



Fresh and Added Value Pork

Sausages and Burgers

Traditional Air-Dried Bacon and Gammon

Cooked Meats and Charcuterie

Premium Sandwiches

Handmade Pastry

Today, the business is focused predominantly on the supply of fresh and processed food to the UK food retail, food manufacturing and food service categories.



Read more about category performance on pages 16 and 17

OUR LOCATIONS

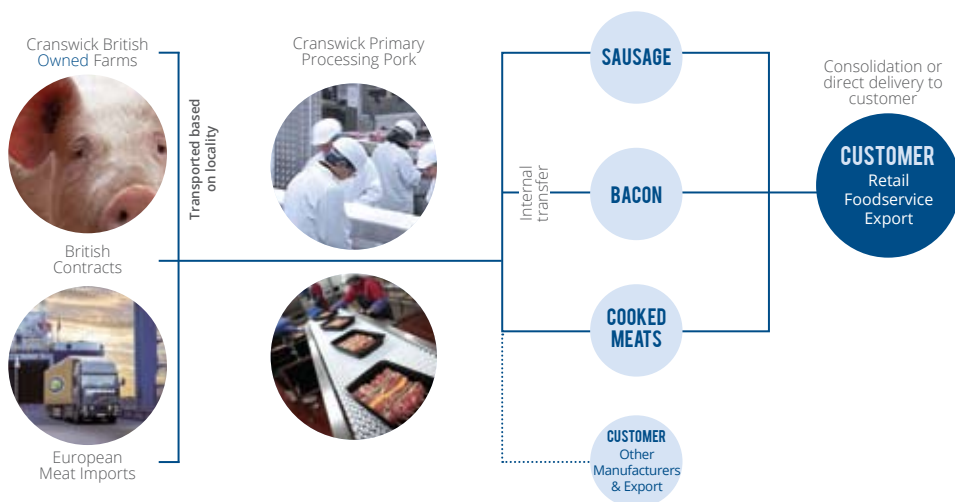


- GOURMET PASTRY Malton ①
- TRADITIONAL BACON Sherburn ②
- FRESH PORK Hull ③
- COOKED MEATS Hull ④
- GOURMET SAUSAGE Hull ⑤
- COOKED MEATS Barnsley ⑥
- CONTINENTALS Manchester ⑦
- FOODSERVICE Denbigh ⑧
- SANDWICHES Atherstone ⑨
- FRESH PORK & SAUSAGES Norfolk ⑩
- COOKED MEATS Milton Keynes ⑪
- COOKED MEATS Milton Keynes ⑫



For more information on our business model see page 9

OUR SUPPLY CHAIN MODEL



Our primary processing sites are located in the two key eastern pig production hubs. This results in reduced pig and inter-site transport times. The recent acquisition of the pig production businesses has delivered further supply chain security and transparency. We process up to 40,000 British pigs each week and 45 per cent of these are higher welfare.

40,000

pigs processed/week

45%

of which are outdoor reared & **freedom foods** accredited

OUR BRANDS



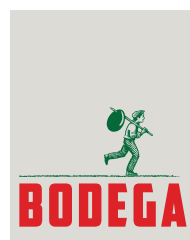
Premium British sausages developed from the original recipes from Martin Heap. A flavour explosion with a belief that great taste comes from passion and imagination.



A selection of artisan British charcuterie hams, sausages & traditional cured bacon developed by the eighth generation of the Woodall family.



Luxury handmade pastry made with premium British ingredients and all butter puff pastry. All recipes and processes are based on local baking hero, Gill Ridgard.



Authentic Mediterranean flavours on the go delivered through a selection of premium continental antipasti and charcuterie sourced by our Italian connoisseur Vaz Frigerio.



Cranswick has a portfolio of aspirational super premium food brands. These are differentiated through product story, format, British & Mediterranean heritage and product quality. All our brands aim to capture the imagination of premium shoppers looking for new food experiences and exceptional taste.

FOOD SAFETY AND SUSTAINABILITY

83 the number of Consecutive Grade As issued to Cranswick by the British Retail Consortium



All twelve UK sites are BRC Grade A approved and certain sites are Freedom Foods approved to comply with higher welfare standards. All primary and added value meat processing sites have Soil Association approval. All meat manufacturing sites are covered by the Red Tractor scheme. The Hull fresh pork operation is USDA approved and both primary processing facilities are Chinese export approved. All sites are also regularly audited by our retail customers.

CHAIRMAN'S STATEMENT

Martin Davey - Chairman

This has been a positive, albeit challenging, year for Cranswick. The business has had to contend with record input prices, the impact on its customer base of the changing dynamics of UK food retailing and an environment where the consumer has been subject to ongoing financial constraints.

For the business to have continued to maintain its progress against this backdrop is no mean achievement. Strong growth in both total and underlying sales was recorded and this reflected market share gains along with further growth in those categories in which the Group is positioned in the UK market. Market growth was particularly strong in the "super premium" categories as seen with both sausage and bacon. Export sales continued to grow and this achievement was recently recognised by the industry with Cranswick being named "Exporter of the Year".

Results

Total sales, which include a small amount of third party sales from the pig breeding and rearing activities acquired in the year, of £995 million were 14 per cent ahead of the previous year and included particularly significant increases in fresh pork, bacon and cooked meats.

Underlying sales increased by 12 per cent. Adjusted operating profit rose to £53.3 million although operating margins were slightly below those of the previous year on account of the increase in input prices.

Reported profit before taxation was £54.8 million and earnings per share were 88.7 pence. Excluding the net IAS 41 valuation movement on the pig herd in the current financial year and non-recurring items in both the current and prior financial years, adjusted profit before taxation was £52.2 million, an increase of 6.3 per cent on that achieved previously. Earnings per share on the same basis (after tax) rose 6.9 per cent to 84.1 pence.

The borrowings of the business are conservatively structured and the Company has recently extended its banking facility through to July 2018. This £120 million unsecured facility provides generous headroom going forward. Net finance costs were covered 54 times by Group operating profit, in line with the previous year. Operating cash flow in the period was particularly strong, notwithstanding the £27.7 million investment in the Group's asset base and £14.4 million spent on acquisitions. Net debt at the end of the year stood at £17.0 million compared to £20.1 million a year earlier.

Strategic investments

During the year the Company invested in pig breeding and pig rearing activities. These operate under Wayland Farms and Wold Farms and together supply 15 to 20 per cent of the Company's weekly British pig requirements. This strategic development enhances Cranswick's commitment to, and gives greater control over, a robust and integrated supply chain with a clear focus on premium British ingredients. In addition, it has helped offset some of the impact of the rise in input prices.

Further investment in new product categories came with the commissioning of the Yorkshire Baker pastry facility in Malton, North Yorkshire. The site produces a range of premium pastry products including pies, sausage rolls and quiches and was operational from summer last year. Commissioning costs and the challenges of a start-up have been absorbed whilst growing the sales and developing the range in partnership with the customer base.

Other investments in the year added capacity and improved operating efficiencies enabling the Company to absorb some of the supply chain inflation.

Dividend

The Board is proposing to increase the final dividend to 22 pence per share, an increase of 6.8 per cent from last year. Together with the interim dividend, which was raised 6.4 per cent to 10 pence per share; this makes a total dividend for the year of 32 pence per share. This is an increase of 6.7 per cent on the 30 pence per share paid last year. The final dividend, if approved by Shareholders, will be paid on 5 September 2014 to Shareholders on the register at the close of business on 4 July 2014. Shares will go ex-dividend on 2 July 2014. Shareholders will again have the option to receive the dividend by way of scrip issue.

Board

Bernard Hoggarth, who stood down from the position of Chief Executive in 2012 and has continued as a Director since then on a part-time basis, intends to retire from the Board at the forthcoming Annual General Meeting. Bernard has been with Cranswick for 36 years and has made an enormous contribution to the development of the Company. Over this period the business has evolved from an East Yorkshire supplier of animal feed into one of the UK's leading food producers. His involvement over the years has embraced at different times animal feed sales, pig rearing and marketing along with the development into food production. This period has seen Cranswick progress from being a farmer-owned regional business into a listing on the London Stock Exchange and a member of the FTSE250. I have worked with Bernard for almost 30 of those years and express the appreciation of the Board and my own personal thanks for his immense contribution and for being a great colleague throughout that time.

John Worby will also be standing down from the Board at the forthcoming Annual General Meeting. John has served as a Non-Executive Director and Chairman of the Audit Committee since 2005 and this year will have completed nine years as a Director, at which time, under corporate governance guidelines, he will no longer be deemed independent. John's experience and contribution to discussions have been of enormous value in the development of the business and, on behalf of the Board, I extend our sincere thanks and wish him well for the future.

Mark Reckitt joined the Board as a Non-Executive Director in May 2014 and will take over as Chairman of the Audit Committee at the conclusion of the forthcoming Annual General Meeting. He retired from his position as Group Strategy Director at Smiths Group plc in April 2014. Prior to joining Smiths Group in 2011 Mark had 20 years with Cadbury plc in roles embracing finance and strategy. He is also a Non-Executive Director and Chairman of the Audit Committee at JD Wetherspoon plc.

In addition to the Board changes outlined above Kate Allum joined the Company as a Non-Executive Director in July 2013, as previously reported to Shareholders. Kate's experience of international food markets has broadened the expertise and experience within the Board.

Corporate governance

The Board is mindful of the requirements of the UK Corporate Governance Code and embraces this as part of its culture. A statement relating to compliance with the Code is included within the Corporate Governance Statement on page 34. Recent developments have included the external evaluation of the Board and its procedures, undertaken in 2013, which reported positively and the improved gender diversity within the Board.

Environmental initiatives

Managing and reducing the impact that the business has on the environment is an integral part of the Company's activities and has

been the focus of attention for some years under a dedicated project team. Significant progress has been made in a number of areas including waste, water, energy, packaging and carbon footprint and this was highlighted recently with the Group winning the industry's "Environmental Initiative of the Year" award for 2014. Further details are included within the Corporate Social Responsibility section on pages 24 to 31 and the Awards section on page 7.

Staff

The continued successful development of the business over the past year would not have been achieved without the hard work, determination and expertise of all staff at the Company and on behalf of the Board I extend sincere appreciation and thanks for their contribution.

Outlook

The past year has seen another positive performance from the Company. The Board looks forward to the challenges and opportunities that lie ahead as it pursues Cranswick's continued successful long-term development.



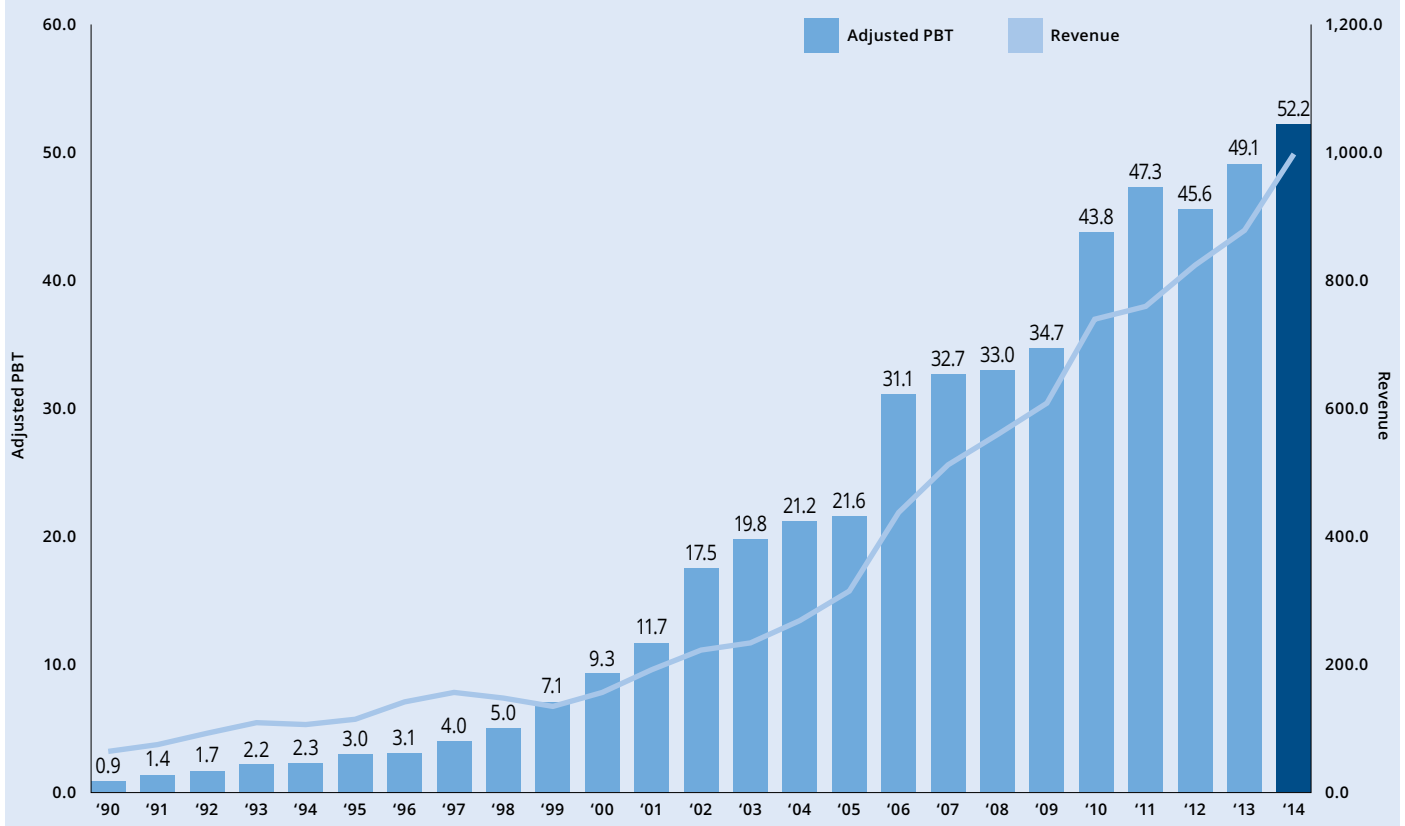
Martin Davey
Chairman

19 May 2014

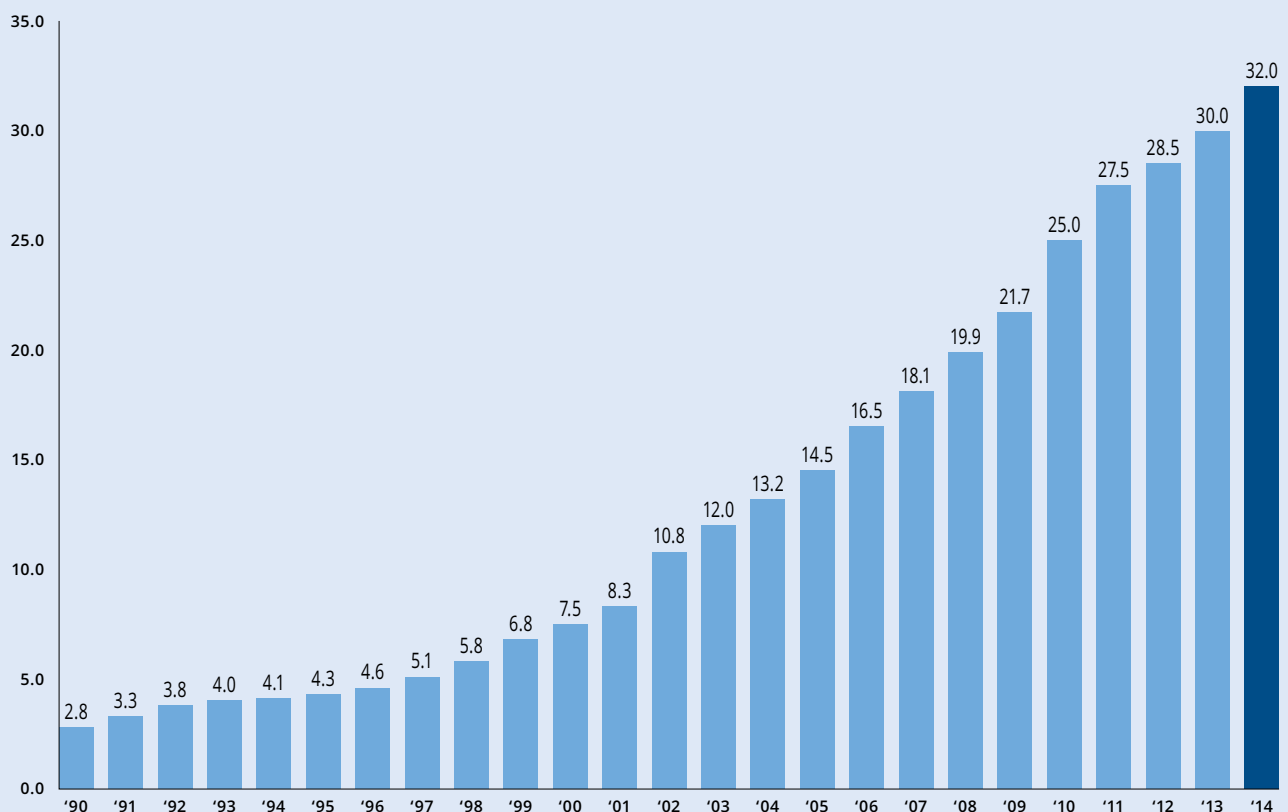


OUR TRACK RECORD

ADJUSTED PROFIT BEFORE TAX AND REVENUE £m



DIVIDEND PER SHARE p



AWARDS

Working closely with its customers, the Group has maintained focus on service, quality and innovation throughout the year and continues to deliver exciting, competitively priced products for the UK consumer. This work, along with the Group's strong export growth and focus on a number of successful environmental initiatives, has received industry recognition through the following recent awards:



WINNER.
meat management
industry awards
2013
MANUFACTURER OF THE YEAR

Cranswick wins "Manufacturer of the Year" award at the Meat Management Industry Awards 2013





Chris Aldersley receiving the "Export Initiative of the Year" award.



Mark Goddard receiving the "Environmental Initiative of the Year" award.

Cranswick wins "Export Initiative of the Year" and "Environmental Initiative of the Year" awards at the Meat & Poultry Processing Awards 2014

For a full list of our awards, please see our website at www.cranswick.co.uk

OUR STRATEGY AND BUSINESS MODEL

Our strategy

Our overall strategic aim is to create long-term value for our Shareholders, customers and other stakeholders. We will do this by focusing primarily on the growing quality end of the markets in which we operate and by establishing meaningful and long-lasting relationships with our major customers. This will be achieved through a combination of product development and high service levels. We will continue to invest in quality facilities and the latest equipment so that we operate as efficiently as possible and to provide a safe and secure working environment for our employees.

Our long-term growth strategy is focused on consolidating existing market positions, developing new products channels in our core UK food market and growing our international operations and customer base. Growth will continue to be driven by organic initiatives and targeted acquisitions.

Our objective

To be a leading supplier of premium, fresh and added-value food products with a focus on operational efficiency and delivering innovative quality products to our customers

Our growth strategy

Our growth strategy is underpinned by six coordinated, creative and sustainable strategic priorities:

ORGANIC INITIATIVES AND TARGETED ACQUISITIONS

UK CONSOLIDATION

Penetrating more customers
and more categories

UK DIVERSIFICATION

Developing new products

INTERNATIONAL

Growing our international
operations and customer base

1 MARKET PENETRATION Gain market share in existing categories/tiers; move into adjacent tiers; add new customers; develop adjacent categories

2 INNOVATION Develop new and innovative products that give our customers a real point of difference

3 CHANNEL DEVELOPMENT Sell products through multiple channels: retail, food-service, manufacturing, wholesale, convenience, food on the move and online

4 SUPPLY CHAIN Ensure a robust supply chain with focus on security, integrity, integration, differentiation, alignment and low cost sourcing

5 BRANDS Develop new and existing brands to further differentiate our premium tier products

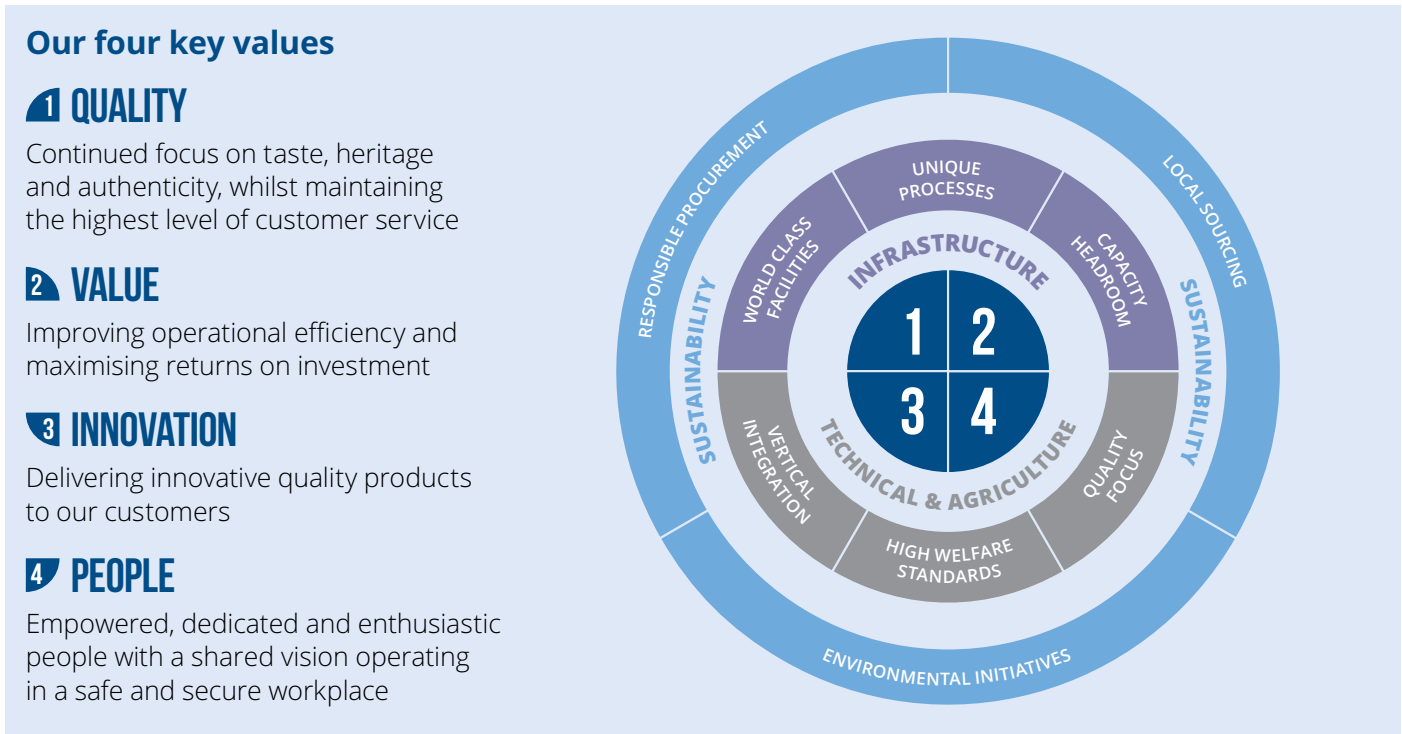
6 INTERNATIONAL Grow European and worldwide markets for traded, primary, added-value and branded products

The markets in which we operate are competitive both in terms of pricing from fellow suppliers and the retail environment in general. The UK food retail market is known to be amongst the most competitive in the world. Despite this, Cranswick has a long record of increasing sales and profits through a combination of investing in modern efficient factories, developing a range of quality products and making value-added acquisitions.

Implementing Cranswick's strategy is assessed through a number of financial and non-financial KPIs summarised on pages 10 and 11. Performance in the year under review and objectives for 2014-15 are discussed in more detail on pages 16 to 18. The principal risks and uncertainties, which might impact achievement of the Group's strategic objectives and mitigating actions, are set out on pages 12 to 14.

Our business model

Our business model is centred on our four key values: Quality, Value, Innovation and People. These values are supported by a robust operational framework, as shown below:



Cranswick's operations are focused on the production and supply of food products. We operate entirely in the UK, although a small but increasing proportion of sales are exported. We produce a range of high quality, predominantly fresh products including fresh pork, sausages, bacon and cooked meats for sale to the high street food retailers. We also supply a range of pre-sliced, pre-packaged charcuterie products for sale to these same customers, together with a range of pre-packed sandwiches predominantly for food service outlets. More recently the Group has launched a range of artisan pastry products to a number of its retail customers from its new, purpose-built facility in Malton, North Yorkshire.

The Group operates from twelve highly efficient well invested food production facilities across the UK. Continued investment ensures that these facilities have sufficient capacity headroom to meet Cranswick's growth aspirations, that they operate as efficiently as possible and that they provide a safe and secure working environment for the Group's workforce.

Supply chain security and integrity is a crucial component of our business model. Robust technical and traceability systems ensure that our products are responsibly and sustainably sourced from suppliers whose values are aligned to our own.

We also own our own pig breeding and rearing operations which are capable of supplying 15 to 20 per cent of our British pig requirements. This gives us even greater supply chain transparency, security and efficiency. For further information on our supply chain model, see page 3.

The business is under the control of stable, experienced and talented operational management teams supported by a skilled workforce. We offer training and specialist support where needed to ensure that our people feel empowered, dedicated and enthusiastic with a shared vision for the long-term success and development of our business.

OUR KEY PERFORMANCE INDICATORS

The Board has assessed that the following **financial KPIs** are the most effective measure of progress towards the Group's strategic objectives:

Key Performance Indicator	Definition	Comments								
<p>UNDERLYING REVENUE GROWTH %</p> <p>12.0%</p> <table border="1"> <tr> <th>Year</th> <th>2012</th> <th>2013</th> <th>2014</th> </tr> <tr> <td>Underlying Revenue Growth %</td> <td>10.3</td> <td>5.3</td> <td>12.0</td> </tr> </table>	Year	2012	2013	2014	Underlying Revenue Growth %	10.3	5.3	12.0	<p>Underlying sales growth is defined as the year on year increase in sales revenue excluding the impact of acquisitions</p>	<p>Underlying revenue grew by 12.0 per cent in the year following new business wins in fresh pork, strong growth in the bacon and cooked meats categories and continued development of the premium pastry category.</p>
Year	2012	2013	2014							
Underlying Revenue Growth %	10.3	5.3	12.0							
<p>ADJUSTED GROSS MARGIN %</p> <p>12.0%</p> <table border="1"> <tr> <th>Year</th> <th>2012</th> <th>2013</th> <th>2014</th> </tr> <tr> <td>Adjusted Gross Margin %</td> <td>12.4</td> <td>12.2</td> <td>12.0</td> </tr> </table>	Year	2012	2013	2014	Adjusted Gross Margin %	12.4	12.2	12.0	<p>Gross margin is defined as adjusted gross profit as a percentage of sales revenue</p>	<p>The 0.2 per cent year on year decline in gross margin reflects the time lag in recovering higher input costs in the first half of the year, partly offset by ongoing improvements in operating efficiencies.</p>
Year	2012	2013	2014							
Adjusted Gross Margin %	12.4	12.2	12.0							
<p>ADJUSTED GROUP OPERATING MARGIN %</p> <p>5.4%</p> <table border="1"> <tr> <th>Year</th> <th>2012</th> <th>2013</th> <th>2014</th> </tr> <tr> <td>Adjusted Group Operating Margin %</td> <td>5.7</td> <td>5.7</td> <td>5.4</td> </tr> </table>	Year	2012	2013	2014	Adjusted Group Operating Margin %	5.7	5.7	5.4	<p>Group operating margin is defined as adjusted Group operating profit as a percentage of sales revenue</p>	<p>Group operating margin declined by 0.3 per cent reflecting the time lag in recovering higher input costs in the first half of the year and start-up costs at the new pastry facility, partly offset by ongoing improvements in operating efficiencies and the positive contribution from acquisitions.</p>
Year	2012	2013	2014							
Adjusted Group Operating Margin %	5.7	5.7	5.4							
<p>FREE CASH FLOW £m</p> <p>£59.1m</p> <table border="1"> <tr> <th>Year</th> <th>2012</th> <th>2013</th> <th>2014</th> </tr> <tr> <td>Free Cash Flow (£m)</td> <td>43.4</td> <td>49.0</td> <td>59.1</td> </tr> </table>	Year	2012	2013	2014	Free Cash Flow (£m)	43.4	49.0	59.1	<p>Free cash flow is defined as the level of cash generated from operations less tax and net interest payable</p>	<p>Free cash flow increased by £10.1 million compared to the prior year driven by a 6 per cent increase in Group operating profit and a £2 million reduction in net working capital compared to a £5 million outflow in 2013.</p>
Year	2012	2013	2014							
Free Cash Flow (£m)	43.4	49.0	59.1							
<p>RETURN ON CAPITAL EMPLOYED %</p> <p>16.8%</p> <table border="1"> <tr> <th>Year</th> <th>2012</th> <th>2013</th> <th>2014</th> </tr> <tr> <td>Return on Capital Employed %</td> <td>16.7</td> <td>17.2</td> <td>16.8</td> </tr> </table>	Year	2012	2013	2014	Return on Capital Employed %	16.7	17.2	16.8	<p>Return on capital employed is defined as adjusted operating profit divided by the sum of the average of opening and closing net assets, net debt, pension liabilities and deferred tax</p>	<p>Return on capital employed fell slightly as the Group continues to invest in its asset base to provide additional capacity to drive future long-term growth.</p>
Year	2012	2013	2014							
Return on Capital Employed %	16.7	17.2	16.8							

The Board has assessed that the following **non-financial KPIs** are the most effective measure of progress towards the Group's strategic objectives:

Key Performance Indicator	Definition	Comments								
<p>TOTAL ACCIDENT RATIO per 1,000 employees</p> <p>9.8 per 1,000</p> <table border="1"> <tr> <th>Year</th> <th>Ratio</th> </tr> <tr> <td>2012</td> <td>12.3</td> </tr> <tr> <td>2013</td> <td>12.5</td> </tr> <tr> <td>2014</td> <td>9.8</td> </tr> </table>	Year	Ratio	2012	12.3	2013	12.5	2014	9.8	<p>Total accident ratio is the total number of recorded accidents per 1,000 employees</p>	<p>Total accidents per 1,000 employees fell by 22 per cent year on year. The reduction is attributable to an ongoing focus on improving working environments and health and safety management across the Group.</p>
Year	Ratio									
2012	12.3									
2013	12.5									
2014	9.8									
<p>RIDDOR ACCIDENT RATIO per 1,000 employees</p> <p>0.9 per 1,000</p> <table border="1"> <tr> <th>Year</th> <th>Ratio</th> </tr> <tr> <td>2012</td> <td>1.9</td> </tr> <tr> <td>2013</td> <td>1.6</td> </tr> <tr> <td>2014</td> <td>0.9</td> </tr> </table>	Year	Ratio	2012	1.9	2013	1.6	2014	0.9	<p>The RIDDOR accident ratio is the number of accidents reportable to the Health and Safety Executive per 1,000 employees</p>	<p>RIDDOR accidents per 1,000 employees fell by 47 per cent year on year. The reduction is attributable to an ongoing focus on improving working environments and health and safety management across the Group.</p>
Year	Ratio									
2012	1.9									
2013	1.6									
2014	0.9									

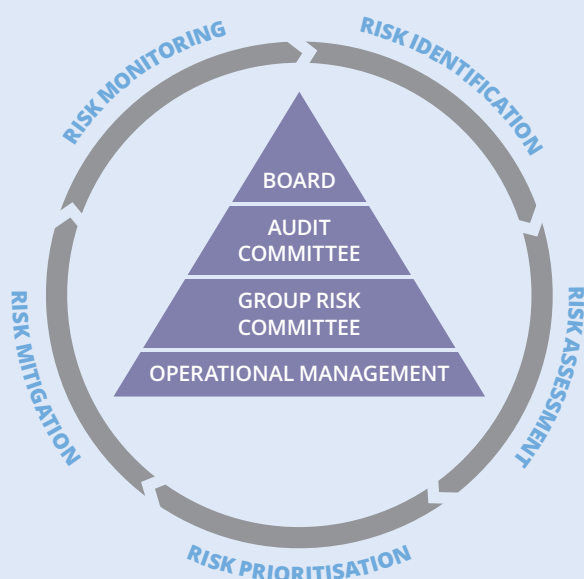


RISK MANAGEMENT AND PRINCIPAL RISKS

As a leading UK food producer, the Group faces a variety of risks and uncertainties. Operating in a highly competitive industry, it is critical that the Group identifies, assesses and prioritises its risks. This, along with the development of appropriate mitigating actions, enables the Group to achieve its strategic objectives and protect its reputation.

The Group has a formal risk management process in place, which is embedded within the business to support the identification and effective management of risks across the Group. It is regularly reviewed and updated for changes within the Group, industry and wider economy.

Risk management model



BOARD "Responsible for the Group's system of risk management and internal control and for setting the Group's overall risk appetite"

AUDIT COMMITTEE "Reviews the systems of internal control that are in place and provides assurance to the Board that the processes of risk management and internal control are operating effectively"

GROUP RISK COMMITTEE "Provides oversight and advice to the Audit Committee and Board in relation to current and future risk exposures and future risk strategies"

OPERATIONAL MANAGEMENT "Operate site level risk management processes to ensure that risks remain adequately identified, analysed and controlled"

Risk management framework

The Board is responsible for the identification and effective management of risks across the Group and relies on the Group Risk Committee to oversee the Group's risk management processes. The Internal Audit function provides independent assurance to management and the Audit Committee keeps under review the effectiveness of mechanisms put in place to mitigate risks. This process specifically recognises the close relationship between Internal Audit and risk management. The Audit Committee obtains assurance that the processes of risk management and internal control are adequate. Further details are set out in the Corporate Governance Report on page 37.

Group risk register

A Group risk register is in place which is generated from site risk registers owned by operational management who individually set out the risks, likelihood of occurrence, consequences of impact and mitigating actions for their respective area of responsibility. Identified risks which have a significant impact on the Group as a whole are escalated to the Group risk register and are captured according to standard internal classifications (strategic, commercial, financial and operational risks).

Risk monitoring process

The Board formally reviews the Group risk register on an annual basis. The Group Risk Committee is responsible for highlighting to the Board and to the Audit Committee any key changes to the Group's risk register during the intervening periods. For 2013-14 the risks facing the Group are broadly consistent with the previous year, with no significant changes in risk profiles. However, as reported at the half year, following the investment in pig breeding and rearing activities the Group now faces risks associated with this activity.

Internal audit plan

The internal audit plan is principally driven by the Group's risk management framework. During the year Internal Audit reviews the auditable elements of these risks and informs operational management and the Audit Committee of any required corrective actions.

The principal risks and uncertainties facing the Group are summarised on the following pages. However, this is not intended to be an exhaustive analysis of all risks currently facing the Group.

Risk area	Description of risk	How we manage it
Strategic risks		
Consumer demand	Deterioration in the economy may adversely affect the activity levels of consumers and the Group's immediate customers, leading to a fall in demand for the Group's products and ultimately lower profitability and cash flow.	The business offers a range of products across premium, standard and value tiers which it is able to flex in response to customer and market demands. Pork remains an extremely competitively priced and sought-after product.
Competitor activity	The Group trades in highly competitive markets which tend to operate without long-term contracts. Product innovation and changing consumer trends provide a constant challenge to the future success of the Group and its ability to compete effectively.	The Group manages the risk of operating in a competitive sector by developing and maintaining strong customer relationships. This process is supported by delivering high levels of service and quality, and by the continued focus on product development and technical innovation.
Commercial risks		
Reliance on key customers	A significant proportion of the Group's revenues are generated from a small number of major grocery retail customers. Loss of all or part of the Group's business with one or more of these customers would adversely impact on the Group's financial performance.	The Group's commercial teams continually look for opportunities to expand the customer base across all product categories and work closely with key customers to ensure service, quality and new product developments are of the highest standard.
Pricing and availability of raw materials	The major exposure the Group has to pricing and availability of raw materials is in relation to pig meat. An increase in raw material input costs, pig feed prices or a lack of availability of pig meat would adversely impact on the Group's profitability.	The Group has a trusted, long-standing farming supply base, and the acquisition of Wayland Farms and the recent formation of Wold Farms have also helped to mitigate the risks associated with pig price fluctuations and raw material supply. In addition the Group mitigates the risk of raw material price inflation through ongoing pricing discussions with its customers and suppliers.
Financial risks		
Interest rate, currency, liquidity and credit risks	The Group is exposed to interest rate risk on borrowings and foreign currency risk on purchases particularly of charcuterie products from the European Union. In addition the Group needs access to funding for current business and future growth.	Interest rate and foreign currency risks are managed using effective hedging policies, which are managed by the Group's Treasury function. Each site has access to the Group's overdraft facility and bank balances are monitored on a daily basis by Group Finance. All term debt is arranged centrally and appropriate headroom is maintained. Bank facilities were renewed prior to the year end through to July 2018.
Business acquisitions	Businesses may be acquired based on inaccurate information, unachievable forecasts or without appropriate consideration being given to the terms of the purchase.	Rigorous due diligence reviews are carried out in advance of any new business acquisition, using internal and specialised external resource where required.

RISK MANAGEMENT AND PRINCIPAL RISKS (CONTINUED)

Risk area	Description of risk	How we manage it
Operational risks		
Food scares	As a food producer, the Group is subject to the risks of product and/or raw material contamination and potential health related industry wide food scares and issues. Such incidents may lead to product recall costs, reputational damage and regulatory penalties.	The risk of such events is mitigated by ensuring that all raw materials are traceable to original source and that the manufacturing, storage and distribution systems of both Group sites and suppliers are continually monitored by experienced and well trained site based and Group technical teams.
Business continuity	The Group faces the risk of incidents such as major fire, flood or loss of key utilities, which may result in significant and prolonged disruption to its operating facilities resulting in loss of sales and reduced profitability.	Detailed business continuity plans are in place across the Group's manufacturing sites and appropriate insurance arrangements are deployed to mitigate any financial loss. Potential business disruption is minimised through multi-site operations across the Group's key product lines.
Recruitment and retention of key staff	The success of the Group is dependent on attracting and retaining high quality senior management and staff.	The Group mitigates the risk associated with the loss of key staff through robust succession planning, strong recruitment processes, competitive remuneration packages and ongoing training and development plans.
Food safety and health and safety	A breach of food safety or health and safety standards, legislation or ethical standards may lead to reputational damage and regulatory penalties including restrictions on operations, damages or fines.	The Group conforms to all relevant food safety and health and safety regulations and adopts industry best practice across its production sites and within its supply chain. All sites are subject to frequent audits by internal teams, customers and regulatory authorities to ensure standards are being adhered to.
Pig herd infection and disease	An infection or disease outbreak may result in the loss of livestock, or the inability to move animals freely, impacting on the supply of raw materials into the Group's abattoirs.	The Group mitigates against this risk with farming facilities which have a broad geographical spread to avoid reliance on a single production area. In addition, robust vaccination and herd operating procedures mitigate the risk of common diseases and infections.



OPERATIONAL REVIEW

Adam Couch - Chief Executive

I am pleased to report that the business delivered a robust trading performance during the financial year with total revenues ahead by 14 per cent. Underlying revenues, which exclude the contribution from acquisitions, increased by 12 per cent, reflecting strong growth across most of the Group's categories, driven by new product launches and a broadening customer base. This performance was underpinned by market growth in the Group's core categories and by strong export volumes. Adjusted Group operating profit increased by 6 per cent, reflecting strong revenue growth which was partly offset by the impact of higher input costs, particularly in the first half of the year. The pig rearing and breeding operations, which were acquired during the year, also made a positive contribution to the Group's performance.

Rising input costs

Pig prices increased during the first half of the financial year to reach a new record high in July 2013 and remained at this level through to the end of the third quarter. This was caused by high feed prices and demand for high quality British pork. Cranswick managed this input cost inflation through constructive discussion with its customers, by delivering ongoing operating efficiency improvements and by producing pigs internally. Pig prices eased in the fourth quarter of the year; however the extent of and time lag in recovering these higher input costs, together with higher than anticipated start-up costs at the Group's new gourmet pastry facility in Malton, North Yorkshire, meant that adjusted operating margin at 5.4 per cent was slightly lower than the 5.7 per cent reported last year.

Despite these price increases the UK consumer continues to appreciate the attractiveness, versatility and low relative pricing of pork compared to other meat proteins, particularly beef and lamb. Demand for premium products continued unabated, with premium sausage and bacon sales growing well ahead of their overall respective categories.

Acquisition of pig herd

During the year the Group invested heavily in its pig breeding and rearing activities, acquiring East Anglian Pigs (now renamed Wayland Farms) on 29 April 2013 and then further breeding units in September and December 2013 which operate under the Wold Farms banner. Cranswick now has a herd of premium outdoor pigs for use in its premium range products which can satisfy 15 to 20 per cent of the Group's overall British pig requirements. This move supported the decision by one of the Group's key retail customers, in August 2013, to move to an all British fresh pork offering. A combination of falling feed prices and strong demand for higher welfare British pork helped enable Wayland Farms to make a positive contribution to the Group post-acquisition. The Group will continue to invest in its pig operations to further improve productivity and efficiencies. The UK market is currently only 50 per cent self-sufficient in pig meat, but ongoing investment in the sector should help to make inroads into this shortfall in the medium term.

Infrastructure investment

The Group invested £28 million in its infrastructure during the year, bringing total capital expenditure to more than £130 million over the last five years. This investment is reflected in the quality of the Group's production facilities which are some of the most efficient and well invested in the sectors in which Cranswick operates. Significant completed and ongoing projects are highlighted in the individual category sections below.

Category review

Fresh pork (↑15 per cent)



Fresh pork sales grew by 15 per cent compared to the same period last year as the Group saw the full year benefit of contract wins in the fourth quarter of the last financial year. Sales were also boosted by strong export volumes which increased by 10 per cent compared to the previous year. In the lead up to Christmas 1,000 tonnes of product were being shipped to the Far East each week. The Group is making a substantial investment in the Norfolk facility to upgrade the abattoir and introduce a new rapid chiller which will increase capacity and improve yields in this area of the plant.

During the year Cranswick withdrew its support from the price reporting mechanism that calculates the Deadweight Average Pig Price (DAPP). This was based on historic discussions with the British Pig Executive (BPEX) about the clarity and transparency of the calculation. Cranswick will continue to work with BPEX to examine alternative ways in which pricing of pigs may be reported.

In January, the Russian authorities banned the import of European pig meat in response to the outbreak of African swine fever in Eastern Poland and Lithuania. Although the UK does not export to Russia, the decision has had an impact on both volumes and prices for the UK's trading partners within the eurozone.

Earlier in the year Porcine Endemic Diarrhoea virus (PEDv) was discovered in the US herd. This disease has a significant impact on mortality of the young pig population. The UK herd has not been affected to date but the industry remains vigilant and biosecurity continues to be of paramount importance.

Sausage (↑2 per cent)



Sausage sales increased by 2 per cent reflecting continued demand for the Group's premium sausage ranges. July saw a record sales week for the Lazenby's facility for a non-Christmas period. The premium sausage category continues its impressive resilience of recent years as consumers recognise the quality proposition that high end products offer. However, sausage sales to the lead customer at the Norfolk site were lower year on year and as a result the decision was taken to consolidate sausage production at the Group's principal sausage facility in Hull. With much of the equipment also transferred, the costs associated with this reorganisation were kept to a minimum. Sales of premium beef burgers, which are produced using the same artisan skills developed for Cranswick's gourmet sausages, also performed well during the strong summer barbecue season, with sales ahead by 24 per cent compared to the prior year. A third burger production line has now been commissioned to meet increased demand in the forthcoming summer season.

Bacon (↑14 per cent)



Bacon sales were 14 per cent higher than the previous period. Sales of premium bacon continue to grow strongly as the UK consumer trades up from the standard tier category. The introduction of speciality cures and smoked products supported this growth along with ongoing development of ready to cook ranges which are now also being produced across the fresh pork and sausage categories. Seasonal gammon steaks and joints also performed extremely well over the key Christmas trading period. The unique artisan production methods developed at the Sherburn site continue to support the wider Group in offering unrivalled product quality. This is demonstrated through collaboration with the Barnsley cooked meats facility in producing premium air-dried cooked meat products and through the use of air dried streaky bacon in Christmas sausage products.

Cooked meats (↑16 per cent)



Cooked meats sales increased 16 per cent year on year. Demand for premium air-dried hams helped drive this growth along with strong promotional activity, particularly in the fourth quarter of the financial year. Investment to extend the Milton Keynes facility is progressing to plan and budget. This project which is due to be completed in the second quarter of the new financial year will substantially increase capacity, deliver significant efficiency gains and further improvements in product quality through the use of advanced cooking and slicing technology.

Pastry (↑138 per cent)



Pastry sales grew strongly, albeit from a low base, to more than double those of the previous year following the move into the new Malton facility. Start-up costs were higher than anticipated as the business focused on the successful launch of several new product ranges for the Group's lead retail customer in this category. With costs now running at anticipated levels, the focus is now firmly on delivering the anticipated returns from the £12 million investment. The new product pipeline saw the launch of a range of hand lined quiches for the summer season followed by a premium savoury pie range in the autumn. A further 19 new products will be launched in the current financial year, with new customers, both retail and food-service, being targeted.

Continental (↑3 per cent)



Sales of Continental products were up 3 per cent on the previous year. This performance was particularly pleasing given that sales were 16 per cent lower in the first quarter following the loss of business with one of the Group's retail customers which continued its strategy of moving to in-house sourcing. Several new product launches and the addition of new retail contracts helped this category return to growth. A renewed focus on sourcing new artisan products from Continental Europe and further development of the customer profile will drive ongoing growth in this category.

Sandwiches (↓5 per cent)



Sandwich sales were 5 per cent lower following a decision to rationalise the core product range and develop a more focused customer strategy. These initiatives have been driven by a new management team which has brought a new focus to improving operating efficiencies and raw material sourcing. This has seen the business perform strongly during the year. The new management team has targeted margin enhancing sustainable contracts. It is pleasing to report that despite losing one large contract during the year and a second effective from the end of quarter one of the new financial year, profitable long-term new contract wins will fully mitigate these losses. The introduction of new product lines including the "&Made" brand has had a significant beneficial impact. There is a real opportunity to give food-service customers a wider offering using selected products from the Group's broad category base and in particular the new pastry ranges. 25 per cent of all breakfast menus include bacon. The business is therefore ideally placed to satisfy food-service customer requirements in this area. Also, given the consolidation that has taken place in the UK sandwich category in the last two years, the business is confident that there will be opportunities to develop a stronger presence in the retail sector.

OPERATIONAL REVIEW (CONTINUED)

Summary and outlook

Cranswick's growth continues to be underpinned by the quality of its products which deliver real value to, and great food experiences for, the UK consumer. The business operates from highly efficient and well invested facilities with empowered management teams working collaboratively and sustainably with the Group's customers and suppliers. The Group's future growth strategy will focus on consolidating its position in UK markets, developing new channels both in pork and other proteins and continuing to grow its international presence.

The Group remains highly cash generative. This allows it to make attractive returns to Shareholders, to continue to invest in its infrastructure to build capacity, drive further operational efficiencies and to pursue earnings-enhancing strategic acquisitions.

The successful development of Cranswick is testament to the skill, quality and determination of the teams across each of the Group's businesses and I would like to express my thanks for their dedication and support over the last twelve months.

With experienced management at all levels, a strong range of products, a well invested asset base and a robust financial position, the Group is well placed to continue its long-term growth strategy.



Adam Couch
Chief Executive

19 May 2014





FINANCIAL REVIEW

Mark Bottomley - Finance Director

The Group is presenting its financial information for the year ended 31 March 2014 with comparative information for the year ended 31 March 2013, restated for the impact of IAS 19 (Revised).

Revenue

Revenue increased by 13.7 per cent from £875.2 million to £994.9 million. Adjusting for the contributions from Kingston Foods Limited which was acquired on 29 June 2012 and Wayland Farms which was acquired on 29 April 2013, underlying sales increased by 12.0 per cent. Sales increased across all product categories with the exception of Sandwiches, where the customer base and product range have been rationalised. This has helped to drive a significantly improved trading result within this category. Fresh Pork, Cooked Meats, Bacon and Pastry grew very strongly as a result of increased market share and new product development. Again, there was a growing contribution to revenues from the Group's export business.

Adjusted Group operating profit ⁽ⁱ⁾

Adjusted Group operating profit increased by 6.4 per cent to £53.3 million (2013: £50.0 million). Adjusted Group operating margin at 5.4 per cent of sales was lower than the 5.7 per cent reported for the last financial year. The lower operating margin in the year reflected substantially higher input costs compared to those of the prior year and start-up costs at the new gourmet pastry facility at Malton, North Yorkshire, which was commissioned during the year. It was partly offset by strong revenue growth, operational efficiencies and the positive contribution from Wayland Farms in the eleven months following acquisition. Raw material price inflation mainly impacted the first half of the year, with operating margin falling to 4.9 per cent. In the second half the margin recovered strongly to 5.8 per cent as raw material prices dropped back.

Finance costs

Net finance costs of £1.0 million (2013: £0.9 million) were marginally higher than the previous year. This reflects slightly higher average borrowings during the year as a result of acquisitions and continued capital investment largely offset by strong cash generation. Interest cover strengthened from 53.5 times to 54.4 times.

On 27 March 2014, the Group successfully extended its banking facilities. The new facility, which is on improved terms, runs to July 2018 and comprises a revolving credit facility of £120 million, including a committed overdraft of £20 million. In addition, it includes an accordion feature which allows the Group to drawdown a further £30 million on the same terms at any point during the life of the facility. This unsecured facility provides generous headroom going forward.

Note (i) Adjusted profit measures

Following the investment in pig breeding and rearing activities during the period as referred to in more detail above, the Group now monitors performance principally through the adjusted profit measures which exclude certain non-cash items including the net IAS 41 valuation credit of £1.4 million on biological assets and the release of the £1.1 million provision for contingent consideration payable to the previous owners of Kingston Foods which reflects the Directors' current expectations of the anticipated performance of the business over the three year period from acquisition. The statutory results, including these items, show a 15.8 per cent increase in profit before tax to £54.8 million (2013: £47.3 million), a 15.7 per cent increase in Group operating profit to £55.8 million (2013: £48.2 million) and an 18.4 per cent increase in earnings per share to 88.7 pence (2013: 74.9 pence).

Adjusted profit before tax ⁽ⁱ⁾

Adjusted profit before tax was 6.3 per cent higher at £52.2 million (2013: £49.1 million).

Taxation

The tax charge as a percentage of profit before taxation was 21.1 per cent (2013: 23.6 per cent). The standard rate of UK corporation tax was 23 per cent for 2014 and 24 per cent for 2013. The charge for the current year benefited from a £1.0 million (2013: £0.3 million) deferred tax credit following a 2 per cent enacted reduction in the UK corporation tax rate from April 2014 and a further 1 per cent reduction from April 2015 (2013: 1 per cent reduction from April 2013). In addition the £1.1 million contingent consideration provision release was not chargeable to tax.

Adjusted earnings per share ⁽ⁱ⁾

Adjusted earnings per share increased by 6.9 per cent from 78.7 pence to 84.1 pence, reflecting an increase in underlying profitability. The weighted average number of shares in issue during the year was 48,734,000 (2013: 48,257,000).

Acquisitions

On 29 April 2013 the Group acquired 100 per cent of the issued share capital of East Anglian Pigs Limited (now renamed Wayland Farms Limited) for a net cash consideration of £10.9 million. Wayland Farms made a positive contribution to Cranswick's activities during the period. On 13 September 2013 and 19 December 2013 the Group made further investment in its pig rearing and breeding activities by acquiring certain trade, assets and livestock from Dent Limited for £2.0 million, and from the administrators of Dent Limited for £1.5 million, respectively. Further details of these transactions are set out in note 14.

The pig herd was valued on initial recognition at £13.1 million and at 31 March 2014 at £14.7 million in accordance with the provisions of IAS 41 Biological Assets which requires livestock to be valued at fair value rather than historic cost. The valuation gain between initial recognition and the year end of £1.4 million has been disclosed separately on the face of the income statement.

Cash flow and net debt

The Group continues to deliver strong operational cash flows. Cash generated from operating activities was £60.1 million (2013: £49.8 million). The increase compared to the previous year reflects increased Group operating profits and a reduction in working capital of £2.1 million, compared to an increase of £4.5 million in the prior year. The net cash outflow from investing activities of £40.8 million is accounted for by capital additions, net of fixed asset sale proceeds, of £27.4 million and the cash spent on the acquisition of Wayland and Wold Farms of £14.4 million, less loan repayments received of £1.0 million. The previous year's outflow was £35.5 million. The £14.2 million of net cash used in financing activities in 2014 is largely due to interest paid of £1.1 million, dividends paid of £12.7 million and net loan repayments of £0.5 million. The prior year cash outflow from financing was £26.0 million. The overall result is a net increase in cash and cash equivalents of £5.1 million (2013: decrease of £11.7 million). Net debt reduced by £3.1 million to £17.0 million (2013: £20.1 million) at the year end, and gearing fell from 7.3 per cent to 5.6 per cent.

Pensions

The Group operates a number of defined contribution pension schemes whereby contributions are made to schemes operated by major insurance companies. Contributions to these schemes are determined as a percentage of employees' earnings. The Group also operates a defined benefit pension scheme which has been closed to further benefit accrual since 2004. The deficit on this scheme at 31 March 2014 was £6.5 million (2013: £3.4 million). Cash contributions to the scheme during the year, as part of the programme to reduce the deficit, were £1.1 million. The present value of funded obligations was £25.2 million and the fair value of plan assets was £18.7 million.

During the year the triennial valuation of the scheme was completed. Following a review of the valuation the Group's Directors agreed a new contribution schedule with the Trustees of the scheme to further reduce the deficit. Over the period from April 2014 to November 2019, cash contributions will be increased to £1.3 million per annum.

Restatement

Following the amendment to IAS 19, which came into effect for the Group from 1 April 2013, interest on pension scheme assets is now calculated by reference to the liability discount rate rather than the expected long-term yield on the assets, as was the case previously. Comparative information has been restated accordingly and further details, including a modest reduction in the Group's profit before tax and earnings per share, are set out in note 2.



Mark Bottomley

Finance Director

19 May 2014





GROUP DIRECTORS AND CATEGORIES

PIG REARING

Charles Bowes
Glenn Dams



FRESH PORK

Chris Aldersley
John Fletcher
Stuart Kelman
Barry Lock
Nick Mitchell
James Pontone
Neil Willis



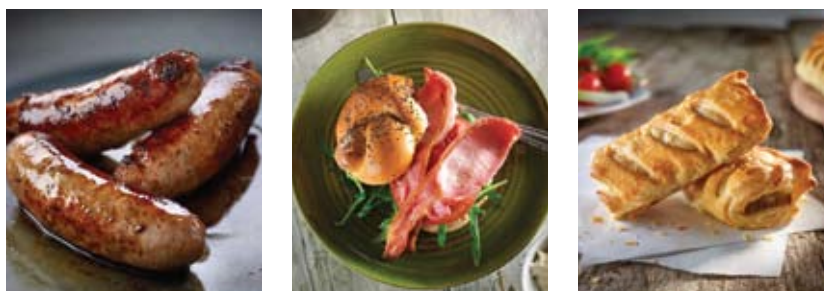
COOKED MEATS

Ian Fisher
Paul Gartside
Andy Jenkins
Kate Maxwell
Clive Stephens
Nick Tranfield
Paul Williams



SAUSAGES, BACON AND PASTRY

Darren Andrew
Daniel Nolan
Gill Ridgard
Drew Weir
Steve Westhead



CHARCUTERIE

Rollo Thompson



SANDWICHES AND INGREDIENTS

Nick Anderson
Gary Landsborough
Simon Ravenscroft

FOOD CENTRAL

Andrew Caines
Marcus Hoggarth
Graeme Watson
Malcolm Windeatt



CORPORATE SOCIAL RESPONSIBILITY

Cranswick takes its ethical responsibilities to employees, customers, Shareholders, suppliers, producers and the environment very seriously. The Company recognises that a balanced and committed approach to all aspects of corporate social responsibility (CSR) will bring benefits to each of the Company stakeholders and will strengthen its business position and credentials to facilitate future sustainable growth and development.

The Company continues to look at CSR across the business to facilitate the recognition of best practice and shared learning leading to the development of a Group Corporate Responsibility Policy which clearly defines its core values and aspirations. To further progress this process a Group CSR committee was set up during the year chaired by the Finance Director and consisting of key people across the functions of HR, Health and Safety, Environment and Technical.

People

Cranswick is committed to introducing, developing and maintaining the key systems and processes required to underpin the effective delivery of its employment strategy across the business.

The Company seeks to integrate the benefits of people management into its culture and the Group Human Resources (HR) Manager ensures that these are consistently applied across all the sites.

Cranswick has undertaken to further develop its HR strategy this year and the people plan has been incorporated in to the CSR and business strategy to underpin the vision and purpose of the company going forward. Cranswick aims for its people to be the best in the industry and in order to achieve this it is committed to developing a multi-skilled, inspired, empowered and motivated workforce.

The HR strategy includes CSR as part of its vision and values, and will implement a pattern of planned activities to ensure the attraction and retention of talented individuals who have key core skills that will aid the achievement of the long-term business goals and objectives. This in turn will enable improved performance across the Group.

The business has chosen to give its employees a meaningful voice, which means that they have the channels through which to put forward their views via Works Councils or union membership, and that they will be communicated with effectively or have role models with whom they can identify. All areas now have a forum in place where employees have a worker representative who sits on a committee on a regular basis, and who is able to air the views of their colleagues. On some sites this may also be a union representative. Employees are given the opportunity to feel a greater sense of purpose and are seen as productive and valuable stakeholders in the business. A staff survey has delivered positive actions from the Group and a variety of initiatives have been implemented which have aided the trust and engagement of employees with the business.

The Group is committed to implementing a training and development strategy that articulates the workforce capabilities, skills or competencies and that ensures a sustainable, successful business. Young people continue to join the business on the graduate programme and a number of placement students have also been sponsored through their final year at university with the promise of a role with the company when they have completed their education. The graduate programme ensures lines of continued innovation, methodologies, and generational differences are developed throughout the business, to maintain its competitive edge. Graduates also introduce new ideas and enthusiasm into the company.

Cranswick is consistently developing its succession planning through talent management programmes in conjunction with first line manager and senior line manager training, to prepare its teams for the challenges of the future and create sustainable business value.

The business continues to be committed to engaging with the local community via youth employment initiatives including sponsoring awards for apprenticeships and has been unique in setting up and delivering a butchery apprenticeship scheme at its site in Preston, near Hull. The training scheme now has 17 young people working at the site with a view to becoming skilled butchers at the end of their training. In addition to this a number of sites also have engineering apprenticeships in place.

Health and wellbeing are key to creating a happy and engaging working environment and Cranswick has run a variety of initiatives including drop-in clinics with health professionals, healthy eating cookery demonstrations, charitable bike rides and offering free fruit to employees.

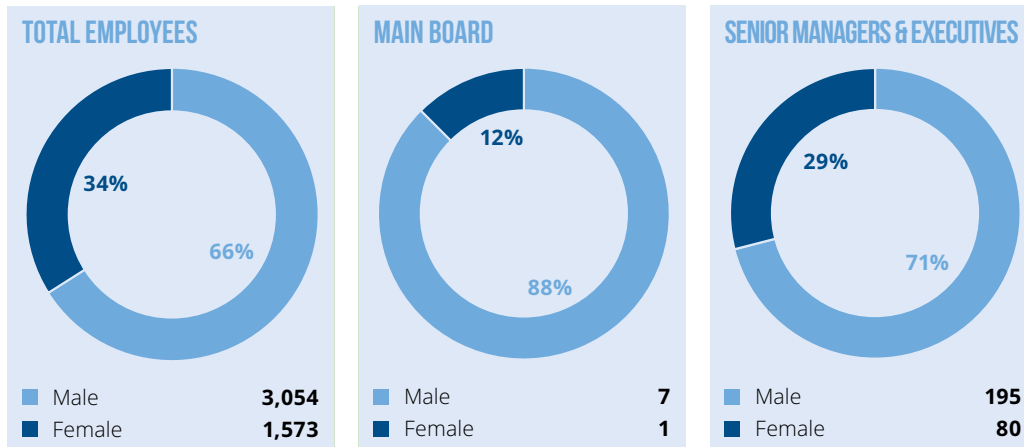
Ethical standards are high within the Company and we employ the only International Register of Certified Auditors (IRCA) registered Internal Social Systems Auditor in the UK using systems that have been developed by the business. Audits are carried out annually of all sites and Cranswick is a member of Supplier Ethical Data Exchange (SEDEX). Cranswick has been at the forefront of best practice in conducting annual ethical audits both at its own sites and those of its labour providers. Performance is judged against the Gangmasters (Licensing) Act 2004, the Ethical Trading Initiative and retailer expectations. The focus moving forward will be targeted at ensuring that ethical standards are being maintained within our supply chain and we are optimistic that, given our past history for efficiency in this area, this will be a successful initiative.

Encouraging the principles of equality and diversity are key to the successful and inclusive culture that lies at the heart of Cranswick. Regular training is provided for all employees, reiterating the importance of equal opportunities and best practice behaviours. This year, the site HR managers have been trained in equality and diversity principles to roll these out to all middle and senior management teams.

All employment decisions, including recruitment and internal promotions, are based on merit, qualification and abilities and will not be influenced or affected by an employee's race, colour, nationality, religion, sex, marital status, family status, sexual orientation, disability or age.

The business employs 4,627 people, up from the previous year of 4,402, and in addition a further 3,211 agency workers are also involved.

Gender and employee information



Health and safety

Cranswick's commitment to achieving high standards of health and safety continues with the commitment of the Board through the efforts of a dedicated and coordinated team.

Cranswick is committed to high standards of health and safety, which is an integral part of its business. There is an ongoing programme of yearly improvements, fully endorsed by the Board, working in partnership with its insurers to achieve and improve these standards for its workforce. These standards of health and safety training are applied equally to temporary agency workers as well as permanent employees.

The Board take a keen interest in the group performance with the accident and claims statistics reviewed and discussed at quarterly Board meetings. The Group Health and Safety team implement and monitor new initiatives across the sites required to fulfil the excellent standards of health and safety within the business. Monthly accident statistics are monitored, using an industry leading web based accident recording system. This system allows the Group to analyse each

accident individually, and to monitor control measures that have been introduced, to prevent recurrence. The system includes an action tracker, to guarantee closure of required actions in the required time period.

The factory based Health and Safety Coordinators all hold the appropriate National Examination Board in Occupational Safety and Health (NEBOSH) qualification to help deliver the appropriate standards at site level. Consistency across the Group is centrally directed and coordinated. With the increasing complexity of equipment and the legislation surrounding its design and use, the team has a Group Machinery Safety Coordinator. As well as assessing the safety compliance of all new and current machinery within the business the role also involves delivering the appropriate training to the site based engineering staff.

Any new machinery introduced to the business will not be used unless compliance with the latest Certificate of Conformity (CEE) regulations has been checked.

All sites within the Group have achieved British Standard 18001, the Occupational Health & Safety Management Systems. Systems at new sites acquired during the year are being aligned with Group standards and will follow the same path.

The new sites in 2013 (the pork processing site at Riverside in Hull; the pastry business at Malton; the Wayland pig production units in Norfolk and the Wold units in Yorkshire) have been intergrated into the Group health and safety management programme.

CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

Health and safety (continued)

Compared to the prior year

- The total number of RIDDOR (reportable accidents to the HSE) reduced by 36 per cent
- The RIDDOR Accident Incident Ratio reduced by 47 per cent

The total number of recorded accidents for the extended Group in 2013 was 5 per cent lower than the prior year. On a like-for-like basis this decrease is 15 per cent, reflecting the continued reducing trend.

The Accident Incident Ratio (against number of employees) for 2013 was 22 per cent lower than the prior year.

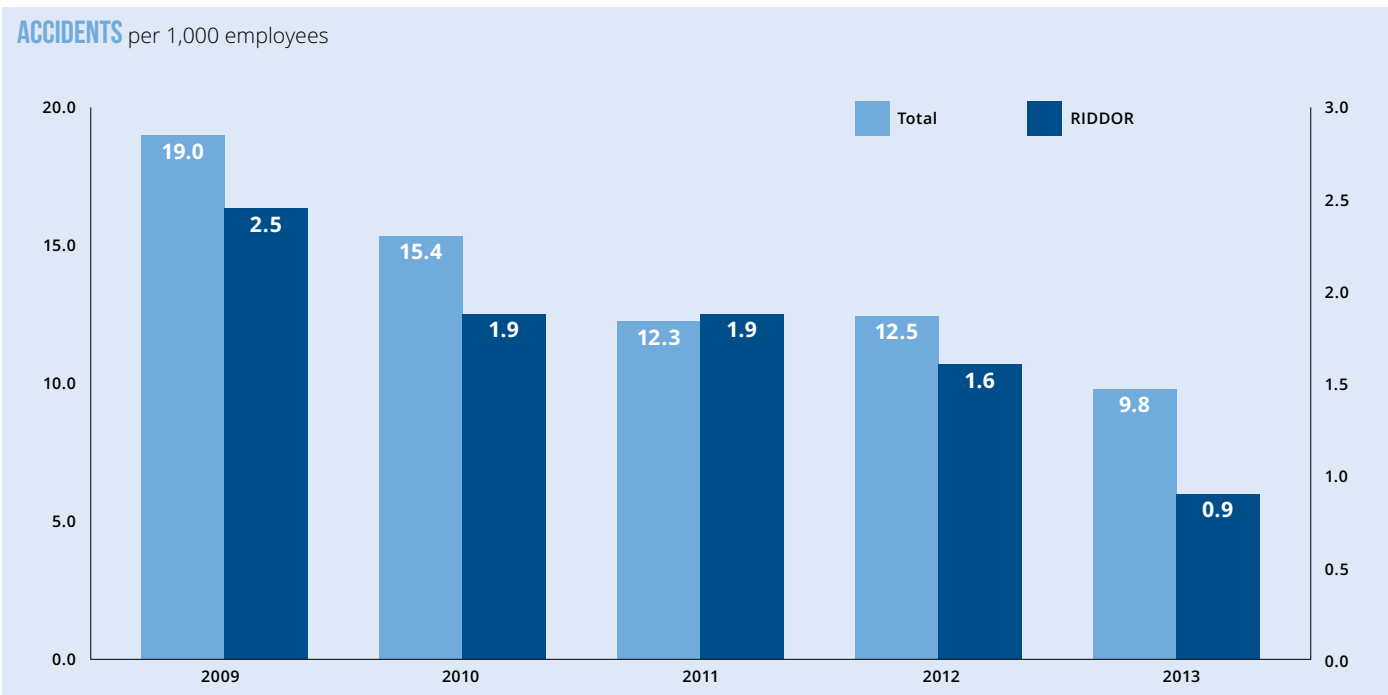
RIDDOR reportable accidents in 2013 for the extended Group declined by 36 per cent, a significant reduction, reflecting the increasing commitment from management and employees alike in driving Cranswick's continuing success.

The Group like-for-like figures show an even more impressive 43 per cent decline in total RIDDOR's recorded in 2013. This is Cranswick's biggest ever reduction year on year, of which we are proud. Key focuses for the future are safeguarding our workforce and continuing this reduction.

This also reflects in the RIDDOR Accident Incident Ratio in 2013, which was 47 per cent lower than the prior year.

These reductions can be attributed to improved working environments and good health and safety team management at the sites. This year Cranswick is introducing a web-based risk assessment system, to cover all workplace task and activities and the Control of Substances Harmful to Health (COSHH).

The Company is committed to excellent health and safety training of both its own employees and agency workers. All receive a full health and safety induction course including fire safety, manual handling, task and machinery training in their working environment in order to operate in a safe manner.



Calendar year to 31 December

Responsible procurement

The Group continues to operate from some of the best invested food production sites in the UK including the most modern and efficient pig abattoir in the country. These undergo exacting external and internal audits carried out by independent auditing bodies, customers, government authorities, and by the Group's own technical compliance team. In the current year the business has hosted 310 separate external compliance audits, many of which were unannounced.

This is an increase of 85 audits year on year and reflects increased supply chain surveillance by retailers and other customers. It is pleasing to be able to report that the vast majority of these audits were completed to the full satisfaction of our customers and scheme compliance.

Cranswick has recently celebrated its 83rd consecutive Grade A rating against the British Retail Consortium (BRC) Global Standard for Food Safety. A record of compliance that stretches back to 2005. 4 of the sites also achieved an A* rating during 2013–14. This is the highest award given by the BRC and is reserved for those sites that achieve Grade A compliance by unannounced audit – an achievement that Cranswick is very proud of. Cranswick believes this long-standing track record of compliance to be sector leading.

In addition to BRC compliance of sites and systems of manufacture, many of the Company's pork products are in full compliance with the Red Tractor Assurance Scheme (Red Tractor), and the British Meat Processors Association (BMPA) pork and pork product standards. This provides the consumer with confidence that these are produced within an assured supply chain, to specified standards, that is traceable all the way back to farm, the integrity of which is challenged by third party announced and unannounced audits. Cranswick also produces organic products that are subject to a mass balance exercise carried out by independent auditors working for The Soil Association.

Cranswick has a team of talented and industry proven technical personnel who are responsible for this long standing track record of compliance.

Cranswick is committed to ensuring the integrity and traceability of the raw materials (meat, ingredients and packaging) used in its products. The approval of raw material suppliers and their products and raw material specifications are controlled centrally by the Group Technical Service Team which collectively has responsibility for 558 active suppliers and over 1545 raw materials. Suppliers are approved by either independent third party audit, such as the BRC Global Standard for Food Safety, or by Cranswick's approval audit carried out by the Group's Technical Service team. Cranswick's expectations of its suppliers are clearly laid out within its Technical Conditions of Supply.

The engine room that drives technical compliance across the Group is the exacting internal technical audit programme which saw over 794 separate audits carried out in the last twelve months. The programme is not only there just to identify non-compliance but is also a means for highlighting best practice and shared learning across the Group.

In the last twelve months the Cranswick Group Technical service team has carried out 161 separate supply chain audits to ensure the safety, traceability and quality of the raw materials used.

During 2013 meat related food fraud has undermined consumer confidence in the food industry. The Elliot Report highlighted the need for more effective management and policing of supply chains. In response Cranswick has increased the resource available to maintain its supplier approval and traceability monitoring systems and modified them to meet these challenges. The Group is also looking at the wider challenges associated with preventing DNA cross contamination

during the manufacture of single species products in multi-species factories and has been proactive in supporting the BMPA and the Food Standards Agency (FSA) in their work with industry stakeholders. Cranswick has also put in place an extensive DNA screening schedule for raw materials supplied to its businesses.

It is pleasing to be able to report that Cranswick has carried out DNA speciation testing on 665 finished product/raw material samples and all have proved to be compliant.

Cranswick remains vigilant and in the year under review it spent £1.65 million on laboratory screening of products and raw materials for compliance to specification.

At a time when the food industry is frequently held to account by the media this level of audit, commitment to resource, traceability, and the resulting high level of compliance should be a re-assurance to customers, investors and consumers that the Group is equipped to deal with these and future challenges.

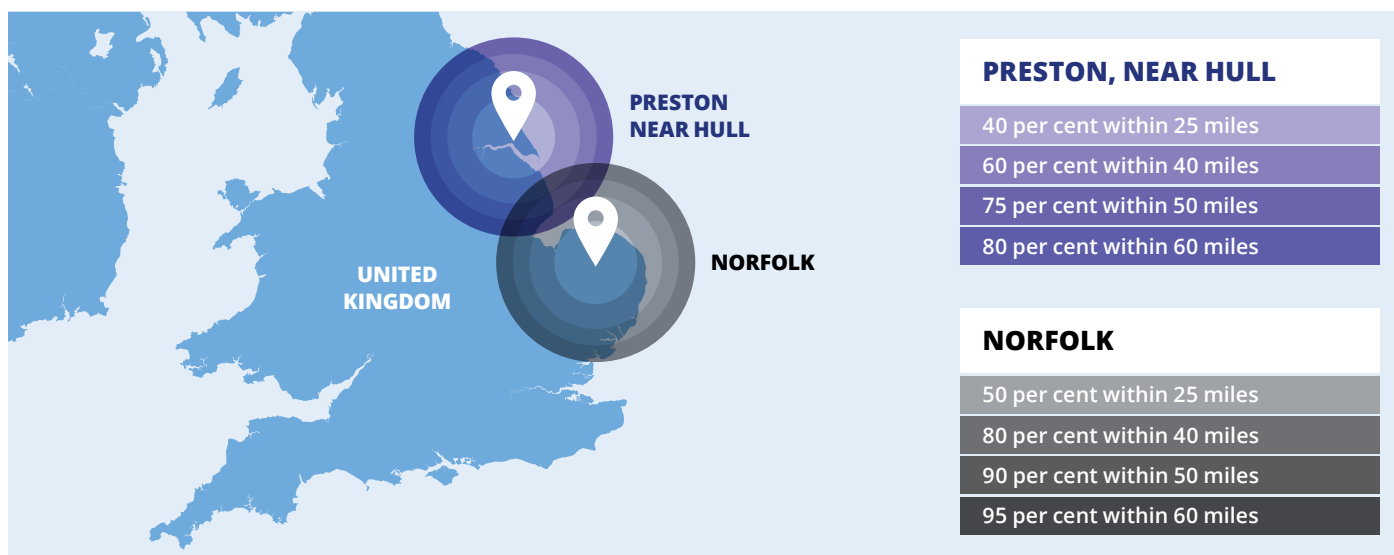
CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

Suppliers and producers

Pork meat is the single most important raw material supplied to the Group.

The Cranswick sites at Preston, near Hull, and Norfolk collectively process in excess of 37,000 pigs per week and are a key supplier to the Group's further processing sites and others outside the Group. Both sites are strategically well placed within two of the largest pig breeding and rearing areas within the country. This close proximity with the

supply chain ensures that travel times from farm to abattoir are minimised with resulting animal welfare and food mile benefits – the map below provides a summary of distances from the processing sites.



Many of the pigs supplied to Cranswick are reared to higher welfare standards associated with Outdoor Bred or Outdoor Reared standards. Approximately 50 per cent of those processed by Preston, and 70 per cent by Norfolk are reared to the exacting requirements of the RSPCA Freedom Foods welfare standard; the balance of those processed are reared indoors in full compliance with the Red Tractor/British Quality Assured Pork (BQAP) welfare standards.

Changes to meat inspection are set to challenge the industry in the coming months with a move away from invasive meat inspection, and the possibility that this can spread contamination within the abattoir,

to visual inspection and palpation. We fully support this move and are actively working with BPEX and the Food Standards Agency (FSA) ahead of the expected launch date of June 2014.

Similarly Cranswick is working with the British Pig Executive (BPEX) on the implementation of the Welfare of Animals at the Time of Killing (WATOK) legislation which will require us to have standard operating procedures for operations that have a bearing on the welfare of the animal from time of unloading to bleeding. Any operative carrying out these procedures must have a certificate of competence to do so.

The Cranswick agricultural team is also working with several retailer specific pig producer groups on rearing systems, breed development, welfare, sustainability, environment and ethical standards.

Customers and consumers

Cranswick's commitment to the production of safe, legal, wholesome foods that are in full compliance with the specification agreed with its customers is central to the way it operates its business.

Cranswick supplies finished products to the major UK retailers, restaurant groups, and food service customers and also supplies raw material to other manufacturers. Many of the Group's customers consider Cranswick to be their key supplier or category champion and a preferred partner on key technical initiative projects.

Cranswick is committed to working with its retail customers to ensure clear informative labelling of the products it manufactures so that consumers can make an informed purchase choice based on clearly stated origin, authenticity, provenance, nutrition and allergen declarations.

Senior members of the Cranswick technical team are active within the wider industry and participate in technical committees at the BMPA, BPEX and the Provisions Trade Federation (PTF).

The Group is well placed to meet the requirements of the Food Information Regulations by the December 2014 deadline with over 40 per cent of labels already compliant.

Customer focus on the environment and sustainability has grown and the Group's environmental aspirations are being realigned to meet the common shared goals. The environmental section ([Greenthinking](#)) of the Group website, www.cranswick.co.uk, will be updated to reflect and report on these targets.

Sustainability

Progress against Cranswick's 2020 targets to reduce its carbon footprint remains on track.

Cranswick has now appointed a new Group Environment Manager, who reports into the Executive and CSR Committees, and who is responsible for a coordinated response to the many opportunities and challenges in this area. As well as driving environmental initiatives at site level, there is an increasing external interface with stakeholders including the Environment Agency and other legislative bodies, neighbours, customers, suppliers and investors.

Carbon footprint

The carbon footprint, expressed as a tonne of carbon dioxide equivalent (CO₂e), has been calculated every year since 2008 and is an aggregated total of the individual site figures. It includes all site energy, f-gas usage and waste. It is calculated using DEFRA's guidelines and standard set of conversion factors for Company reporting. Following this year's revision in the factor for electricity conversion, the Group figures back to 2010 (the baseline for our environmental targets in the Environmental Policy) have been recalculated to ensure comparability of annual progress.

Kingston Foods, Riverside and "Yorkshire Baker" figures have been included in the Group data for 2013 for the first time and are reported alongside like-for-like figures.

Despite an increase in production of 7 per cent, the Group's absolute carbon footprint on a like-for-like basis has fallen slightly, by 0.4 per cent to 75,000 tonnes of carbon dioxide equivalent (CO₂e).

The additional three sites incorporated in the figures increase the overall total by 4.7 per cent to 78,500 tonnes.

The relative carbon footprint, a measure of the carbon emitted per tonne of production, continues its downward trend, 6.9 per cent down like-for-like and 3.5 per cent down for the extended Group. Against the Group's 2020 target of a 30 per cent decrease against the 2010 baseline it has already achieved a 26 per cent reduction. These targets will be reviewed and refined in the light of the performance to date.

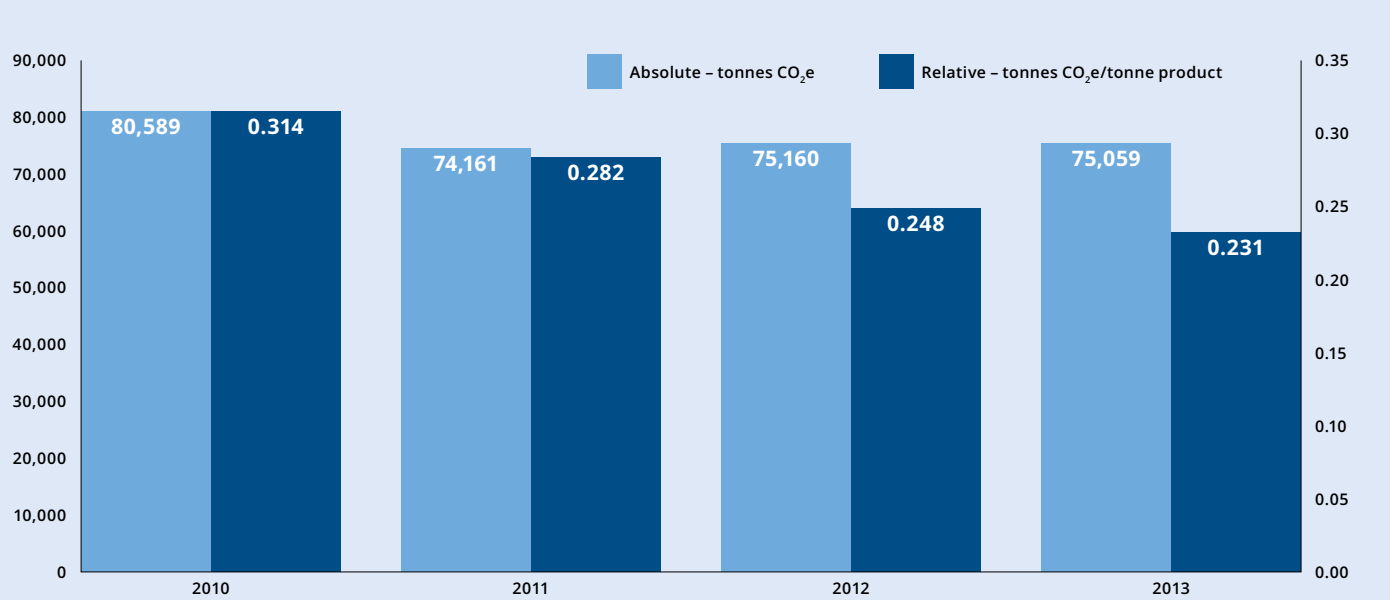
This reflects increasing efforts at site level to improve energy efficiencies and control f-gas losses through investment in new systems and improved maintenance.

The Company accepts that there is a requirement to disclose the carbon footprint separately in the following categories:

- Emissions in tonnes of carbon dioxide from:
 - i) combustion of fuel and operation of facilities; and
 - ii) purchase of electricity, heat, steam and cooling.

The way the business is set up makes it impracticable to distinguish between the two categories; however the bulk of the emissions would be from electricity and gas, which are monitored.

CARBON FOOTPRINT like for like



Calendar year to 31 December

CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

Energy

Energy use and cost continue to increase. The Group used 9 per cent more energy like-for-like and 15 per cent for the extended Group. Increased production accounted for much of this. Continuing the trend of recent years, energy costs rose into double figures, giving added impetus to a programme of site specific energy reviews which has included installation of Automatic Monitoring and Targeting (AM&T) software systems. This has culminated in one site being used as a test bed for a programme of upgrades to equipment, monitoring and control systems with the potential to reduce energy usage by around 30 per cent. Subject to performance review this technology can be rolled out across the Group.

As previously reported, Climate Change Agreements are in place for all sites in the Group under the second phase of this scheme. As a result, the year ended 31 March 2014 will be the final year of Cranswick's participation in the Carbon Reduction Commitment.

Waste disposal

During 2013 and in partnership with Biffa/IRM, Cranswick's preferred waste management contractor, the Group has made a step change in its landfill reduction target by diverting 87.5 per cent of its waste streams to either refuse derived fuel (RDF), anaerobic digestion (AD) or recycling.

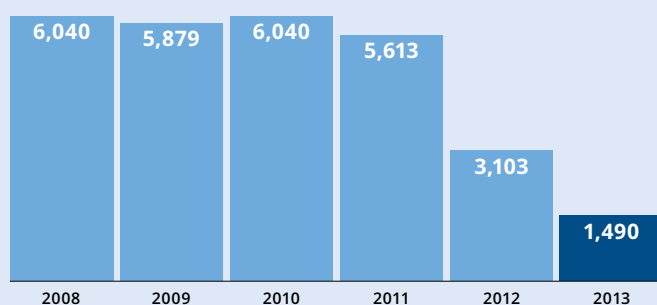
Despite difficult market conditions within the waste industry the Group has continued to challenge its waste management contractor to establish improved disposal routes and increase rebates for recyclates. Dedicated contract managers working "line side" assist factory management to separate and divert waste streams away from general waste resulting in a significant reduction in disposal cost per tonne.

Cranswick is now investigating the potential to collect and convert parts of its food waste into a high grade biofuel, capable of running its vehicle fleet whilst at the same time reducing the carbon footprint of each vehicle by circa 80 per cent. Early indications for this project are encouraging.

Opportunities to generate revenue from the conversion of waste fats to biodiesel or use within the Group's own fleet are being investigated.

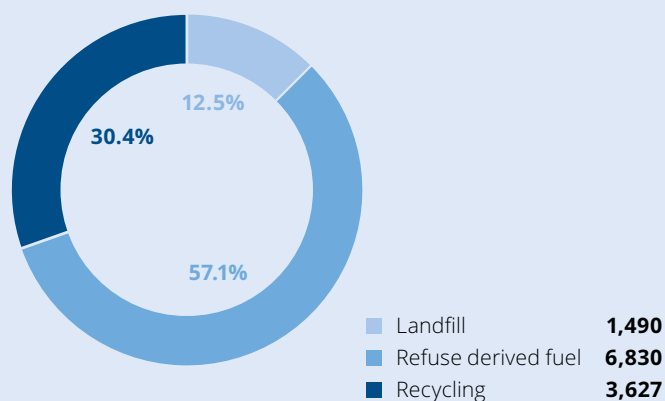
WASTE TO LANDFILL tonnes

-52.0%



Calendar year to 31 December

WASTE DISPOSAL BREAKDOWN tonnes



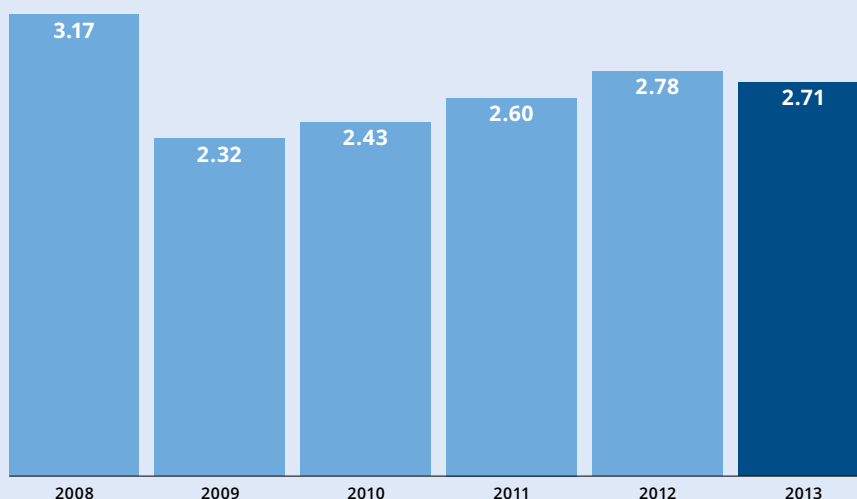
Calendar year to 31 December

Water

Water use continues to increase across the Group in absolute terms. However, the water use per tonne of production has fallen and the Group remains on course to meet its FHC2020 commitment of a 20 per cent fall in this measure by 2020.

WATER USE cubic metres per tonne of product

-2.5%



Calendar year to 31 December

Cranswick's commitment to have all its existing sites accredited to the Environmental Management Standard ISO14001 has been achieved, and the newly acquired sites will follow as part of their integration into the Group.

Community

Supporting local communities is important to the Group.

Nearly 80 per cent of the workforce live within ten miles of their place of work so the Company remains centred on encouraging and supporting employees to be active in their communities through volunteer working or fundraising. The Group understands the need to work with local communities and to be a responsible neighbour.

Throughout the year a number of employees have been engaged in physical challenges, raising money for their local and national charities. In addition charitable donations made by the Company at the various sites have totalled in excess of £16,000 in the year.

The Group continues to be involved with the Red Lion Brand, a business which donates all of its post-tax profits to forces charities.

Cranswick does not make any political donations.

Summary

Cranswick will continue to review and monitor the performance of its target areas set out in this report and through this process the Group's stakeholders will have a clearer picture of what corporate responsibility means to the Company and that it is an integral part of its development.

On behalf of the Board



Mark Bottomley
Finance Director

19 May 2014



GOVERNANCE INTRODUCTION FROM THE CHAIRMAN

Chairman's overview

The Board is responsible for the stewardship of the business and is committed to maintaining high standards of corporate governance across the Group. It believes good governance enhances business performance as well as reputation within its marketplace and across relationships with its stakeholders.

Cranswick's approach to governance is outlined in the following report, which describes how it integrates into the business the main principles of the five sections of the 2012 UK Corporate Governance Code (the "Code"), namely leadership, effectiveness, accountability, remuneration and relations with shareholders. However the Company, for this year, has not complied with code B.1.2 with the number of independent directors being less than the number of executive directors; the full explanation is highlighted in the report though going forward the situation will be addressed.

In line with the development of the business, the governance framework is kept under close review in order to ensure that shareholders' interests are safeguarded and to sustain the success of the Company over the longer term.

The role of the Board

The Board's main role is to work with the Executive team, providing support and advice to complement and enhance the work undertaken. The Board consistently challenges processes, plans and actions and exercises a degree of rigorous enquiry and intellectual debate. This serves to promote continual and sustained improvement across the business.

The performance evaluation review undertaken during the year highlighted the positive and open culture of the Board.

The Board composition and appointments are set out in the Governance Report.

The Board Committees

The Board Committees have also continued to perform effectively during the year. The focus of the Nomination Committee included the leadership needs and succession planning at both Board and senior executive level, including the recruitment of Mark Reckitt. The Remuneration Committee reviewed the policy for Executive Director remuneration and worked to ensure that remuneration arrangements continue to support the Company's strategy. The Audit Committee continues to monitor the financial challenges the Group faces in a highly competitive industry and the risk management processes it develops to enable the Group to achieve its strategic objectives and to protect its reputation.

Finally

Cranswick remains committed to sharing its business vision with its Shareholders by maintaining regular open dialogue and effective communication. It believes that continued engagement with its Shareholders is highly beneficial to all parties as it helps to build greater understanding of its investors' views, opinions and concerns.



Martin Davey
Chairman

19 May 2014

BOARD OF DIRECTORS

Executive Directors

+ **Martin Davey, Chairman**

Martin, who is a chartered accountant, has been with Cranswick for the past 29 years, joining the Company as Finance Director in 1985. He led Cranswick's entry onto the Stock Exchange in 1985 and was appointed Chief Executive in 1988. He became Chairman in 2004 and has continued in this role on a part-time basis from 1 September 2013. He is also Chair of the Nominations Committee.

Adam Couch, Chief Executive

Adam has over 23 years' experience in the food industry joining the operational side of the fresh pork business of Cranswick in 1991. He was appointed to the Board as Managing Director of the fresh pork business in 2003 and then became Chief Operating Officer in 2011. He was appointed to the role of Chief Executive in August 2012. Adam was also a committee member of the British Pig Executive between 2005 and 2013.

Mark Bottomley, Finance Director

Mark joined Cranswick as Group Financial Controller in 2008 and was appointed Finance Director in 2009. He is a chartered accountant and has several years' experience in the food production sector where he has held a variety of senior finance roles.

Jim Brisby, Sales and Marketing Director

Jim joined Cranswick some 18 years ago as a sales and marketing executive. In 2004 he was appointed Sales and Marketing Director of Cranswick Country Foods plc, a major subsidiary of Cranswick, and he has been an integral member of the team that has grown the business over the years. He was appointed Sales and Marketing Director in 2010.

Bernard Hoggarth, Commercial Director

Bernard joined Cranswick in 1978, focusing on the agribusiness activity before becoming involved in the development of the food manufacturing business during the 1990s. He was appointed a Director in 1988 and was Chief Executive between 2004 and 2012. Subsequently Bernard remained on the Board as Commercial Director, on a part-time basis; however he will now retire after the Annual General Meeting following a 36 year association with the Company. He will, however be available to the business, if required, for any ad hoc projects that may arise.

Non-Executive Directors

+† * **John Worby**

John joined Cranswick as a Non-Executive Director in 2005 and is Senior Independent Non-Executive Director and Chair of the Audit Committee. He is a chartered accountant with many years' experience in the food industry. John retired as Group Finance Director of Genus plc in 2013 having previously worked for Uniq plc (formerly Unigate PLC) from 1978 until 2002, in various roles including Group Finance Director and Deputy Chairman. He is also a Non-Executive Director of Connect Group plc and Fidessa Group plc and is a member of the Financial Reporting Review Panel. This year John will have completed nine years as an Independent Non-Executive Director and therefore will stand down after the Annual General Meeting.

+† * **Steven Esom**

Steven joined Cranswick as a Non-Executive Director in 2009 and is currently Chair of the Remuneration Committee. He has held a number of senior positions within the food sector including Executive Director of Food at Marks & Spencer plc which followed twelve years at Waitrose, the last five years of which he was Managing Director. For the last four years he was an Operating Partner of Langholm Capital. He is currently the Non-Executive Chairman for the British Retail Consortium (trading), the Ice Organisation and Advantage Travel Centres. He was until 2013 a Non-Executive Director of Tyrrells Investments Limited.

+† * **Kate Allum**

Kate joined Cranswick as a Non-Executive Director in July 2013. She is currently Chief Executive of First Milk Limited and a former head of the European supply chain for McDonalds.

+† * **Mark Reckitt**

Mark joined Cranswick as a Non-Executive Director on 1 May 2014. Mark was Group Strategy Director of Smiths Group plc from February 2011 to April 2014 and was additionally Divisional President, Smiths Interconnect from October 2012 to April 2014. Prior to joining Smiths, Mark was interim Managing Director of Green & Black's Chocolate and before that was Chief Strategy Officer at Cadbury plc between 2004 and 2010. Mark held a range of Strategy and Finance roles at Cadbury since joining in 1989, including Finance Director of Cadbury UK. Prior to joining Cadbury, Mark spent six years in Investment Banking and Retailing, following his qualification as a chartered accountant in 1983. Mark is also a Non-Executive Director of JD Wetherspoon plc, where he is Chair of the Audit Committee and member of the Remuneration and Nomination Committees.

* Member of Remuneration Committee

† Member of Audit Committee

+ Member of Nomination Committee

CORPORATE GOVERNANCE STATEMENT

The Board is committed to high standards of Corporate Governance and takes its role very seriously in adopting and maintaining good governance.

Principles of good governance

The adoption and maintenance of good governance is the responsibility of the Board as a whole. This report, together with the Audit Committee Report, on pages 38 to 42, the Nomination Committee Report, on pages 44 to 45 and the Remuneration Committee Report, on pages 46 to 57, describes how the Board applies the principles of good governance and best practice as set out in the Code which can be found on the Financial Reporting Council's website www.frc.org.uk.

Statement of Compliance

The Directors consider that the Company has, during the year ended 31 March 2014, complied with the requirements of the Code other than with Code provision:

- B.1.2, apart from the month of July 2013, when Kate Allum joined at the beginning of the month and prior to Patrick Farnsworth retiring at the end of the month, as the number of Independent Non-Executive Directors was less than half the Board, excluding the Chairman. The Board had been aware that Bernard Hoggarth intended to retire soon after standing down as Chief Executive. Bernard retires from the Board in July 2014 after which the balance of the Board will be equal numbers of Independent Non-Executive Directors and Executives Directors, excluding the Chairman. It is the Board's belief that the composition of the Board includes the appropriate skills balance, experience, independence and knowledge that the business requires. The Board will continue to keep this under review, also with diversity in mind, and assess the needs and requirements of the business as it develops.

The Directors have also reviewed the financial statements and taken as a whole consider them to be fair, balanced and understandable and provide the information for shareholders to assess the Company's performance, business model and strategy. The Audit Committee provide guidance to the Board to assist it in reaching this conclusion.

The Board

During the year ended 31 March 2014, the Board consisted of an Executive Chairman, a Chief Executive, two other full time Executive Directors, one part time Executive Director and three (four in July 2013) Non-Executive Directors. All the Non-Executive Directors are deemed to be independent.

The Board provides leadership of the Company and Group and during the year met to direct and control the overall strategy and operating performance of the Group. It is collectively responsible and accountable to shareholders for the long-term success of the Company. To enable them to carry out these responsibilities all Directors have full and timely access to all relevant information and the Board has held meetings at various operating sites so that the Directors can review the operations of those particular sites. All Directors have allocated sufficient time to the Company to discharge their responsibilities effectively.

Board agendas are set by the Chairman in consultation with the Chief Executive and with the assistance from the Company Secretary. The Company Secretary maintains a twelve month rolling programme of agenda items to ensure that all matters reserved for the Board and other key issues are considered at the appropriate time.

Standing agenda items included:

- reports from the Chief Executive, Finance Director and the Sales and Marketing Director;
- annual strategy review;
- reports from the Chairs of the Audit, Remuneration and Nomination Committees;
- risk and risk management;
- health and safety reports;
- approval of the quarterly trading updates, half year and year end reports;
- approval of major capital expenditure proposals; and
- review of the Group's finance requirements.

Key agenda items this year included:

- acquisition of Wayland Farms Limited;
- acquisition of pig rearing units for Wold Farms Limited;
- review of other prospective business proposals;
- approval of the Group budget;
- review of the Group's refinancing proposal;
- approval of the interim dividend;
- appointments of Kate Allum and Mark Reckitt as Independent Non-Executive Directors;
- consideration of the Board performance evaluation; and
- review of the directors' conflict of interest register.

The UK Corporate Governance Code stipulates there should be a clear division of responsibility at the head of the company between the running of the Board and the executive responsible for running the company business.

The Chairman was responsible for:

- setting the Board agenda;
- the leadership of the Board and ensuring its effectiveness on all aspects of its role;
- ensuring all Directors were able to maximise their contributions to the Board;
- providing strategic insight from his long business experience in the industry and with the Company;
- providing a sounding board for the Chief Executive on key business decisions and challenging proposals where appropriate; and
- meeting with major Shareholders on governance matters and being an alternate point of contact for Shareholders on other matters.

The Chief Executive was responsible for:

- the day-to-day management of the Group's business;
- leading the business and the rest of the management team in accordance with the strategy agreed by the Board;
- leading the development of the Group's strategy with input from the rest of the Board;
- leading the management team in the implementation of the Group's strategy including new build decisions; and
- bringing matters of particular significance or risk to the Chairman for discussion and consideration by the Board if appropriate.

Upon appointment, all Directors undertake a formal introduction to all the Group's activities and are also provided with the opportunity for ongoing training. This ensures that they are kept up to date on changes in relevant legislation and the general business environment, including the review of relevant literature and attending external courses. Procedures are in place for Directors to seek both independent advice, at the expense of the Company, and the advice and services of the Company Secretary in order to fulfil their duties.

An Executive Committee, consisting of the Executive Directors and senior executives of the business, meets around six times a year to discuss issues affecting the trading side of the business including the development of various projects and approving non-strategic capital expenditure. The Executive Committee reports back to the Board.

The Board has completed its annual review of the register relating to potential conflicts of interest with its Directors and confirms that no such conflicts exist.

The Company Secretary is responsible to the Board for ensuring that Board procedures are complied with and for advising the Board, through the Chairman, on all governance matters. The appointment and removal of the Company Secretary is determined by the Board as a whole.

Non-Executive Directors

The Non-Executive Directors bring experience and complementary skills to the Board, aid constructive debate and challenge during Board discussions and help develop strategy with an independent outlook. The Board considers the Non-Executive Directors to be independent in accordance with the definition highlighted in the Code.

The UK Governance Code requires listed companies to undertake a rigorous annual evaluation of the performance of their Board, committees and of individual directors.

Board performance evaluation

David Mensley of EquityCommunications Limited, an independent business that has no other relationship with the Company, carried out an external evaluation of the Board and its Committees, which was completed in July 2013, through means of a questionnaire and discussion where necessary. The resulting report was circulated to all directors and was then discussed by the Board. Based on the evaluation exercise the Board concluded that it, and its Committees, were working well and a number of actions were agreed to make them more effective.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

The Chairman has evaluated the performance of individual Directors. In addition, the Non-Executive Directors, led by the Senior Independent Non-Executive Director, meet, without the Chairman present, in order to appraise his performance.

Directors' biographies and membership of the various Committees are shown on page 33. The formal terms of reference for the Board Committees together with the terms and conditions of appointment of Non-Executive Directors are available for inspection at the Company's Registered Office and at the Annual General Meeting.

Total number of Board meetings	11
<i>Attendance</i>	
Martin Davey – Chairman and Chair of the Nomination Committee	11
Adam Couch – Chief Executive	11
Mark Bottomley – Finance Director	11
Jim Brisby – Sales and Marketing Director	11
Bernard Hoggarth – Commercial Director	11
John Worby – Senior Independent Non-Executive Director and Chair of the Audit Committee	11
Steven Esom – Independent Non-Executive Director and Chair of the Remuneration Committee	11
Patrick Farnsworth – Independent Non-Executive Director and Chair of the Nomination Committee until retirement (3 maximum)	3
Kate Allum – Independent Non-Executive Director (9 maximum)	9
<i>All the Directors attended the Annual General Meeting.</i>	

Board Committees

Audit Committee

The Audit Committee comprises the independent Non-Executive Directors and is chaired by John Worby, the Group's Senior Independent Director. He is a chartered accountant who has considerable recent relevant financial experience and has spent many years in the food industry.

The Audit Committee has overall responsibility for monitoring the integrity of financial statements and related announcements and all aspects of internal control. The Audit Committee meets at least three times a year; two of these meetings involve a review of the Group's interim and full year financial statements.

The work, responsibilities and governance of the Audit Committee are set out on pages 38 to 42.

The Chair of the Audit Committee will be available at the Annual General Meeting to respond to any Shareholder questions that might be raised on the Committee's activities.

Remuneration Committee

The Remuneration Committee comprises the independent Non-Executive Directors and is chaired by Steven Esom. Martin Davey, Adam Couch and Mark Bottomley attend the meetings of the Remuneration Committee by invitation and in an advisory capacity. No Director attends any part of a meeting at which his own remuneration is discussed. The Executive Directors determine the remuneration of the Non-Executive Directors.

The Committee recommends to the Board the policy for executive remuneration and determines, on behalf of the Board, the other terms and conditions of service for each Executive Director. It determines appropriate performance conditions for the annual cash bonus and long-term incentive schemes and approves awards and

the issue of options in accordance with the terms of those schemes. The Remuneration Committee also, in consultation with the Chief Executive, monitors the total individual remuneration package of senior executives including bonuses, incentive payments and share option and other share awards. The Remuneration Committee has access to advice from the Company Secretary and from external advisers who provide detailed analysis of executive remuneration in comparable companies. Details of the Committee's current remuneration policies are given in the Remuneration Committee Report on pages 46 to 57.

The Chair of the Remuneration Committee will attend the Annual General Meeting to respond to any Shareholder questions that might be raised on the Committee's activities.

Nomination Committee

The Nomination Committee is now chaired by Martin Davey and includes John Worby, Steven Esom, Kate Allum and from 1 May 2014 Mark Reckitt.

The Committee meets at least once a year and reviews the structure, size and composition of the Board and is responsible for considering and making recommendations to the Board on new appointments of Executive and Non-Executive Directors. It also gives full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Group relating to skills and expertise needed on the Board and from senior management in the future.

Details of the Committee's activities are given in the Nomination Committee Report on pages 44 and 45.

The Chair of the Nomination Committee will attend the Annual General Meeting to respond to any Shareholder questions that might be raised on the Committee's activities.

Risk management and internal control

The Board of Directors has overall responsibility for the Group's system of internal control, which safeguards the Shareholders' investment and the Group's assets, and for reviewing its effectiveness. Such a system can only provide reasonable and not absolute assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failure to achieve business objectives.

The Group operates within a clearly defined organisational structure with established responsibilities, authorities and reporting lines to the Board. The organisational structure has been designed in order to plan, execute, monitor and control the Group's objectives effectively and to ensure that internal control becomes embedded in the operations.

As noted in the Audit Committee Report on pages 38 to 42, the Audit Committee has reviewed the effectiveness of the internal control and risk management systems and reported to the Board that it was not aware of any significant deficiency, or material weakness, in the system of internal control and that the business maintains a sound risk management control system.

The Board confirms that the key ongoing processes and features of the Group's internal risk based control system have been fully operative throughout the year and up to the date of the Annual Report being approved.

Financial reporting

The Group prepares annual budgets that are agreed by the Board. Operational management is required to report to the Board on a monthly basis on financial performance including trading results, balance sheet, cash flows and related key performance indicators. Forecasts are updated on a half yearly basis together with information on key risk areas. The use of a standard reporting pack by all Group entities ensures that information is gathered and presented in a consistent way which facilitates the preparation of the consolidated financial statements.

Shareholders

The Board attaches great importance to maintaining good relationships with all Shareholders who are kept informed of significant Company developments. Presentations are made by the Chief Executive, the Finance Director and the Sales and Marketing Director, to analysts and institutional Shareholders on the half year and full year results and to discuss Company direction. A similar presentation is made to shareholders attending the Annual General Meeting. Significant matters relating to the trading or development of the business are disseminated to the market by way of stock exchange announcements.

The views of Shareholders expressed during meetings are communicated by the Chairman or the Chief Executive, as appropriate, to the Board as a whole. Through this process the Board's Executive and Non-Executive Directors are able to gain a sound understanding of the views and concerns of the major Shareholders. The Chairman, Chief Executive or the Finance Director discusses governance and strategy with major Shareholders from time to time. Other Directors are available to meet the Company's major Shareholders if requested. The Senior Independent Non-Executive Director is available to listen to the views of Shareholders, particularly if they have concerns which contact with the Chairman has failed to resolve, or for which such contact is inappropriate. Principles of corporate governance and voting guidelines issued by the Company's institutional Shareholders and their representative bodies are circulated to and considered by the Board. The Board also welcomes the attendance and questions from Shareholders at the Annual General Meeting which is also attended by the Chairs of the Audit, Remuneration and Nomination Committees.

By order of the Board



Malcolm Windeatt
Company Secretary

19 May 2014

AUDIT COMMITTEE REPORT

Letter from the Chair of the Audit Committee

Dear Shareholder,

Introduction

On behalf of the Board I am pleased to present the Audit Committee's annual report for the year ended 31 March 2014. The purpose of the report is to highlight areas that the Committee has reviewed during the year including areas of financial reporting issues, the risk management of the Group, internal controls and the role of the auditors.

Role of the Committee

The Committee's primary role is to assist the Board in the provision of effective governance over the appropriateness of the Group's financial reporting, risk management and internal control. It is responsible for monitoring the integrity of the financial statements and considering whether accounting policies adopted are appropriate. It also reviews the Company's internal controls and risk management systems and considers the activities, plans and effectiveness of both the Group's internal audit function and its external auditor. A summary of the Audit Committee's principal responsibilities is set out in the Audit Committee report on the following pages.

Activities of the Committee

The Audit Committee met three times during the year to consider issues relating to:

- financial reporting;
- risk management and internal control;
- internal audit;
- external audit effectiveness; and
- auditor independence.

The work of the Committee in each of these areas is explained in detail in the Audit Committee report on the following pages. Given the changes in reporting requirements arising from the UK Corporate Governance Code, which apply to these financial statements, the Committee focused on financial reporting during the year. In particular, the Audit Committee report has been enhanced to cover key issues and judgements and how they were dealt with by the Committee and to cover the work done on the effectiveness of the external audit.

In addition, at the request of the Board, the Audit Committee has reviewed and reported to the Board that it is satisfied that the financial statements taken as a whole are fair, balanced and understandable and provide the information for Shareholders to assess the Company's performance, business model and strategy.

In order to give this report the Audit Committee carried out a number of additional procedures including:

- reviewing and giving feedback on an early draft of the Annual Report at a special additional Audit Committee meeting;
- obtaining confirmation from the relevant preparers of the various parts of the Annual Report that they had reviewed the fairness and completeness of their sections;
- ensuring a thorough verification process had been completed; and
- reviewing and discussing a paper from the Finance Director outlining issues to consider and why he believed the Annual Report was fair balanced and understandable.

The Board and the Committee understand that "fair" should mean reasonable and impartial, "balanced" should mean even-handed in terms of being positive and negative and "understandable" should mean simple, clear and free from jargon or unnecessary clutter.

On behalf of the Board



John Worby

Chair of the Audit Committee

19 May 2014

The Audit Committee has overall responsibility for monitoring the integrity of the financial statements, and related announcements, the effectiveness of the risk control procedures and internal control systems which are important to both management and to the Shareholders.

The Audit Committee

Members of the Audit Committee consist of the independent Non-Executive Directors: John Worby, Steven Esom, Kate Allum and, until 31 July 2013, Patrick Farnsworth. Mark Reckitt joined the Committee on 1 May 2014. The Committee is chaired by John Worby, a qualified chartered accountant, and who has considerable recent relevant financial experience.

Total number of Committee meetings	3
<i>Attendance</i>	
John Worby – Chair	3
Kate Allum (2 maximum)	2
Steven Esom	3
Patrick Farnsworth (1 maximum)	1

Activities of the Committee

The Committee is required to meet at least three times a year and has an agenda linked to the Group financial calendar. It invites the Company Chairman, the Chief Executive, the Finance Director and the external auditors to attend its meetings together with the Group Financial Controller and Internal Audit. The Company Secretary also attends the meetings as secretary to the Committee. Both the external auditors and Internal Audit have the opportunity to access the Committee, without the Executive Directors being present, at any time, and the Committee formally meets with both the external auditors and internal audit independently at least once a year.

Summary of the Audit Committee's principal responsibilities:

- reviewing and monitoring the integrity of the Group's, quarterly trading statements, half yearly and full year financial statements;
- reviewing the Group's accounting policies;
- keeping under review the effectiveness of the Group's financial reporting, internal controls and risk management systems;
- monitoring and reviewing the effectiveness of the Internal Audit function in the context of the Company's overall risk management system;
- reviewing the annual internal audit plan and Internal Audit reports on accounting, internal financial and other control matters;
- overseeing the relationship with the external auditors including the effectiveness, scope, cost and objectivity of the external audit;
- recommending the appointment, reappointment or removal of the external auditors;
- reviewing the independence of the external auditors, including considering the level of non-audit work carried out by them; and
- reviewing and monitoring the Company's procedures in relation to the Company's Whistle Blowing and Anti-Bribery policies.

The Committee annually reviews its terms of reference and makes recommendations to the Board for any appropriate changes. The current Terms of Reference include all the relevant aspects set out in the UK Corporate Governance Code and will be available for inspection at the Company's Registered Office and at the Annual General Meeting.

AUDIT COMMITTEE REPORT (CONTINUED)

Financial reporting

During the year the Audit Committee reviewed reports from the Finance Director and the external auditors on matters of significance in relation to the financial statements, including key estimates and judgements made in preparing the statements. An additional meeting of the Audit Committee was set up to discuss an early draft of the content of the 2014 Report & Accounts covering areas of significance in each of the reports in light of the new reporting regulations. They also reviewed the final content of the 2014 Report & Accounts and the 2013 Interim Report, and as noted in the covering letter to this report to Shareholders, they also undertook enhanced procedures in relation to whether the financial statements taken as a whole are fair, balanced and understandable and provide the information for Shareholders to assess the Company's performance, business model and strategy.

Significant issues considered during the year included:

- fair values on the acquisition during the year of Wayland Farms and the Wold Farm transaction – valuations were compiled based on reports by external advisers and consultants. The Audit Committee was satisfied that the valuations adopted were reasonable;
- a review of the contingent consideration on the Kingston Foods acquisition in the prior year – contingent targets were highly unlikely to be met and, in agreement with the previous vendors of the business who waived their rights to any further consideration, the Audit Committee was satisfied that it was appropriate that the balance of the consideration was released and that it be treated as an exceptional item;
- the carrying value of goodwill and whether there has been any impairment. This included reviewing the position in relation to the Group's sandwich business following the impairment of goodwill made in 2012 – following a review of forecast earnings and cash flow projections the Committee was satisfied that no further impairment had occurred;
- assessing whether there was sufficient banking headroom to support a going concern concept – an amendment and extension of banking facilities was completed before the year end, increasing the facilities. Based on forecast earnings and cash flow projections the Committee was satisfied that the going concern concept can be supported;
- the review of accruals and provisions, including customer overrides, in respect of liabilities not settled at the year end date – these were discussed with the various management teams. The Audit Committee was satisfied that any provisions not required were released and that the accrual for liabilities not provided appeared to have been reasonably calculated;
- the valuation of the closed defined benefit pension scheme – a triennial valuation was carried out by external advisers and the outcome was reflected in the financial statements. The Audit Committee reviewed the reasonableness of the key assumptions, including obtaining input from the external auditors; and
- the valuation process of biological assets following the acquisition of pig herds during the year – biological assets were valued in line with the requirements of IAS 41 using adjusted market data inputs. The net IAS 41 valuation movement on the biological assets was highlighted separately on the face of the income statement. The Audit Committee reviewed a paper from the Finance Director on the basis of calculation and was satisfied that the standard had been fairly applied and the required disclosures made in the financial statements.

The Audit Committee, after discussions with the external auditors, accepted that these issues noted above had been fairly treated in the financial statements. The Committee also reported to the Board that it was satisfied that the financial statements taken as a whole are fair, balanced and understandable and provide the information for Shareholders to assess the Company's performance, business model and strategy.

Risk management and internal control

The Audit Committee is responsible for keeping under review the effectiveness of the Company's internal control and risk management systems. The Chair of the Audit Committee reports to the Board, following each Audit Committee meeting, on issues relating to internal controls and risk management.

The Group has a whistle blowing policy in place, including an independent help line, which includes arrangements by which staff can, in confidence, raise concerns about possible improprieties in financial reporting and other matters. The policy, together with any whistle blowing incidents, is reviewed regularly by the Audit Committee.

Key ongoing processes include:

- a system to identify, evaluate and manage business risk;
- maintaining a strong control environment;
- formulating, reviewing policies and procedures in relation to whistle blowing and compliance with the Bribery Act;
- an information and communication process; and
- a monitoring system and a regular review of effectiveness by the Audit Committee.

A Group Risk Committee monitors the risk areas within the Group and reports directly to the Audit Committee. The Risk Committee is chaired by the Finance Director and includes other senior executives covering the commercial, operational, technical, information technology, engineering, health and safety, environmental and financial functions of the business. Internal audit and the Company Secretary also attend these meetings. The team identifies the key business risks within their functions, considers the financial and operational implications and assesses the effectiveness of the control processes in place to mitigate these risks. Internal Audit completes a rolling program of reviews of site risk registers, to challenge completeness and accuracy, and highlights any key issues back to the Group Risk Committee.

A summary of the findings was reported to and reviewed by the Audit Committee and the Board and this, along with the Board's direct involvement in the strategies of the businesses, investment appraisal and the budgeting process, enabled the Audit Committee to review and report to the Board on the effectiveness of internal control.

Following its review the Audit Committee reported to the Board that it was not aware of any significant deficiencies, or material weaknesses, in the system of internal control and that the business maintains a sound risk management control system.

Internal Audit

The Audit Committee is responsible for monitoring the performance and effectiveness of the Company's internal audit activities. The Group's Internal Audit function includes Company employees supported by a third party provider, currently Grant Thornton, which provides specialist advice and resource where necessary. The role of Internal Audit is to advise management and to report to the Audit Committee on the extent to which systems of internal control are effective and to provide independent and objective assurance that the processes by which significant risks are identified, assessed and managed are appropriate and effectively applied.

The Audit Committee reviewed and approved the annual internal audit plan and received regular updates on progress in meeting the plan objectives at each of its meetings during the year. The internal audit approach is risk based and takes into account the overall Group risk framework, as well as risks specific to individual operations. The plan set out at the beginning of the current year was achieved. Internal audit findings together with responses from management were considered by the Audit Committee and where necessary challenged. The Audit Committee also reviewed progress by management in addressing the issues identified on a timely basis. The Audit Committee undertook its annual review of the extent and effectiveness of the work of the Internal Audit function.

External auditors

Ernst & Young LLP has been the Group's auditor since 1972 following the take-over of a local Hull based practice. The Audit Committee assesses annually the qualification, expertise, resources and independence of the auditor and the effectiveness of the audit process.

The Audit Committee is also responsible for recommendations for the appointment, reappointment or removal of the external auditors. The Committee periodically reviews the tendering of the external audit function, the last such tender being in 2008. Subject to ongoing satisfactory performance of the external auditors, the Committee expects to carry out another tendering exercise in 2017 following the

end of the current statutory audit partner's five year term as lead audit partner.

The Audit Committee also approves the terms of engagement and remuneration of the external auditors and monitors their independence.

Effectiveness of the external audit process

During the year, the Committee undertook a review of Ernst & Young's performance and the effectiveness of the external audit process. The assessment as to the effectiveness was conducted through an external audit questionnaire with the Audit Committee members and the Group's senior finance management team, the results of which were reviewed and discussed by the Audit Committee and with the auditors. The Committee also gave consideration to Ernst & Young's experience and expertise, the extent to which the audit plan had been met, its robustness and perceptiveness with regard to key accounting and audit judgements, and the content of its audit reports.

The Committee remains satisfied with Ernst & Young's performance and is of the view that there is nothing of concern that would impact the effectiveness of the external audit process.

Auditor independence

The Group meets its obligations for maintaining an appropriate relationship with the external auditors through the Audit Committee, whose terms of reference include an obligation to consider and keep under review the degree of work undertaken by the external auditor, other than the statutory audit, to ensure such objectivity and independence is safeguarded. There is an established policy in place concerning the types of non-audit services the external auditors should not carry out to avoid compromising their independence and these include internal accounting or other financial services, executive or management roles or functions, and remuneration consultancy. In addition, the Chair of the Audit Committee is consulted prior to awarding to the external auditors any non-audit services in excess of £20,000.

During the year the Audit Committee reviewed and considered the following factors in assessing the objectivity and independence of Ernst & Young LLP:

- i) the auditors' procedures for maintaining and monitoring independence, including those to ensure that the partners and staff have no personal or business relationships with the Group, other than those in the normal course of business permitted by UK ethical guidance;
- ii) the auditors' policies for the rotation of the lead partner, every five years, and key audit personnel. The current Senior Statutory Audit Partner was selected by Ernst & Young in 2012 and the current senior manager has been in place since 2008;
- iii) the nature of non-audit work undertaken during the year and its approval in accordance with the Audit Committee's guidelines for ensuring independence; and
- iv) a report from Ernst & Young LLP confirming that they have adequate policies and safeguards in place to ensure that auditor objectivity and independence is maintained.

AUDIT COMMITTEE REPORT (CONTINUED)

Details of the non-audit work and fees paid during the year are set out below:

Non-audit fees	£'000
Tax compliance services	75
Tax advisory services	46
Other services	158
Total non-audit fees	279
Total audit fees	175
Ratio of non-audit fees to audit fees	1.6 : 1

The work undertaken by the external auditors during the year and the safeguards considered by the Audit Committee to ensure independence included the following:

- i) The auditors provide tax advice. Their audit objectivity and independence was safeguarded through the use of a separate tax partner.
- ii) Ernst & Young were engaged to advise the Company on a number of corporate transactions. Following a tender, for this type of work, carried out in 2011/12, and given the nature of the work during the following years it was concluded, after careful consideration and following reports and discussions with the Finance Director and the senior management team, that Ernst & Young were best placed to carry out this work. Their audit objectivity and independence was safeguarded through the use of a separate corporate transactions partner and prior approval by the Chair of the Audit Committee on a case by case basis.

The Audit Committee is aware of, and sensitive to, investor body guidelines on non-audit fees and the policy of awarding non-audit services is kept under review to ensure that the correct balance is maintained between ensuring that the Group realises cost-effective benefits from accumulated knowledge, and experience of, Ernst & Young whilst also making sure that their audit independence and objectivity is maintained.

During this last year the Audit Committee was concerned that the level of non-audit fees earned by Ernst & Young was increasing due to the continuing corporate activity being undertaken by the Group and that, as a result, unless some action was taken, the ratio of non-audit to audit fees paid to Ernst & Young would consistently be above one to one. It therefore took the decision to carry out a tendering exercise for the Group's tax compliance services. This process involved PricewaterhouseCoopers, KPMG, Grant Thornton, BDO and Baker Tilly. On 31 January 2014 PricewaterhouseCoopers was appointed to provide tax compliance services to the Group. As a result the non-audit fees earned by Ernst & Young should reduce accordingly.

Following consideration of the above matters relating to the performance and independence of the external auditors at a meeting of the Audit Committee in May 2014, a recommendation was made to the Board for the reappointment of Ernst & Young LLP as the Company's external auditors to be proposed to Shareholders at the 2014 Annual General Meeting.

This report was approved by the Audit Committee and signed on its behalf by:



John Worby
Chair of the Audit Committee

19 May 2014



NOMINATION COMMITTEE REPORT

The Nomination Committee reviews the structure, size and composition of the Board and is responsible for considering the skills, knowledge, experience and gender for the Board to operate effectively and to give consideration to succession planning.

The Nomination Committee since the retirement of Patrick Farnsworth on 31 July 2013 is chaired by Martin Davey and includes the Non-Executive Directors John Worby, Steven Esom, Kate Allum, and from 1 May 2014 Mark Reckitt.

Total number of Committee meetings	3
<i>Attendance</i>	
Martin Davey – Chair	3
Kate Allum	3
Steven Esom	3
John Worby	3

Role of the Committee

The Committee meets at least once a year, it reviews the structure, size and composition of the Board and considers the optimal level of independence and diversity of skills, knowledge, experience and gender required for the Board to operate effectively. It is responsible for considering and making recommendations to the Board on new appointments of Executive and Non-Executive Directors. It also gives due consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Group and the skills and expertise needed within the Board and senior management in the future.

Activities of the Committee

The Committee met on three occasions in the year ended 31 March 2014 to consider the following matters:

- the structure, size, composition and diversity of both the Board and its Committees;
- succession planning for the Group and senior executives;
- the diversity policy for the Group;

- recommendations to the Board on the appointment of a Non-Executive Director; and
- the Committee's Terms of Reference to ensure they reflect the Committee's remit.

The Committee has reviewed the diversity policy which provides for equality and fairness, recognising and respecting individual strengths and differences. The policy enables all employees and prospective employees to be treated in the same way. Whilst the Board and Nomination Committee respects the benefits of diversity and supports it in its approach to external recruitment and internal appointments, it is not considered appropriate or necessary to set any specific or measurable targets. All appointments are made on individual merit regardless of gender, ethnicity or religious beliefs. The Group's principal concern is to ensure that all candidates have the appropriate skills, knowledge and experience to fulfil the role.



Appointment to the Board

During the year the Committee acknowledged that John Worby will complete nine years as an Independent Non-Executive Director on 1 August 2014. As he will no longer be considered independent after this point under Corporate Governance rules and best practice, the Company will be required to have another Independent Non-Executive Director. The Board carried out a formal, rigorous and transparent process by arranging for an independent adviser, Norman Broadbent Executive Search Limited, to short list a number of candidates for interview. No open advertising was carried out; the Committee preferred to use the services of an independent adviser. After carrying out the exercise and the preferred candidate meeting with the Committee and a number of Executive Directors, the Board appointed Mark Reckitt as an Independent Non-Executive Director. He is a chartered accountant, has considerable recent relevant financial experience and is well placed to succeed John Worby as Chair of the Audit Committee. He joined the Board on 1 May 2014. Norman Broadbent Executive Search Limited does not have any connections with the Company or Group.

Retirement from the Board

Bernard Hoggarth has announced his intentions to retire from the Board after the Annual General Meeting following an association of 36 years with the Company. There are no plans to replace him on the Board as Jim Brisby's appointment as Sales and Marketing Director in 2010 and Adam Couch's promotion to Chief Executive in 2012 were considered by the Board as part of the succession planning needed for when Bernard retired.

Re-election

All Directors who served throughout the year will be standing for re-election at the Annual General Meeting apart from John Worby, who will have completed nine years as an Independent Non-Executive Director on 1 August 2014, and Bernard Hoggarth who has announced his retirement from the Board after the Annual General Meeting. Mark Reckitt, who joined since the last Annual General Meeting, will be standing for election.

The Board has set out in the Notice of Annual General Meeting its reasons for supporting the re-election of the Directors at the forthcoming Annual General Meeting. Their biographical details on page 33 demonstrate the range of experience and skills which each brings to the benefit of the Company.

The Chair of the Nomination Committee will attend the Annual General Meeting to respond to any Shareholder questions that might be raised on the Committee's activities.

On behalf of the Board



Martin Davey
Chair of the Nomination Committee

19 May 2014



REMUNERATION COMMITTEE REPORT

Letter from the Chair of the Remuneration Committee

Dear Shareholder,

Introduction

On behalf of the Board I am pleased to present the Remuneration Committee's annual report on Directors' remuneration for the year ended 31 March 2014. The report sets out the Group's remuneration policy and gives details of the remuneration paid to Executive and Non-Executive Directors for their services to the Company during the year.

Role of the Remuneration Committee and principles of remuneration policy

The principal role of the Remuneration Committee is to determine and agree with the Board the policy for the remuneration of the Executive Directors. Within the framework of the agreed policy the Committee is responsible for all aspects of the Executive Directors' remuneration and those senior executives earning in excess of £150,000 per annum, for monitoring the remuneration of other senior executives and administering the long-term incentive arrangements. It undertakes a regular review of the incentive plans to ensure that they remain appropriate to the Company's current circumstances, prospects and strategic priorities and that, in particular, the remuneration policy adopted is aligned with and based on the creation of value for shareholders and provides appropriate incentives for management to achieve this objective without taking inappropriate business risks. The Committee also reviews and notes annually the remuneration trends across the Group and any major changes in employee benefit structures.

Activities of the Committee

The Committee met on six occasions in the year ended 31 March 2014 to consider the following matters:

- review the Executives Directors' and other senior executives base salaries;
- set corporate and personal objectives for the 2013/14 annual bonus arrangements for Executive Directors and senior executives;
- assess the performance against the targets set for the Executive Directors' bonus arrangements for 2012/13;
- approve the outturn of the performance criteria for the Long Term Incentive awards which were granted in 2010;
- approve the Long Term Incentive awards granted in 2013;
- recommend to the Board for approval the issue of the Company's Save As You Earn (SAYE) share scheme for 2013 which is available to all eligible employees; and
- consider the revised remuneration reporting regulations and prepare this report on Directors' remuneration.

Remuneration disclosure

This report complies with the requirements of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in 2013 (the "Regulations"), the principles of the 2012 UK Corporate Governance Code and the Listing Rules of the Financial Conduct Authority. It is split into two distinct sections:

First, a **policy report** which is subject to Shareholders approval:

- sets out the different elements which make up the Executive Directors' remuneration;
- explains how each component operates; and
- details the performance metrics which underpin each element of remuneration.

Second, it contains **an Annual Report on Remuneration**, which discloses how the policy for Executive remuneration has been applied during the year.

Overview of the last financial year

As highlighted in the Chairman's Statement on pages 4 and 5, Cranswick made positive progress, with adjusted operating profit and earnings per share ahead of last year. The targets set by the Remuneration Committee, which had been based on the Group Budget for the year, anticipated the challenging trading environment with strong inflationary pressures within the supply chain and a highly competitive retail environment. It was necessary for management to step change performance in order to meet these targets with emphasis on growing sales through innovation, high operational efficiency, growing volumes in the critical Christmas period and mitigate the rapid increase in raw material price inflation. The performance was above the targets set. Accordingly bonus payments were made at around 47 per cent of salary, just lower than a third of the maximum available of 150 per cent.

As reported last year the pay award to the Executive Directors base salaries, on 1 May 2013, was 3.3 per cent which is reflected in the table on page 53 other than for Adam Couch who received a second and final step increase on 1 May 2013 to align with market rates following his appointment as Chief Executive on 1 August 2012. Further details of Adam's salary review are set out on page 53.

Highlights for the current financial year

No changes are being proposed to the Group's current policy on Executive remuneration. In accordance with current policy, the Executive Directors, were awarded an increase of 2.7 per cent in line with the annualised increase in the Retail Prices Index (RPI) as at 28 February 2014, to be effective from 1 May 2014. This award is consistent with the benchmark for the review of other senior executives and the level of pay award across the Group which also takes into account local practices and regional variations in pay and conditions.

Summary

Executive remuneration policy will continue to be monitored to ensure it is correctly aligned with the Group's business strategy. The Remuneration Committee considers the policy, set out in this report, to be an appropriate one which aims to properly reward performance in line with the Company's business objectives and growth and delivery of Shareholder value.

On behalf of the Board



Steven Esom

Chair of the Remuneration Committee

19 May 2014



REMUNERATION COMMITTEE REPORT (CONTINUED)

Remuneration policy report

The remuneration policy that is intended to apply, subject to Shareholders' approval, from 1 May 2015 is detailed below. Current remuneration arrangements will be in line with this policy.

Link between policy, strategy and structure

Cranswick's remuneration policy is principally designed to attract, motivate and retain Executive Directors and senior executives to execute effectively its corporate and business strategy in order to deliver annual operating plans and sustainable year on year profit growth, as well as to generate and preserve value to its Shareholders over the longer term without encouraging excessive levels of risk taking. The principles and values that underpin the remuneration strategy are applied on a consistent basis for all Group employees. It is the Group's policy to reward all employees fairly, responsibly and by reference to local market practices, by providing an appropriate balance between fixed and variable remuneration.

The remuneration package is in two parts:

- a non-performance part represented by basic salary (including pension and benefits); and
- a significant performance related element in the form of a profit related bonus and share-based awards.

The details of individual components of the remuneration package and service contracts (to which there are no planned changes to the current approach in 2014-15) are set out below:

Element of pay	Purpose and link to strategy	Operation	Performance metrics	Maximum entitlement
Base salary	To provide a market competitive base salary to attract and retain executives	Set competitively to reflect the individual's skills, experience and responsibilities Periodic reviews of market rates Base salaries are reviewed annually and take into account inflation and performance and any changes take effect from 1 May. Every three years a review is carried out, with external advisers, to benchmark the salaries and to ensure they remain competitive	Any increase is based on individual performance, change in role and the Company pay award	Base salaries will move in line with the RPI and consideration of the level of pay awards for other employees. Every three years the base salary will be benchmarked against market rates
Pension	To provide a framework to save for retirement	Executive Directors are entitled to non-contributory membership of the Group's defined contribution pension scheme with the employer's contribution set at up to 20 per cent of each Executive Director's base salary Alternatively, at their option, Executive Directors may have contributions of the same amount paid to them in cash, in lieu of pension, subject to the normal statutory deductions In some cases there are payments of pension contributions in lieu of salary	N/A	Pension entitlement is limited to 20 per cent of base salary
Benefits	To provide market competitive benefits as part of the remuneration package	Market competitive benefits principally comprise health insurances, personal tax, pensions advice and company car allowance Benefits are not pensionable	N/A	Benefits will move in line with market rates

Element of pay	Purpose and link to strategy	Operation	Performance metrics	Maximum entitlement
Annual bonus	To incentivise Executive Directors and senior executives linked to the performance of the business, on an annual basis, based on key financial metrics	<p>The bonus scheme in operation is based on the achievement of Group profit targets which are set having regard to the Company's budget, historical performance and market outlook for the year, the full details are given below</p> <p>A small part of the bonus relates to the achievement of a target profit performance for the first half of the year, where a fixed sum is paid, with the remaining element based on an annual profits target</p> <p>The bonus targets are reviewed every year and changes take effect from 1 April with interim payments being made in November and June the following year, provided targets are achieved</p> <p>The total bonus is capped at 150 per cent of basic salary and is non-pensionable</p> <p>There is a claw back arrangement in place should the need arise, for example, if the profit on which any bonus is paid is subsequently found to be overstated</p>	The performance is based solely on the Group's profit before tax, with a sliding scale of targets set around budget performance	The maximum payable is 150 per cent of base salary
Share-based awards	<p>A Save As You Earn (SAYE) share scheme is available to all eligible employees</p> <p>Long-term incentive (LTIP) awards are available to ensure that executives and senior management are involved in the longer-term success of the Group</p>	<p>Subject to approval by the Board of awards to be made SAYE options are made available to eligible staff, including Executive Directors, with the full 20 per cent discount being given to the relevant share price at the time. Employees can save up to £250 per month in this scheme. For 2014 the savings limit has been increased to £500 per month</p> <p>The LTIP awards are granted by the Remuneration Committee and only vest after three years on the achievement of demanding targets aligned to total shareholder return (TSR) and earnings per share (EPS), the full details of which are reported on page 50</p>	<p>N/A</p> <p>The LTIP award during the year will have a three year performance period commencing on 1 April of that year and ending three years later on 31 March</p>	<p>Going forward the maximum that can be saved is limited to £500 per month</p> <p>For Executive Directors the value of the entitlement per annum is equivalent to 100 per cent of salary and in exceptional circumstances this can be increased to 200 per cent</p>
Fees payable to Non-Executive Directors	To pay fees in line with those paid by other UK listed companies of comparable size	<p>Fees are reviewed periodically and take into account market rates. Additional payments may be paid to the Senior Independent Non-Executive Director and to Chairs' of Board Committees to reflect the additional responsibilities attached to these positions</p> <p>Non-Executive Directors do not participate in the Group's incentive bonus arrangement, pension scheme, or share-based awards</p>	N/A	The maximum available moves in line with market rates

REMUNERATION COMMITTEE REPORT (CONTINUED)

Long term incentive plan (LTIP)

The Remuneration Committee awards options under the LTIP scheme in order to ensure that Executive Directors and senior management are involved in the longer-term success of the Group. Options can only be exercised if certain performance criteria are achieved by the Group.

- 50 per cent of the options granted are subject to an earnings per share (EPS) target measured against average annual increases in the Retail Price Index (RPI) over a three year period. The EPS target allows 25 per cent of the shares subject to the target to be issued at nil cost at an average annual outperformance above RPI of 3 per cent and 100 per cent of the shares at an average annual outperformance of 7 per cent with outperformance between 3 and 7 per cent rewarded pro rata.
- 50 per cent are aligned to a total shareholder return (TSR) target measured against a comparable group of food companies over a three year period. The TSR target allowed 30 per cent of the shares subject to the target to be issued at nil cost at the 50th percentile and 100 per cent at the 75th percentile with performance between the 50th and 75th percentiles rewarded pro-rata.

The comparison companies used by Cranswick are:

Associated British Foods plc, A G Barr plc, Britvic plc, Carrs Milling Industries plc, Dairy Crest Group plc, Devro plc, Greencore Group plc, Hilton Food Group plc, Kerry Group plc, McBride plc, Premier Foods plc, Robert Wiseman Dairies plc (to the 2011 offer as no-longer quoted) and Tate and Lyle plc.

Under the terms of the scheme an award to an individual cannot exceed 100 per cent of that individual's annual salary except in exceptional circumstances when up to 200 per cent of the annual salary is permitted. The Remuneration Committee, which decides whether performance conditions have been met, considers EPS and TSR to be the most appropriate measures of the long-term performance of the Group.

Annual bonus arrangement

The bonus scheme in operation is based on the achievement of Group profit targets which are set having regard to the Company's budget, historical performance and market outlook for the year. The actual target is not disclosed as it is considered to be sensitive information. There are four bonus profit targets triggering 20 per cent, 40 per cent, 80 per cent and 150 per cent of base salaries with a pro-rata basis for profits falling between those targets. There is a fixed sum paid out at the half year stage based on the achievement of the half year target.

Discretion

The Committee retains discretion to make any payments, notwithstanding that they are not in line with the policy set out above, where the terms of the payment were agreed i) before the policy came into effect, or ii) at a time when the relevant individual was not a director of the Company and, in the opinion of the Committee, the payment was not in consideration of the individual becoming a Director of the Company.

Recruitment policy

The recruitment policy is that new Directors will be entitled to participate in the short-term and long-term incentive plans on the same basis as existing Directors and their level of pay may be based on their increasing role and responsibilities and in line with market rates.

Overall policy

The Group's policy is that the overall remuneration package offered should be sufficiently competitive to attract, retain and motivate high quality executives whilst giving consideration to salary levels in similar sized quoted companies in the sector and in the region. Their share-based awards (LTIP) are aligned with the long-term progress of the Group and in line with the Shareholders' interests. The bonus award is linked to the performance of the business based on key financial metrics.

Service contracts

The Remuneration Committee's current policy is not to enter into employment contracts with any element of notice period in excess of one year. Accordingly, the following Executive Directors have a one year rolling contract: Adam Couch commencing 1 May 2006 (revised 1 August 2012), Mark Bottomley from 1 June 2009 and Jim Brisby from 26 July 2010. For early termination the Remuneration Committee will consider the circumstances including any duty to mitigate loss and determine compensation payments accordingly.

The service contract for Martin Davey includes a one year notice period from 1 May 2006 except in the case of a takeover of the Company when the notice period is two years for the first six months following the takeover. The contract also has special provisions relating to liquidated damages requiring that the notice period stipulated in the contract will be paid in full. These conditions were incorporated into new contracts several years ago when the Directors changed from contracts that had notice periods of up to three years. Whilst these contractual terms differ from the current policy, the Remuneration Committee has concluded that it would not be appropriate, in the circumstances, to seek to further amend the contractual terms agreed with this individual in 2006.

Bernard Hoggarth has a similar contract though he has given notice that he will retire at the 2014 Annual General Meeting.

There are no termination or exit payments in any of the service contracts. Any sums payable up to the point of leaving will be considered by the Remuneration Committee and will take into account earnings, any bonus earned, any share awards due and any pay in lieu of notice. Similarly it is not the intention of the Remuneration Committee to commit the Company to pay signing on payments for any new directors, though it reserves the right to review this position in certain situations.

Non-Executive Directors

Each Non-Executive Director has an appointment letter – John Worby for 31 months from 1 January 2012, Steven Esom for three years from 12 November 2011, Kate Allum for three years from 1 July 2013 and Mark Reckitt three years from 1 May 2014. The continuing appointments are subject to annual re-election at the Company's Annual General Meeting.

The remuneration of the Non-Executive Directors is determined by the Executive Directors and reflects:

- the time, commitment and responsibility of their roles;
- that their fees are reviewed annually with consideration being given to market rates and the need to attract and retain individuals with the necessary skills and experience; and
- that they do not participate in the Group's incentive bonus arrangement, pension scheme or share-based awards.

Copies of the service contracts and letters of appointment are held at the Company's Registered Office and will be available for inspection at the Annual General Meeting.

Pay and conditions across the Group

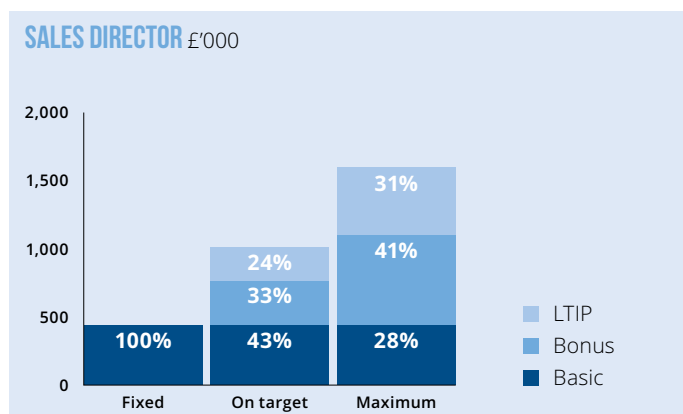
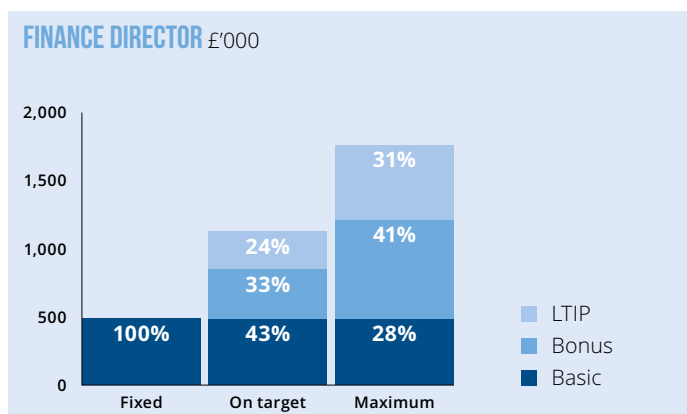
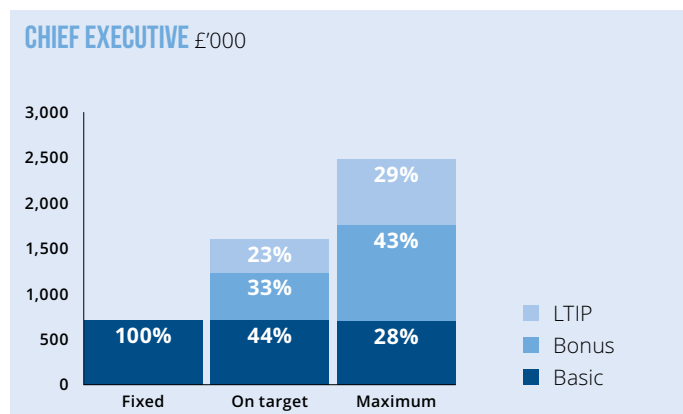
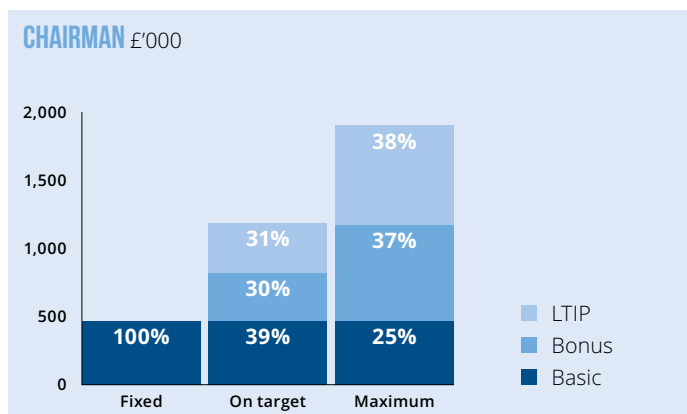
The Committee does not directly consult with employees regarding the remuneration of the Executive Directors. However, when considering remuneration levels to apply, the Committee will take into account base pay increases, bonus payments and share awards made to the Company's employees generally.

The following are the key aspects of how pay and employment conditions across the Group are taken into account when setting the remuneration of employees including the Executive Directors:

- the Group operates within the UK food sector and has many employees who carry out demanding tasks within the business;
- all employees, including Directors, are paid by reference to the market rate;
- performance is measured and rewarded through a number of performance related bonus schemes across the Group including LTIP share options for Executive Directors and senior executives;
- performance measures are cascaded down through the organisation to individual businesses;
- the Group offers employment conditions that are commensurate with a medium sized quoted company, including high standards of health and safety and equal opportunities; and
- the Group operates a Save As You Earn share schemes which is open to all eligible employees including Executive Directors. (It is worth noting that around 20 per cent of the workforce holds shares in the Company).

Potential remuneration of Executive Directors

The tables below illustrate the potential pay opportunities for the Executive Directors under three different scenarios for 2014/15.



- Fixed – comprises fixed pay being base salary, benefits and pension
- On target – assumes performance achieves 50 per cent of the bonus and 50 per cent of the LTIP award
- Maximum – the maximum amount receivable for the bonus and LTIP award

The LTIP value has been calculated using the closing price as at 31 March 2014.

REMUNERATION COMMITTEE REPORT (CONTINUED)

Annual Report on Remuneration for the year ended 31 March 2014

The Remuneration Committee recommends to the Board the policy for the Executive Directors' remuneration including terms and conditions of service, the performance conditions for the annual cash bonus and long-term incentive schemes, and the total remuneration packages for senior executives.

The Remuneration Committee

The Remuneration Committee is responsible to the Board and comprises the Non-Executive Directors chaired by Steven Esom. The Chairman attends the meetings, along with the Chief Executive and the Finance Director, in an advisory capacity as and when requested and the Company Secretary attends the meetings as secretary to the Committee. No individual is involved in decisions relating to their own remuneration.

Total number of Committee meetings	6
<i>Attendance</i>	
Steven Esom – Chair	6
Kate Allum (2 maximum)	2
Patrick Farnsworth (4 maximum)	4
John Worby	6

Role of the Committee

The role of the Committee is to:

- review the ongoing relevance and effectiveness of the Group remuneration policy;
- determine the remuneration of the Company's Executive Directors and other senior executives earning in excess of £150,000 per annum;
- monitor the remuneration of the Group's other senior executives;
- approve the design of the Executive Directors' and the Group's senior executives' annual bonus arrangement;
- approve the level and appropriateness of the long-term incentive plan (LTIP) for the Executive Directors and senior executives; and
- listen to and consider any Shareholders views relating to Directors remuneration as expressed at the AGM.

Activities of the Committee

The Remuneration Committee met on six occasions during the year to discuss in the main the Executive Directors and senior executives base salaries, the bonus arrangements for the current and previous year and their share based incentive awards. Also discussed was the issue to all eligible employees share options in accordance with the Company's SAYE scheme. Consideration was also given to the requirements of the new reporting regulations.

Advisers to the Committee

The Committee keeps itself fully informed on the developments within the industry and in the field of remuneration and seeks advice from external advisers where appropriate. The Committee reviews and benchmarks its remuneration policy through external consultants typically every two to three years; the last such review was carried out by AON Hewitt in 2011, effective for 2012, and the intention is for a further review to be undertaken in 2014 for implementation in 2015.

AON Hewitt, which is independent and has no connection to Cranswick, has been retained by the Remuneration Committee for advice throughout the year. AON Hewitt provides no other services to the Company though it is now part of the AON Corporation group of companies which also provide insurance broking services to the Group. No payment was made to AON Hewitt in the year. The Committee is satisfied that the provision of such services does not create any conflicts of interest.

In addition PricewaterhouseCoopers continues to give advice to the Remuneration Committee on share option awards and other benefit schemes. PricewaterhouseCoopers has given Auto Enrolment pension advice to the Group during the year and has recently been appointed as tax advisers to the Group. The Committee is of the opinion that such services do not create a conflict of interest.

The Committee believes the advice given during the year from both AON Hewitt and PricewaterhouseCoopers has been independent, relevant and objective.

Directors' remuneration

The remuneration of Directors for the year was as detailed below:

2014	Salary and fees £'000	Benefits £'000	Pension £'000	Bonus £'000	LTIP £'000	Total £'000
Non-Executive Directors						
Kate Allum (from appointment)	34	-	-	-	-	34
Steven Esom	50	-	-	-	-	50
Patrick Farnsworth (until retirement)	16	-	-	-	-	16
John Worby	51	-	-	-	-	51
Executive Directors						
Mark Bottomley	369	29	74	172	133	777
Jim Brisby	331	28	66	154	114	693
Adam Couch	542	31	108	252	154	1,087
Martin Davey	586	31	135	272	174	1,198
Bernard Hoggarth	300	28	60	139	174	701
Total emoluments	2,279	147	443	989	749	4,607
2013						
	Salary and fees £'000	Benefits £'000	Pension £'000	Bonus £'000	LTIP £'000	Total £'000
Non-Executive Directors						
Steven Esom	47	-	-	-	-	47
Patrick Farnsworth	45	-	-	-	-	45
John Worby	49	-	-	-	-	49
Executive Directors						
Mark Bottomley	357	28	72	536	122	1,115
Jim Brisby	320	26	63	481	65	955
Adam Couch	453	28	91	681	171	1,424
Martin Davey	687	29	150	1,031	171	2,068
Bernard Hoggarth	369	29	74	554	171	1,197
Total emoluments	2,327	140	450	3,283	700	6,900

Adam Couch's salary had a first step increase in August 2012 following his promotion from Chief Operating Officer to Chief Executive. A second and final step increase was awarded on 1 May 2013 and his salary is now considered by the Remuneration Committee to be in line with market rates.

Martin Davey has reduced his working hours as Chairman and his salary has therefore been adjusted accordingly. His pension payment includes £18,000, previously deducted from pension contributions for life assurance not now required by the Life Company and subsequently repaid to Martin in lieu of pension.

Benefits principally comprise health insurances, personal tax, pensions advice and company car allowance.

Pension consists of contributions of up to 20 per cent of base salary which is paid either into a defined contribution pension scheme or is received as a cash allowance in lieu of the pension contribution, or, as a combination of both.

The value of the LTIP for the year ended 31 March 2014 relates to awards made in 2011 with a performance criteria based on the three years ended 31 March 2014 that will vest in June 2014, calculated at the closing price on 31 March 2014 of 1,233 pence. It is estimated that the EPS element of the award will not achieve its performance

target and only 49.6 per cent of the TSR element of the award will be achieved. Overall only about 24.8 per cent of the grant will be awarded and this is reflected in the above 2014 table.

The value of the LTIP for the year ended 31 March 2013 relates to awards, made in 2010, with a performance criteria based on the three years ended 31 March 2013 that vested in June 2013, calculated at an exercise price of 1,103.21 pence for Adam Couch, Martin Davey and Bernard Hoggarth and 1,137.27 pence for Mark Bottomley and Jim Brisby. The EPS element of the award did not achieve its performance target but 86 per cent was achieved of the TSR measure giving an overall award of 43 per cent and this is reflected in the 2013 table above.

The bonus targets set by the Remuneration Committee, which had been based on the Group Budget for the year, anticipated the challenging trading environment with strong inflationary pressures within the supply chain and a highly competitive retail environment. The minimum performance was above the targets set and therefore bonus payments were made at around 47 per cent of salary and this is reflected in the table above.

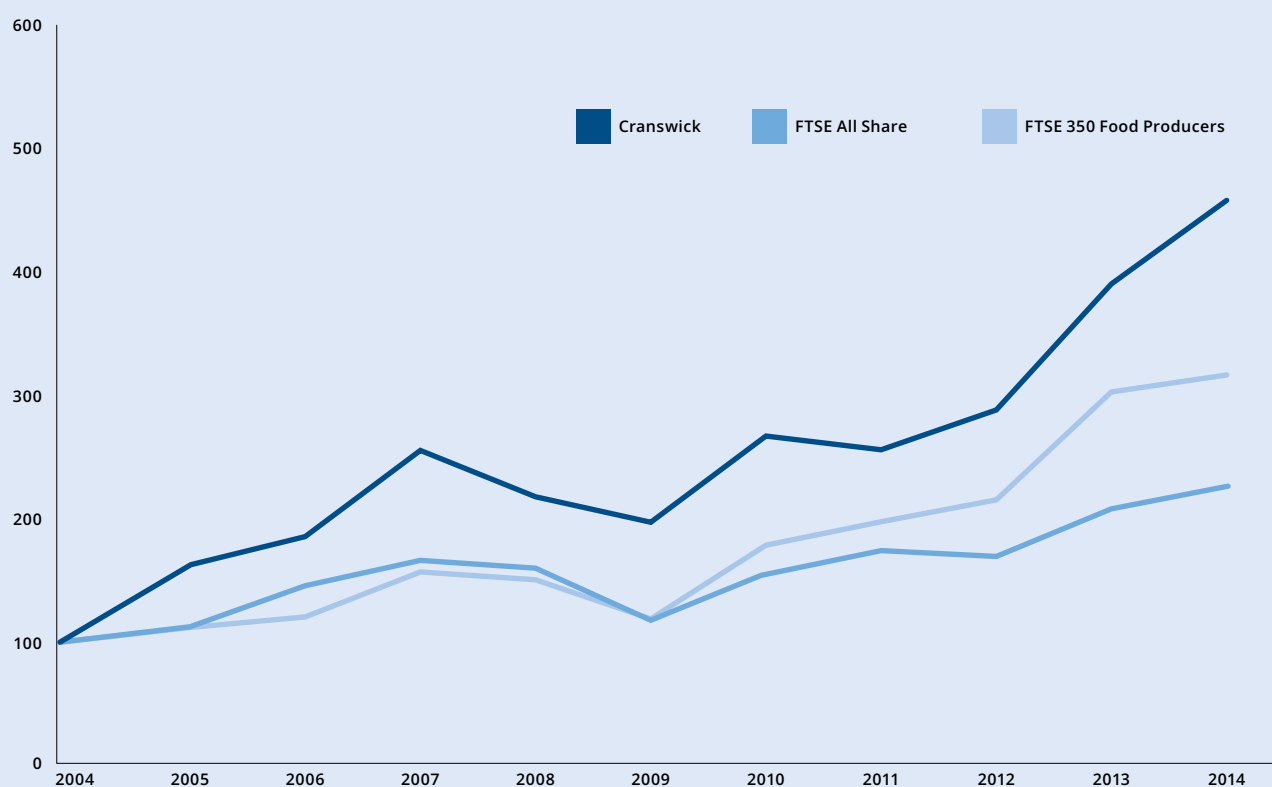
The number of Directors who were active members of the money purchase pension scheme in the year was five (2013: five).

REMUNERATION COMMITTEE REPORT (CONTINUED)

Performance graph – total shareholder return

The graph below shows the percentage change (from a base of 100 in May 2004) in the total shareholder return (with dividends reinvested) for each of the last ten years on a holding of the Company's shares against the corresponding change in a hypothetical holding in the shares of the FTSE 350 Food Producers and Processors Price Index ("FTSE FPP") and the FTSE All Share Index ("FTSE All Share"). The FTSE FPP and the FTSE All Share were chosen as representative benchmarks of the sector and the market as a whole for the business.

TOTAL SHAREHOLDER RETURN



Source: Investec

The table below illustrates the change in the total CEO remuneration over a period of five years, with the bonus awards in those years and the LTIP vesting awards set against a percentage of the maximum available.

£'000	2010	2011	2012	2013*	2014
Base salary	464	483	508	505	542
Benefits	24	25	28	28	31
Pension	93	97	102	86	108
Bonus	705	107	453	639	252
LTIP	172	207	243	171	154
CEO total remuneration	1,458	919	1,334	1,429	1,087
Bonus award against maximum opportunity	97%	14%	56%	80%	31%
LTIP vesting against maximum opportunity	85%	100%	93%	43%	25%

*Bernard Hoggarth was the Chief Executive in 2010, 2011, 2012 and up to four months into 2013; thereafter Adam Couch has been in the role.

Change in total remuneration of the Chief Executive compared to employees

The table below shows the percentage change from 2013 to 2014 in the Chief Executive's salary compared to the change for all permanent employees of the business (excluding the Chief Executive).

	Total pay	Salary	Benefits	Bonus
Chief Executive	(24%)	7%	10%	(61%)
All other employees – total pay	3%	-	-	-

As reported on page 53 Adam Couch's base salary had a second and final step change during the year following his appointment to the role of Chief Executive in August 2012, to bring him in line with market rates.

For all other employees it is impractical to split their pay across salary, benefits and bonus as there are differing practices and regional variations in pay and conditions across the Group.

Relative importance of the spend on pay

The table below shows the total remuneration paid across the Group together with the total dividend paid in respect of 2014 and the preceding financial year.

<i>Pay against distributions</i>	2014 £'000	2013 £'000	Change %
Remuneration paid to all employees*	107,090	98,284	9%
Total dividends paid in the year	14,903	13,924	7%

*: Includes the impact of pay awards and growth in employee numbers.

Share options

The interests of the Executive Directors in the LTIP and SAYE schemes were as follows:

Long term incentive plan

	Year of award	At 1 April 2013 No.	Granted in the year No.	Exercised in the year No.	Lapsed in the year No.	At 31 March 2014 No.	Exercise price p	Market price at grant p
Mark Bottomley	2009	12,276	-	(12,276)	-	-	nil	592
	2010	25,000	-	(10,750)	(14,250)	-	nil	860
	2011	43,600	-	-	(32,787)	10,813	nil	785
	2012	44,600	-	-	-	44,600	nil	801
	2013	-	33,500	-	-	33,500	nil	1,127
Jim Brisby	2009	6,138	-	(6,138)	-	-	nil	592
	2010	13,200	-	(5,676)	(7,524)	-	nil	860
	2011	37,200	-	-	(27,974)	9,226	nil	785
	2012	40,100	-	-	-	40,100	nil	801
	2013	-	30,100	-	-	30,100	nil	1,127
Adam Couch	2009	30,225	-	(30,225)	-	-	nil	592
	2010	36,000	-	(15,480)	(20,520)	-	nil	860
	2011	50,500	-	-	(37,976)	12,524	nil	785
	2012	59,100	-	-	-	59,100	nil	801
	2013	-	49,200	-	-	49,200	nil	1,127
Martin Davey	2010	36,000	-	(15,480)	(20,520)	-	nil	860
	2011	56,800	-	-	(42,714)	14,086	nil	785
	2012	59,100	-	-	-	59,100	nil	801
	2013	-	53,100	-	-	53,100	nil	1,127
Bernard Hoggarth	2010	36,000	-	(15,480)	(20,520)	-	nil	860
	2011	56,800	-	-	(42,714)	14,086	nil	785
	2012	51,600	-	-	-	51,600	nil	801
	2013	-	27,200	-	-	27,200	nil	1,127

REMUNERATION COMMITTEE REPORT (CONTINUED)

The performance periods run for three years from 1 April in each year and conclude on 31 March three years later and are exercisable on the attainment of certain performance criteria detailed on page 50. The range of exercise dates are 1 June 2014 to 1 June 2023.

The LTIP, issued in 2011, which vests in June 2014, will not achieve the EPS target but will achieve 49.6 per cent of the TSR measure giving a share award of 24.8 per cent. Of the original award, as shown above, 75.2 per cent will therefore lapse.

The options granted in the year are exercisable between 1 June 2016 and 1 June 2023 and are equivalent to 100 per cent of each Executive Director's base salary. The share price at the time of issue was 1,127p.

If the minimum performance was achieved the EPS element would give 25 per cent and the TSR element would give 30 per cent; overall 27.5 per cent of the grant would be awarded. If this was the case Mark Bottomley would receive 9,212 shares, Jim Brisby 8,277, Adam Couch 13,530, Martin Davey 14,602 and Bernard Hoggarth 7,480.

The following Directors exercised LTIP share options during the year:

	Number	Date exercised	Exercise price p	Market price p	Notional gain £'000
Mark Bottomley	23,026	6 December 2013	nil	1,137.28	262
Jim Brisby	11,814	6 December 2013	nil	1,137.28	134
Adam Couch	45,705	7 June 2013	nil	1,103.21	504
Martin Davey	15,480	7 June 2013	nil	1,103.21	171
Bernard Hoggarth	15,480	7 June 2013	nil	1,103.21	171

Saving related share option scheme

	Year of award	At 1 April 2013 No.	Granted in the year No.	Exercised in the year No.	Lapsed in the year No.	At 31 March 2014 No.	Exercise price p	Range of exercise dates
Mark Bottomley	2011	2,590	-	-	-	2,590	579	1 Mar 2017 – 1 Sept 2017
Jim Brisby	2009	3,533	-	(3,533)	-	-	-	-
	2013	-	982	-	-	982	916	1 Mar 2017 – 1 Sept 2017
Adam Couch	2009	2,484	-	-	-	2,484	474	1 Mar 2016 – 1 Sept 2016
	2011	936	-	-	-	936	579	1 May 2019 – 1 Sept 2019
Martin Davey	2011	1,554	-	-	-	1,554	579	1 Mar 2015 – 1 Sept 2015
Bernard Hoggarth	2011	1,554	-	-	-	1,554	579	1 Mar 2015 – 1 Sept 2015

The Executive Directors are eligible, as are other employees of the Group, to participate in the SAYE scheme, which by its nature does not have performance conditions.

The following Executive Director exercised savings-related share options during the year:

	Number	Date exercised	Exercise price p	Market price p	Notional gain £'000
Jim Brisby	3,533	3 March 2014	474	1,262	28

Market price of shares

The market price of the Company's shares at 31 March 2014 was 1,233 pence per share. The highest and lowest market prices during the year for each share option that was unexpired at the end of the year are as follows:

	Highest p	Lowest p
Options in issue throughout the year	1,321	986
Options issued during the year:		
- SAYE	1,321	1,186
- LTIP	1,321	1,055

Directors' Interests (Unaudited)

	LTIP (Performance related)	SAYE (Non-performance related)	Beneficial interest	Total
Mark Bottomley	88,913	2,590	20,977	112,480
Jim Brisby	79,426	982	48,626	129,034
Adam Couch	120,824	3,420	74,305	198,549
Martin Davey	126,286	1,554	200,426	328,266
Steven Esom	-	-	1,441	1,441
Bernard Hoggarth	92,886	1,554	105,413	199,853
John Worby	-	-	1,641	1,641

Kate Allum has no interests in the Company at the present time.

The Remuneration Committee has agreed that Executive Directors should build up a shareholding equivalent to one year's net salary over a three to five year period, following the adoption of this policy in 2012. The Non-Executive Directors also agreed to build up a holding on the same basis.

There have been no further changes to the above interests in the period from 1 April 2014 to 19 May 2014.

Statement of Shareholders' Voting

The resolution to approve the 2013 Directors' Remuneration Report was passed on a show of hands at the Company's last AGM held on 29 July 2013.

The votes cast by proxy in respect of that resolution were:

	Number	%
For	30,768,668	89.3%
Against	3,553,368	10.3%
Withheld	138,826	0.4%

On behalf of the Board



Steven Esom

Chair of the Remuneration Committee

19 May 2014

DIRECTORS' REPORT

The Directors submit their report and the audited accounts of the Group for the year ended 31 March 2014.

Dividends

	2014	2013
Interim dividend per share paid on 24 January 2014	10.0p	9.4p
Final dividend per share proposed	22.0p	20.6p
Total dividend	£15.7m	£14.5m

Subject to approval at the Annual General Meeting, the final dividend will be paid in cash or scrip form on 5 September 2014 to members on the register at the close of business on 4 July 2014. The shares will go ex-dividend on 2 July 2014.

Distributions, capital raising and share repurchases

The proposed final dividend for 2014 together with the interim paid in January 2014 amount to 32.0 pence per share which is 6.7 per cent higher than the previous year. Share capital increased by 434,357 shares. The increase comprised 243,021 of shares issued relating to share options exercised during the year and 191,336 of shares issued in respect of scrip dividends.

Directors and their interests

Details of the Directors' beneficial interests in the ordinary shares of the Company and in share options over the ordinary share capital of the Company are included in the Remuneration Committee Report on pages 46 to 57.

In accordance with the recommendations of the UK Corporate Governance Code, all Directors, apart from John Worby and Bernard Hoggarth, will stand for re-election at the forthcoming Annual General Meeting.

Major Shareholders

The Company has been informed of the following significant holdings of voting rights in the ordinary shares of the Company:

	At 31 March 2014	
	Number of shares	% of issued share capital
Invesco Perpetual	12,735,640	26.01
Legal & General Investment Management	2,330,789	4.76
Wellington Management	2,006,353	4.10
Schroder Investment Management	1,753,837	3.58
Jupiter Asset Management	1,708,127	3.49
NBIM	1,672,229	3.42
Fidelity Management & Research	1,603,277	3.27

Subsequent to the year end the Group was notified that as at 7 May 2014 Invesco Perpetual had reduced its shareholding to 22.35 per cent and that Woodford Investment Management had acquired a 3.65 per cent shareholding. There have been no other notifications of any significant changes to these shareholdings as at 19 May 2014.

Share capital structure

The Company has one class of shares, being ordinary shares of 10 pence each. The allotted and fully paid up share capital is shown in note 23. There are no special rights pertaining to any of the shares in issue.

The Directors of Cranswick plc have received limited authority to disapply Shareholders' pre-emption rights in certain circumstances, to authorise the Company to buy back a proportion of the Company's share capital and to allow the Directors to allot shares. Further resolutions will be placed before the Annual General Meeting to be held on 28 July 2014 to renew these powers.

At the last Annual General Meeting the Directors received authority from the Shareholders to:

Allot shares

This gives Directors the authority to allot authorised but unissued shares and maintains the flexibility in respect of the Company's financing arrangements. The nominal value of ordinary shares which

the Directors may allot in the period up to the next Annual General Meeting, to be held on 28 July 2014, is limited to £1,622,222 which represented approximately 33 per cent of the issued share capital (excluding treasury shares) as at 3 June 2013. The Directors do not have any present intention of exercising this authority other than in connection with the issue of ordinary shares in respect of the scrip dividend offer and the Company's share option plans. This authority will expire at the end of the Annual General Meeting to be held on 28 July 2014.

Disapplication of rights of pre-emption

This disappplies rights of pre-emption on the allotment of shares by the Company and the sale by the Company of treasury shares. The authority will allow the Directors to allot equity securities for cash pursuant to the authority to allot shares mentioned above, and to sell treasury shares for cash, on a pro-rata basis to existing Shareholders (but subject to any exclusion or arrangements as the Directors consider necessary or expedient in relation to fractional entitlements, any legal, regulatory or practical problems or costs under the laws or regulations of any overseas territory or the requirements of any regulatory body or stock exchange) and otherwise on a pro rata basis up to an aggregate nominal amount of £243,333, representing 5 per cent of the Company's issued share capital as 3 June 2013. This authority will expire at the end of the Annual General Meeting to be held on 28 July 2014.

Allot shares and disapply pre-emption rights in connection with a rights issue

This authorises the Directors to allot relevant securities and empowers the Directors to allot equity securities and to sell treasury shares for cash in connection with a rights issue. This is in addition to the authority to allot shares and the disapplication of pre-emption rights contained in the authorities mentioned above. The nominal value of ordinary shares which the Directors may allot in the period up to the next Annual General Meeting, to be held on 28 July 2014, is limited to £1,622,222 which represented approximately 33 per cent of the Company's issued ordinary share capital (excluding treasury

shares) as at 3 June 2013. The Directors do not have any present intention of exercising this authority and power. This authority will expire at the end of the Annual General Meeting to be held on 28 July 2014.

To buy own shares

This authority allows the Company to buy its own shares in the market, as permitted under the Articles of Association of the Company, up to a limit of 10 per cent of the Company's issued share capital. The price to be paid for any share must not be less than 10 pence, being the nominal value of a share, and must not exceed 105 per cent of the average middle market quotations for the ordinary shares of the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary shares are purchased. The Directors have no immediate plans to exercise the powers of the Company to purchase its own shares and undertake that the authority would only be exercised if the Directors were satisfied that a purchase would result in an increase in expected earnings per share and was in the best interests of the Company at the time. This authority will expire at the end of the Annual General Meeting to be held on 28 July 2014. The Directors would consider holding any of its own shares that it purchases pursuant to this authority as treasury shares.

The Company did not repurchase any shares during the year and at the year end the Group held no treasury shares.

The Company is not aware of any agreements between Shareholders that may result in restrictions on the transfer of securities and for voting rights.

There are no restrictions on the transfer of ordinary shares in the Company other than where certain restrictions may apply from time to time, on the Board of Directors and other senior executive staff, which is imposed by laws and regulations relating to insider trading laws and market requirements relating to close periods.

Capital structure

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise value for Shareholders and other stakeholders.

The Group regards its Shareholders' equity and net debt as its capital and manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to Shareholders, return capital to Shareholders or issue new shares. No changes were made to the objectives, policies or processes during the years ended 31 March 2014 and 31 March 2013.

The Group's capital structure is as follows:

	2014	2013
	£'m	£'m
Net debt (note 26)	17.0	20.1
Cranswick plc Shareholders' equity	302.7	273.7
Capital employed	319.7	293.8

DIRECTORS' REPORT (CONTINUED)

Change of control

There are no agreements that the Company considers significant and to which the Company is party that would take effect, alter or terminate upon change of control of the Company following a takeover bid other than the following:

The Company is party to a number of banking agreements which upon a change of control of the Company are terminable by the bank upon the provision of ten working days' notice, and there are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid other than as stated in the Remuneration Committee Report relating to Martin Davey and Bernard Hoggarth.

Long Term Incentive Plan

In the event of a general offer being made to acquire part or all of the issued share capital of the Company as a result of which the offeror may acquire control of the Company, award holders under the Cranswick plc Long Term Incentive Plan (LTIP) will have an opportunity to exercise their awards either:

1. immediately before the time at which the change of control of the Company occurs or any condition subject to which the offer is made has been satisfied ("Take-over Date") but conditional on the Take-over Date occurring, if the Remuneration Committee issues a written notice in advance of the Take-over Date to award holders; or
2. at any time within six months following the Take-over Date, in any other case.

In the event that the Court sanctions a scheme of arrangement under Part 26 of the Companies Act 2006 in connection with a scheme for the Company's reconstruction or amalgamation with another company, award holders under the LTIP may exercise their awards during the six month period commencing on the date upon which the scheme of arrangement is sanctioned by the Court. The LTIP also contains provisions enabling award holders to exercise their awards if a person becomes entitled to issue a compulsory acquisition notice under the provisions relating to the compulsory acquisition of a company set out in the Companies Act 2006. The period allowed for exercise in these circumstances is any time up to the seventh day before the final day upon which that person remains entitled to serve such a notice.

In each case, the proportion of the awards that are capable of exercise depends on the extent to which the performance targets (as adjusted or amended) have been satisfied.

Financial instruments

Functional currency

The functional currency of all Group undertakings is sterling.

Foreign currency risk

The foreign exchange risk facing the Group is in the purchasing of charcuterie products. The currency involved is the euro. The policy of the Group is to seek to mitigate the impact of this risk by taking out forward contracts for up to twelve months ahead and for amounts that commence at approximately 25 per cent of the requirement and move progressively towards full cover. The Finance Director is consulted about the key decisions on currency cover.

Interest rate risk

The Group's current policy is to manage its cost of borrowing using a mix of fixed and variable rate debt. Whilst fixed rate interest bearing debt is not exposed to cash flow interest rate risk, there is no opportunity for the Group to enjoy a reduction in borrowing costs in markets where rates are falling. In addition, the fair value risk inherent in fixed rate borrowing means that the Group is exposed to unplanned costs should debt be restructured or repaid early as part of the liquidity management process. In contrast, whilst floating rate borrowings are not exposed to changes in fair value, the Group is exposed to cash flow risk as costs increase if market rates rise. The Group has reduced its borrowings significantly in recent years and at 31 March 2014 gearing had fallen to 6 per cent (2013: 7 per cent). Given this conservative debt structure the Group has not fixed the interest rate on any part of its current facility. The Board will keep this situation under constant review and will fix the interest rate on a proportion of the Group's borrowing at such time as it becomes appropriate to do so. The monitoring of interest rate risk is handled entirely at head office, based on the monthly consolidation of cash flow projections and the daily borrowings position.

Credit risk

Practically all sales are made on credit terms, the majority of which are to the major UK food retailers. Overdue accounts are reviewed at monthly management meetings. The incidence of bad debts is low. For all major customers, credit terms are agreed by negotiation and for all other customers, credit terms are set by reference to external credit agencies and/or commercial awareness. Every attempt is made to resist advance payments to suppliers for goods and services; where this proves commercially unworkable, arrangements are put in place, where practical, to guarantee the repayment of the monies in the event of default.

Liquidity risk

The Group has historically been very cash generative. The bank position for each site is monitored on a daily basis and capital expenditure is approved at local management meetings at which at least two members of the main Board are present and reported at the subsequent monthly main Board meeting. Major projects are approved by the main Board. Each part of the Group has access to the Group's overdraft facility and all term debt is arranged centrally. The Group renewed its bank credit facilities in March 2014. The facility is made up of a revolving credit facility of £120.0 million including a committed overdraft facility of £20.0 million. The Group manages the utilisation of the revolving credit facility through the monitoring of monthly consolidated cash flow projections and the daily borrowings position. The current facility extends the maturity of the Group's available financing to more than four years, providing it with reduced liquidity risk and medium-term funding to meet its objectives. Unutilised facilities at 31 March 2014 were £102.2 million (2013: £78.1 million).

Articles of Association

The Company's Articles of Association may only be amended by a special resolution at a general meeting of the Shareholders.

Annual General Meeting and Special Business to be transacted at the Annual General Meeting

The notice convening the Annual General Meeting can be found in the separate Notice of Annual General Meeting accompanying this Report and Accounts.

Details of the Special Business to be transacted at the Annual General Meeting are contained in the separate letter from the Chairman which also accompanies this Report and Accounts and covers the Directors' authority to allot shares, the partial disapplication of pre-emption rights and the authority for the Company to buy its own shares.

Greenhouse gas emissions

Details of the Group's greenhouse gas emissions are included within the Corporate Social Responsibility section on pages 29 and 30.

Employment policies

The Group's policy on employee involvement is to adopt an open management style, thereby encouraging informal consultation at all levels about aspects of the Group's operations. Employees participate directly in the success of the business by participation in the SAYE share option schemes.

Employment policies are designed to provide equal opportunities irrespective of colour, ethnic or natural origin, nationality, sex, religion, marital or disabled status. Full consideration is given to applications for employment by and the continuing employment, training and career development of disabled people.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Review of activities. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described above, as are the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Group has considerable financial resources together with strong trading relationships with its key customers and suppliers. As a consequence, the Directors believe that the Group is well placed to manage its business risk successfully.

After reviewing the available information, including business plans and making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Auditors

A resolution to reappoint Ernst & Young LLP as independent external auditors will be proposed at the Annual General Meeting.

Directors' statement as to disclosure of information to auditors

The Directors who were members of the Board at the time of approving the Directors' Report are listed on page 33. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirm that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' responsibility statement

Each of the Directors listed on page 33 confirms that to the best of their knowledge:

- the financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair review of the assets, liabilities, financial position and results of Cranswick and its subsidiaries included in the consolidation taken as a whole; and
- the Directors' Report and the Strategic Report include a fair review of the development and performance of the business and the position of Cranswick and its subsidiaries included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board



Malcolm Windeatt
Company Secretary

19 May 2014
Company number: 1074383

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RELATION TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the Group financial statements in accordance with applicable United Kingdom law and regulations. Company law requires the Directors to prepare Group financial statements for each financial year. Under that law, the Directors are required to prepare Group financial statements under IFRSs as adopted by the European Union.

Under company law the Directors must not approve the Group financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing the Group financial statements the Directors are required to:

- present fairly the financial position, financial performance and cash flows of the Group;
- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements that are reasonable;
- provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- state whether the Group financial statements have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements.

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

The Directors are also responsible for preparing the Strategic Report, the Directors' Report, the Remuneration Committee Report and the Corporate Governance Statement in accordance with the Companies Act 2006 and applicable regulations, including the requirements of the Listing Rules and the Disclosure and Transparency Rules.

On behalf of the Board



Martin Davey
Chairman



Mark Bottomley
Finance Director

19 May 2014



REPORT OF THE AUDITORS

TO THE MEMBERS OF CRANSWICK PLC

Independent auditor's report to the members of Cranswick plc

We have audited the financial statements of Cranswick plc for the year ended 31 March 2014 which comprise the Group income statement, the Group and Company statements of comprehensive income, the Group and Company balance sheets, the Group and Company statements of cash flows, the Group and Company statements of changes in equity and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 62, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report & Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2014 and of the Group's profit for the year then ended;

- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Our assessment of risks of material misstatement

We identified the following risks that have had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team:

- revenue recognition, including the timing of revenue recognition and the risk of management override;
- accounting for rebates and similar arrangements; and
- accounting for acquisitions, including purchase price allocation, recognition of intangible assets and goodwill, and the treatment of contingent consideration and earn-out arrangements.

Our application of materiality

We determined materiality for the Group to be £2.7 million (2013: £2.4 million) which is approximately 5 per cent of pre-tax profit. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Group should be 75 per cent of materiality, namely £2.1 million (2013: £1.8 million). Our objective in adopting this approach was to ensure that total uncorrected and undetected and audit differences in all accounts did not exceed our materiality level.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £139,000, as well as differences below that threshold that, in our view warranted reporting on qualitative grounds.

An overview of the scope of our audit

Following our assessment of the risk of material misstatement to the Group financial statements, we selected 13 components which represent the principal business units within the Group and account for 98 per cent of the Group's revenue and 98 per cent of the Group's profit before tax. These 13 were subject to a full audit, whilst we also selected a further one component that was subject to audits of specific account balances. A further two components were subject to review procedures.

For the remaining components, we performed other procedures to confirm there were no significant risks of material misstatement in the Group financial statements.

The audit work at the 13 locations subject to a full scope audit and the one location subject to a specific scope audit were executed at levels of materiality applicable to each individual entity which were much lower than the Group materiality.

Our response to the risks identified above was as follows:

- We performed walkthroughs of revenue processes and carried out a combination of controls testing, substantive cut-off testing, journal entry testing and substantive analytical review procedures to assess the appropriateness of revenue recognition.
- We performed walkthroughs of the processes for rebates and similar arrangements. We performed substantive audit of year end over-rider accruals with reference to underlying documentation, and we assessed the completeness of amounts accrued with reference to the Group's customer base. We also vouched significant payments to supporting evidence of payment.
- For acquisitions in the period we obtained and understood sales and purchase agreements to ensure the appropriateness of the allocation of the purchase price and the recognition of intangible assets. For acquisitions that arose in prior periods we tested the subsequent measurement of contingent consideration liabilities and challenged the accounting treatment to ensure that it was appropriate.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements; and
- the information given in the Corporate Governance Statement set out on pages 34 to 37 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the Company.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 61, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

Alistair Denton (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
Hull

19 May 2014

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2014

	<i>Notes</i>	2014 £'000	2013 £'000 (Restated)
Revenue	3	994,905	875,171
Adjusted Group operating profit		53,255	50,041
Impairment of property, plant and equipment	12	-	(1,836)
Release of contingent consideration	14	1,086	-
Net IAS 41 valuation movement on biological assets	15	1,441	-
Group operating profit	4	55,782	48,205
Finance revenue	6	32	62
Finance costs	6	(1,057)	(963)
Profit before tax		54,757	47,304
Taxation	7	(11,550)	(11,165)
Profit for the year		43,207	36,139
Earnings per share (pence)			
On profit for the year:			
Basic	10	88.7p	74.9p
Diluted	10	88.3p	74.7p
On adjusted profit for the year:			
Basic	10	84.1p	78.7p
Diluted	10	83.7p	78.5p

The restatement of the comparative reflects an amendment to IAS 19 Employee Benefits; further details can be found in notes 2 and 25.

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014 £'000	2013 £'000 (Restated)
Profit for the year		43,207	36,139
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Cash flow hedges			
Losses arising in the year	20	(18)	(4)
Reclassification adjustments for losses included in the income statement	20	4	69
Income tax effect		3	(15)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		(11)	50
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>			
Actuarial (losses)/ gains on defined benefit pension scheme	25	(4,177)	1,077
Income tax effect		735	(293)
Net other comprehensive income not being reclassified to profit or loss in subsequent periods		(3,442)	784
Other comprehensive income, net of tax		(3,453)	834
Total comprehensive income, net of tax		39,754	36,973

COMPANY STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2014

Company profit for the year of £17,344,000 (2013: £16,826,000) was equal to total comprehensive income for the year attributable to owners of the parent in both years.

GROUP BALANCE SHEET

AT 31 MARCH 2014

	Notes	2014 £'000	2013 £'000
Non-current assets			
Intangible assets	11	130,535	129,003
Property, plant and equipment	12	156,578	147,386
Biological assets	15	1,174	-
Financial assets	18	-	702
Total non-current assets		288,287	277,091
Current assets			
Biological assets	15	13,543	-
Inventories	16	47,426	48,463
Trade and other receivables	17	97,775	93,097
Financial assets	18	-	696
Cash and short-term deposits	26	12,223	7,633
Total current assets		170,967	149,889
Total assets		459,254	426,980
Current liabilities			
Trade and other payables	19	(108,806)	(106,109)
Financial liabilities	20	(327)	(608)
Income tax payable		(6,495)	(7,123)
Total current liabilities		(115,628)	(113,840)
Non-current liabilities			
Other payables	19	(409)	(410)
Financial liabilities	20	(28,898)	(29,572)
Deferred tax liabilities	7	(4,737)	(5,947)
Provisions	21	(343)	(190)
Defined benefit pension scheme deficit	25	(6,528)	(3,357)
Total non-current liabilities		(40,915)	(39,476)
Total liabilities		(156,543)	(153,316)
Net assets		302,711	273,664
Equity			
Called-up share capital	23	4,896	4,853
Share premium account		64,173	61,603
Share-based payments		7,779	6,765
Hedging reserve		(15)	(4)
Retained earnings		225,878	200,447
Equity attributable to owners of the parent		302,711	273,664

On behalf of the Board


Martin Davey
 Chairman


Mark Bottomley
 Finance Director

19 May 2014

COMPANY BALANCE SHEET

AT 31 MARCH 2014

	Notes	2014 £'000	2013 £'000
Non-current assets			
Property, plant and equipment	12	548	575
Investments in subsidiary undertakings	13	159,970	159,212
Deferred tax assets	7	540	565
Total non-current assets		161,058	160,352
Current assets			
Trade and other receivables	17	26,531	15,369
Cash and short-term deposits	26	8,251	5,169
Total current assets		34,782	20,538
Total assets		195,840	180,890
Current liabilities			
Trade and other payables	19	(51,086)	(42,446)
Income tax payable		(983)	(1,270)
Total current liabilities		(52,069)	(43,716)
Non-current liabilities			
Financial liabilities	20	(28,898)	(28,498)
Total liabilities		(80,967)	(72,214)
Net assets		114,873	108,676
Equity			
Called-up share capital	23	4,896	4,853
Share premium account		64,173	61,603
General reserve		4,000	4,000
Merger reserve		1,806	1,806
Share-based payments		7,779	6,765
Retained earnings		32,219	29,649
		114,873	108,676

On behalf of the Board


Martin Davey
 Chairman


Mark Bottomley
 Finance Director

19 May 2014

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014 £'000	2013 £'000 (Restated)
Operating activities			
Profit for the year		43,207	36,139
<i>Adjustments to reconcile Group profit for the year to net cash inflows from operating activities:</i>			
Income tax expense	7	11,550	11,165
Net finance costs		1,025	901
Gain on sale of property, plant and equipment		(100)	(237)
Depreciation of property, plant and equipment	12	17,831	15,486
Impairment of property, plant and equipment	12	-	1,786
Amortisation of intangible assets	11	159	119
Share-based payments		1,014	1,162
Difference between pension contributions paid and amounts recognised in the income statement		(1,006)	(908)
Release of government grants		(85)	(61)
Release of contingent consideration		(1,086)	-
Net IAS 41 valuation movement on biological assets		(1,441)	-
Increase in biological assets		(176)	-
Decrease/ (increase) in inventories		1,497	(9,514)
Increase in trade and other receivables		(3,910)	(5,568)
Increase in trade and other payables		4,702	10,561
Cash generated from operations		73,181	61,031
Tax paid		(13,050)	(11,219)
Net cash from operating activities		60,131	49,812
Cash flows from investing activities			
Interest received		28	62
Principal amounts received in relation to loans advanced		1,002	696
Acquisition of subsidiaries, net of cash acquired	14	(14,402)	(5,986)
Purchase of property, plant and equipment		(27,684)	(30,809)
Receipt of government grants		100	-
Proceeds from sale of property, plant and equipment		197	318
Proceeds from sale of investment classified as held for sale		-	221
Net cash used in investing activities		(40,759)	(35,498)
Cash flows from financing activities			
Interest paid		(1,094)	(862)
Proceeds from issue of share capital		410	491
Proceeds from borrowings		30,000	-
Repayment of borrowings		(30,500)	(14,000)
Dividends paid		(12,700)	(11,404)
Repayment of capital element of finance leases and hire purchase contracts		(349)	(243)
Net cash used in financing activities		(14,233)	(26,018)
Net increase/ (decrease) in cash and cash equivalents	26	5,139	(11,704)
Cash and cash equivalents at beginning of year	26	7,084	18,788
Cash and cash equivalents at end of year	26	12,223	7,084

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014 £'000	2013 £'000
Operating activities			
Profit for the year		17,344	16,826
<i>Adjustments to reconcile Company profit for the year to net cash inflows from operating activities:</i>			
Dividends received		(12,700)	(11,404)
Income tax expense		2,121	2,687
Net finance cost		3,654	2,868
Depreciation of property, plant and equipment	12	31	44
Share-based payments		256	288
Increase in trade and other receivables		(11,762)	(6,283)
Increase in trade and other payables		8,615	810
Cash generated from operations		7,559	5,836
Tax paid		(2,254)	(2,617)
Net cash from operating activities		5,305	3,219
Cash flows from investing activities			
Interest received		6	-
Dividends received		12,700	11,404
Purchase of property, plant and equipment		(17)	(22)
Proceeds from sale of property, plant and equipment		13	-
Proceeds from sale of investment classified as held for sale		-	221
Net cash from investing activities		12,702	11,603
Cash flows from financing activities			
Interest paid		(3,635)	(2,877)
Proceeds from issue of share capital		410	491
Proceeds from borrowings		30,000	-
Repayment of borrowings		(29,000)	(14,000)
Dividends paid		(12,700)	(11,404)
Net cash used in financing activities		(14,925)	(27,790)
Net increase/ (decrease) in cash and cash equivalents	26	3,082	(12,968)
Cash and cash equivalents at beginning of year	26	5,169	18,137
Cash and cash equivalents at end of year	26	8,251	5,169

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2014

	Share capital	Share premium	Share-based payments	Hedging reserve	Retained earnings	Total equity
	Note (a)	Note (b)	Note (e)	Note (f)		
	£'000	£'000	£'000	£'000	£'000	£'000
(Restated)						
At 31 March 2012	4,803	58,642	5,603	(69)	176,953	245,932
Profit for the year	-	-	-	-	36,139	36,139
Other comprehensive income	-	-	-	65	769	834
Total comprehensive income	-	-	-	65	36,908	36,973
Share-based payments	-	-	1,162	-	-	1,162
Scrip dividend	31	2,489	-	-	-	2,520
Share options exercised (proceeds)	19	472	-	-	-	491
Dividends	-	-	-	-	(13,924)	(13,924)
Deferred tax related to changes in equity	-	-	-	-	370	370
Corporation tax related to changes in equity	-	-	-	-	140	140
At 31 March 2013	4,853	61,603	6,765	(4)	200,447	273,664
Profit for the year	-	-	-	-	43,207	43,207
Other comprehensive income	-	-	-	(11)	(3,442)	(3,453)
Total comprehensive income	-	-	-	(11)	39,765	39,754
Share-based payments	-	-	1,014	-	-	1,014
Scrip dividend	19	2,184	-	-	-	2,203
Share options exercised (proceeds)	24	386	-	-	-	410
Dividends	-	-	-	-	(14,903)	(14,903)
Deferred tax related to changes in equity	-	-	-	-	246	246
Corporation tax related to changes in equity	-	-	-	-	323	323
At 31 March 2014	4,896	64,173	7,779	(15)	225,878	302,711

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2014

	Share capital	Share premium	General reserve	Merger reserve	Share-based payments	Retained earnings	Total equity
	Note (a)	Note (b)	Note (c)	Note (d)	Note (e)		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 31 March 2012	4,803	58,642	4,000	1,806	5,603	26,656	101,510
Profit for the year, being total comprehensive income	-	-	-	-	-	16,826	16,826
Share-based payments	-	-	-	-	1,162	-	1,162
Scrip dividend	31	2,489	-	-	-	-	2,520
Share options exercised (proceeds)	19	472	-	-	-	-	491
Dividends	-	-	-	-	-	(13,924)	(13,924)
Deferred tax related to changes in equity	-	-	-	-	-	91	91
At 31 March 2013	4,853	61,603	4,000	1,806	6,765	29,649	108,676
Profit for the year, being total comprehensive income	-	-	-	-	-	17,344	17,344
Share-based payments	-	-	-	-	1,014	-	1,014
Scrip dividend	19	2,184	-	-	-	-	2,203
Share options exercised (proceeds)	24	386	-	-	-	-	410
Dividends	-	-	-	-	-	(14,903)	(14,903)
Deferred tax related to changes in equity	-	-	-	-	-	129	129
At 31 March 2014	4,896	64,173	4,000	1,806	7,779	32,219	114,873

Notes:

a) Share capital

The balance classified as share capital represents the nominal value of ordinary 10 pence shares issued.

b) Share premium

The balance classified as share premium includes the net proceeds in excess of nominal value on issue of the Company's equity share capital, comprising 10 pence ordinary shares.

c) General reserve

This reserve arose in 1993 when the High Court of Justice granted permission to reduce the Company's share premium account by £4,000,000 which was credited to a separate reserve named the general reserve.

d) Merger reserve

Where shares have been issued as consideration for acquisitions, the value of shares issued in excess of nominal value has been credited to the merger reserve rather than to the share premium account.

e) Share-based payments reserve

This reserve records the fair value of share-based payments expensed in the income statement, and in the case of the Company in relation to share-based payments to employees of subsidiary companies, capital contributions to cost of investments (note 24).

f) Hedging reserve

This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

NOTES TO THE ACCOUNTS

1. Authorisation of financial statements and statement of compliance with IFRS

The Group and Company financial statements of Cranswick plc (the "Company") for the year ended 31 March 2014 were authorised for issue by the Board of Directors on 19 May 2014 and the balance sheets were signed on the Board's behalf by Martin Davey and Mark Bottomley. Cranswick plc is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on the London Stock Exchange.

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The Company's financial statements have been prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the Group and by the Company are set out in note 2.

The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual income statement and related notes.

2. Accounting policies

Basis of preparation

The financial statements of Cranswick plc, both consolidated and Company, have been prepared under IFRS as adopted by the European Union and in accordance with the Companies Act 2006. A summary of the principal accounting policies, which have been consistently applied throughout the year and the preceding year, is as follows:

Basis of consolidation

The Group financial statements consolidate the financial statements of Cranswick plc and its subsidiaries. The results of undertakings acquired or sold are consolidated for the periods from the date of acquisition or up to the date of disposal. Acquisitions are accounted for under the purchase method of accounting.

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

- Share-based payments Note 24 – measurement of share-based payments
- Goodwill Note 11 – measurement of the recoverable amount of cash generating units containing goodwill
- Provisions Note 21 – judgements in relation to amounts provided
- Pensions Note 25 – pension scheme actuarial assumptions
- Acquisitions Note 14 – fair values on acquisition
- Trade receivable provisions Note 17 – provision for impairment of trade receivables

New standards and interpretations applied

The following accounting standards and interpretations became effective for the current reporting period:

<i>International Accounting Standards (IAS/IFRSs)</i>		<i>Effective date</i>
IFRS 7	Financial Instruments: Disclosures	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IAS 1	Presentation of Items of Other Comprehensive Income (Amendment)	1 July 2012
IAS 19 (revised)	Employee Benefits	1 January 2013
IAS 27 (revised)	Separate Financial Statements	1 January 2013
IAS 28 (revised)	Investments in Associates and Joint Ventures	1 January 2013
IFRS	May 2012 Annual Improvements	1 January 2013

IAS 1 Presentation of Items of Other Comprehensive Income (Amendment)

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified. The amendment affected presentation only and had no impact on the Group's financial position or performance.

IAS 19 (revised) Employee Benefits

IAS 19 (revised) includes a number of amendments to the accounting for defined benefit pension schemes. The principal impact on the Group of the application of this standard is that interest on pension scheme assets is now calculated by reference to the liability discount rate rather than the expected long-term yield on the assets, as was the case previously. The impact of the amendment on profit before tax for the prior year ended 31 March 2013 was to increase finance costs by £135,000, with a resulting reduction of 0.2 pence in both earnings per share and adjusted earnings per share. The amendment also led to a £33,000 reduction in the prior year tax charge, offset by an increase in income tax charged through other comprehensive income. There was no impact on the reported pension liability as the impact on the income statement was mitigated by an offsetting adjustment in the calculation of actuarial gains and losses in the statement of comprehensive income.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the Group uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the Group. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

The application of the other standards has not had a material effect on the net assets, results and disclosures of the Group.

New standards and interpretations not applied

The IASB and IFRIC have issued a number of new standards and interpretations with an effective date after the date of these financial statements. The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's and Company's financial statements in the period of initial application. The standards not applied are as follows:

International Accounting Standards (IAS/IFRSs)		Effective date*
IAS 32 (revised)	Financial Instruments: Presentation on Offsetting Financial Assets and Financial Liabilities	1 January 2014
IFRS 7	Financial Instruments: Disclosures (Amendment) – Initial Application of IFRS 9	1 January 2015
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2018
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 11	Joint Arrangements	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities	1 January 2014

*The effective dates stated above are those given in the original IASB/IFRIC standards and interpretations. As the Group prepares its financial statements in accordance with IFRS as adopted by the European Union, the application of new standards and interpretations will be subject to their having been endorsed for use in the EU via the EU Endorsement mechanism. In the majority of cases this will result in an effective date consistent with that given in the original standard or interpretation but the need for endorsement restricts the Group's discretion to early adopt standards. The Group has not early adopted any of the above standards.

Revenue

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue, and any associated costs can be measured reliably. Revenue on the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer on despatch and represents the value of sales to customers net of discounts, similar allowances and estimates of returns and excludes value-added tax.

2. Accounting policies (continued)

Non-GAAP measures – adjusted Group operating profit, adjusted profit before tax and adjusted earnings per share

Adjusted Group operating profit, adjusted profit before tax and adjusted earnings per share are defined as being before net IAS 41 valuation movement on biological assets, impairment charges and other significant non-trading items (being release of contingent consideration in the current period). These additional non-GAAP measures of performance are included as the Directors believe that they provide a useful alternative measure for Shareholders of the trading performance of the Group. The reconciliation between Group operating profit and adjusted Group operating profit is shown on the face of the Group income statement.

Income statement presentation

During the period, the Group has amended its income statement presentation to present cost of sales, selling and distribution costs, administrative expenses and gross profit within the notes to the financial statements (note 4) rather than on the face of the income statement as was the case previously. The Directors consider it appropriate to amend the income statement presentation in this way to facilitate a more meaningful comparison with prior and future periods following the acquisitions in the current period which introduce valuation movements on biological assets into the income statement.

Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date. Deferred tax is provided on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- i) except where the deferred income tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- ii) in respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilised:

- i) except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- ii) in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Income taxes relating to items recognised in other comprehensive income or directly in equity are also recognised in other comprehensive income or directly in equity and not in the income statement. Otherwise income tax is recognised in the income statement.

Dividends

Dividends receivable by the Company are recognised in the income statement if they are declared, appropriately authorised and no longer at the discretion of the entity paying the dividend, prior to the balance sheet date. Dividends payable by the Company are recognised when declared and therefore final dividends proposed after the balance sheet date are not recognised as a liability at the balance sheet date. Dividends paid to Shareholders are shown as a movement in equity rather than on the face of the income statement.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value. Acquisition costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income.

Intangible assets

Goodwill is the excess of the fair value of the consideration paid for a business over the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is capitalised and subject to an impairment review, both annually and when there are indications that the carrying value may not be recoverable.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised. When an entity is disposed of, any goodwill associated with it is included in the carrying amount of the operation when determining the gain or loss on disposal except that goodwill arising on acquisitions prior to 31 March 2004 which was previously deducted from equity is not recycled through the income statement.

Intangible assets acquired as part of an acquisition of a business are capitalised at fair value separately from goodwill only if the fair value can be measured reliably on initial recognition and the future economic benefits are expected to flow to the Group. Customer relationships are amortised evenly over their expected useful lives of five years, with amortisation charged through administration expenses in the income statement.

Property, plant and equipment

Property, plant and equipment are included at cost less accumulated depreciation and any provision for impairment.

Freehold land is not depreciated. Depreciation is charged on property, plant and equipment on the depreciable amount, being cost less the estimated residual value (based on prices prevailing at the balance sheet date) on a straight line basis over their estimated useful economic lives, or the estimated useful economic lives of their individual parts.

Useful economic lives are principally as follows:

Freehold buildings	50 years
Short leasehold improvements	Remainder of lease
Plant and equipment	5 – 11 years
Motor vehicles	4 years

The carrying value of property, plant and equipment is reviewed for impairment individually or at the cash generating unit level when events or changes in circumstances indicate that the carrying value may not be recoverable.

Capitalised borrowing costs

Borrowing costs incurred in financing the construction of qualifying assets such as property, plant and equipment are capitalised up to the date at which the relevant asset is substantially complete. Borrowing costs are calculated using the Group's weighted average cost of borrowing during the period of capitalisation. All other borrowing costs are expensed as incurred.

Investments

Investments in subsidiaries are shown at cost less any provision for impairment.

2. Accounting policies (continued)

Non-current assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

In the consolidated income statement for the reporting period, and for the comparable period of the previous year, income and expenses from discontinued operations are reported separately from continuing income and expenses down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the income statement.

Property, plant and equipment once classified as held for sale are not depreciated.

Accounting for leases

i) Finance leases

Assets which are financed by leasing agreements that transfer substantially all the risks and rewards of ownership to the lessee (finance leases) are capitalised at the inception of the lease at fair value or, if lower, the present value of the minimum lease payments, in "Property, plant and equipment" and the corresponding capital cost is shown as an obligation to the lessor in "Borrowings". Depreciation is charged to the income statement over the shorter of the estimated useful life of the asset and the term of the lease. The interest element of the rental obligations is allocated to accounting periods during the lease term to reflect a constant rate of interest on the remainder of the capital amount outstanding.

ii) Operating leases

Leases which are not finance leases are classified as operating leases. Lease payments are charged to the income statement on a straight line basis over the term of the lease.

Government grants and contributions

UK Regional Development Grants and grants receivable from the European Union and DEFRA in respect of property, plant and equipment are credited to deferred income and released to the income statement over the relevant depreciation period.

Inventories

Inventories are stated at the lower of cost (on a first in, first out basis) and net realisable value after making allowance for any obsolete or slow-moving items. In the case of finished goods, cost comprises direct materials, direct labour and an appropriate proportion of manufacturing fixed and variable overheads based on a normal level of activity.

Biological assets

The Group's biological assets consist of pigs in the form of breeding sows (classified as non-current assets) and their progeny for processing within the Group and externally (classified as current assets). On initial recognition and at the balance sheet date biological assets have been measured at their fair value less costs to sell, in line with IAS 41. Gains and losses in relation to the fair value of biological assets are recognised in the income statement, within "cost of sales", in the period in which they arise.

Cash and cash equivalents

Cash equivalents are defined as cash at bank and in hand including short-term deposits with original maturity within three months. For the purposes of the Group cash flow statement, cash and cash equivalents consist of cash and cash equivalents net of outstanding bank overdrafts.

Financial instruments

i) Debt instruments, including bank borrowings

Debt instruments are initially recognised at the fair value of net proceeds received after the deduction of issue costs. Subsequently debt instruments are recognised at amortised cost using the effective interest method. Issue costs are charged to the income statement over the term of the debt at a constant rate on the balance sheet carrying amount under the effective interest method.

ii) Derivative financial instruments

The Group uses derivative financial instruments such as foreign currency contracts and interest rate swaps to hedge its cash flow risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are stated at fair value.

The fair value of forward contracts is calculated by reference to current forward exchange rates for contracts with a similar maturity profile. The fair value of interest rate swaps is determined by reference to market values for similar instruments.

Where derivatives meet the hedging criteria under IAS 39 for cash flow hedges the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income and the ineffective portion is recognised in the income statement. Gains or losses recognised in comprehensive income are transferred to the income statement in the same period in which the hedged item affects the net profit or loss. If a forecast transaction is no longer expected to occur, amounts previously recognised in other comprehensive income are transferred to the income statement.

For derivatives that do not qualify for hedge accounting under IAS 39, any gains or losses arising from changes in fair value are taken directly to net profit or loss for the period.

Financial assets – loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit and loss or available-for-sale. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Foreign currencies

In the accounts of each entity in the Group, individual transactions denominated in foreign currencies are translated into functional currency at the actual exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the rates ruling at the balance sheet date. Profits and losses on settlement of individual foreign currency transactions and movements on monetary assets and liabilities are dealt with in the income statement.

Employee benefits

i) Pensions

A subsidiary of the Group operates a defined benefit pension scheme for certain employees which requires contributions to be made to a separate trustee administered fund. The scheme was closed to new members on 30 June 2004.

The liability recognised in the balance sheet in respect of the defined benefit pension scheme is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in sterling, and that have terms to maturity approximating to the terms of the related pension liability.

The amounts charged to operating profit are any gains and losses on settlements and curtailments, and these are included as part of staff costs.

Past-service costs are recognised immediately in income, unless the changes to the pension scheme are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight line basis over the vesting period.

2. Accounting policies (continued)

Employee benefits (continued)

i) *Pensions (continued)*

The difference between the interest cost on plan liabilities and the expected return on plan assets is recognised in the income statement as other finance revenue or costs.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the statement of comprehensive income in the period in which they arise.

The Group also operates a number of defined contribution schemes for employees under which contributions are paid into schemes managed by major insurance companies. Contributions are calculated as a percentage of employees' earnings and obligations for contributions to the schemes are recognised as cost of sales or operating expenses in the income statement in the period in which they arise.

ii) *Equity-settled share-based payments*

The Group operates a savings-related share option scheme under which options have been granted to Group employees ("SAYE scheme"). In addition, the Group operates an Executive share option scheme (albeit currently not in use) and a Long Term Incentive Plan (LTIP) for senior Executives. Share options awarded are exercisable subject to the attainment of certain market based and non market-based performance criteria.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using the Black-Scholes option pricing model. In valuing equity-settled transactions, no account is taken of any service and performance (vesting conditions), other than performance conditions linked to the price of the shares of the Company (market conditions). Any other conditions which are required to be met in order for an employee to become fully entitled to an award are considered to be non-vesting conditions. Like market performance conditions, non-vesting conditions are taken into account in determining the grant date fair value.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance or service conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated; representing the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled (including when a non-vesting condition within the control of the entity or employee is not met), it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

On transition to IFRS, the Group did not apply the measurement rules of IFRS 2 to equity settled awards granted before 7 November 2002 or granted after that date and vested before 1 January 2005. However later modifications of such equity instruments are measured under IFRS 2.

3. Business and geographical segments

IFRS 8 requires operating segments to be identified on the basis of the internal financial information reported to the Chief Operating Decision Maker ("CODM"). The Group's CODM is deemed to be the Executive Directors on the Board, who are primarily responsible for the allocation of resources to segments and the assessment of performance of the segments.

The CODM assesses profit performance using profit before taxation measured on a basis consistent with the disclosure in the Group accounts.

The Group reports on one reportable segment:

- Food – manufacture and supply of food products to UK grocery retailers, the food service sector and other food producers.

All Group revenues are received for the provision of goods; no revenues are received in relation to the provision of services.

Geographical segments

The following table sets out revenues by destination, regardless of where the goods were produced:

	2014 £'000	2013 £'000
UK	973,697	849,836
Continental Europe	16,519	20,222
Rest of world	4,689	5,113
	994,905	875,171

In addition to the non-UK sales disclosed above the Group also made sales to export markets through UK-based meat trading agents totalling £30,078,000 (2013: £20,122,000). Including these sales, total sales to export markets were £51,286,000 for the year (2013: £45,457,000).

Customer concentration

The Group has three customers which individually account for more than 10 per cent of the Group's total net revenue. These customers account for 26 per cent, 24 per cent and 11 per cent respectively. In the prior year these same three customers accounted for 28 per cent, 23 per cent and 10 per cent respectively.

The Group's non-current assets were all located within the UK for both 2014 and 2013.

NOTES TO THE ACCOUNTS (CONTINUED)

4. Group operating profit

Group operating costs comprise:

	2014 £'000	2013 £'000
Cost of sales excluding net IAS 41 valuation movement on biological assets	877,012	768,633
Net IAS 41 valuation movement on biological assets*	(1,441)	-
Cost of sales	875,571	768,633
<i>Gross profit</i>	119,334	106,538
Selling and distribution costs	35,995	34,627
Administrative expenses excluding impairment and release of contingent consideration	28,643	21,870
Impairment of property, plant and equipment	-	1,836
Release of contingent consideration	(1,086)	-
Administrative expenses	27,557	23,706
Total operating costs	939,123	826,966

* This represents the difference between operating profit prepared under IAS 41 and operating profit prepared under historical cost accounting, which forms part of the reconciliation to adjusted operating profit.

Group operating profit is stated after charging/ (crediting):

	2014 £'000	2013 £'000
Depreciation of property, plant and equipment	17,831	15,486
Amortisation of customer relationship intangible assets	159	119
Impairment of property, plant and equipment	-	1,836
Release of government grants	(85)	(61)
Operating lease payments – minimum lease payments	5,126	4,155
Net foreign currency differences	(42)	(42)
Cost of inventories recognised as an expense	637,807	559,190
Increase in provision for inventories	326	321

Auditors' remuneration

Fees payable to the Company's auditors in respect of the audit

Audit of these financial statements	30	25
Local statutory audits of subsidiaries	145	136
Total audit remuneration	175	161

Fees payable to the Company's auditors in respect of non-audit related services

Tax compliance services	75	57
Tax advisory services	46	57
Other services	158	148
Total non-audit related remuneration	279	262

Of the "Other" non-audit related services £156,000 (2013: £131,000) was in respect of corporate finance services in relation to acquisitions.

Fees paid to Ernst & Young LLP for non-audit services by the Company itself are not disclosed in the individual accounts of Cranswick plc because Group financial statements are prepared which are required to disclose such fees on a consolidated basis.

5. Employees

Group	2014 £'000	2013 £'000
Staff costs:		
Wages and salaries	107,090	98,284
Social security costs	9,668	8,790
Other pension costs	1,460	1,137
	118,218	108,211

Included within wages and salaries is a total expense for share-based payments of £1,014,000 (2013: £1,162,000) all of which arises from transactions accounted for as equity-settled share-based payment transactions.

The average monthly number of employees during the year was:

Group	2014 Number	2013 Number
Production	4,110	3,933
Selling and distribution	280	249
Administration	237	220
	4,627	4,402

The Group and Company consider the Directors to be the key management personnel. Details of each Director's remuneration, pension contributions and share options are detailed in the Remuneration Committee Report on pages 46 to 57. The employee costs shown above include the following remuneration in respect of Directors of the Company:

Group and Company	2014 £'000	2013 £'000
Directors' remuneration	3,720	6,050
Pension contribution	138	150
	3,858	6,200
Aggregate gains made by Directors on exercise of share options	1,270	504
Number of Directors receiving pension contributions under money purchase schemes	5	5

NOTES TO THE ACCOUNTS (CONTINUED)

6. Finance revenue and costs

	2014 £'000	2013 £'000 (Restated)
Finance revenue		
Finance revenue from loans receivable	26	62
Other interest receivable	6	-
Total finance revenue	32	62
Finance costs		
Bank interest paid and similar charges	899	714
Total interest expense for financial liabilities not at fair value through profit or loss	899	714
Net finance cost on defined benefit pension deficit (note 25)	122	220
Finance charge payable under finance leases and hire purchase contracts	17	8
Movement in discount on provisions and financial liabilities	15	21
Other interest payable	4	-
Total finance costs	1,057	963

The interest relates to financial assets and liabilities carried at amortised cost.

7. Taxation

a) Analysis of tax charge in the year

Tax charge based on the profit for the year:

	2014 £'000	2013 £'000 (Restated)
Current income tax:		
UK corporation tax on profits for the year	12,854	12,245
Adjustments in respect of prior years	(257)	204
Total current tax	12,597	12,449
Deferred tax:		
Origination and reversal of temporary differences	315	(834)
Deferred tax rate change	(994)	(327)
Adjustments in respect of prior years	(368)	(123)
Total deferred tax	(1,047)	(1,284)
Tax on profit on ordinary activities	11,550	11,165

Tax relating to items charged or credited to other comprehensive income or directly to equity:

Group	2014 £'000	2013 £'000 (Restated)
<i>Recognised in Group statement of comprehensive income</i>		
Deferred tax on revaluation of cash flow hedges	(3)	15
Deferred tax on actuarial (loss)/ gain on defined benefit pension scheme	(735)	293
	(738)	308
<i>Recognised in Group statement of changes in equity</i>		
Deferred tax on share-based payments	(246)	(370)
Corporation tax credit on share options exercised	(323)	(140)
	(569)	(510)
Total tax credit recognised directly in equity	(1,307)	(202)

Company	2014 £'000	2013 £'000
<i>Recognised in Company statement of changes in equity</i>		
Deferred tax credit on share-based payments	(129)	(91)
Total tax credit recognised directly in equity	(129)	(91)

b) Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2014 £'000	2013 £'000 (Restated)
Profit on ordinary activities before tax	54,757	47,304
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23 per cent (2013: 24 per cent)	12,594	11,353
Effect of:		
Disallowed expenses	374	190
Deferred tax rate change	(994)	(327)
Share-based payment deduction	201	(132)
Adjustments in respect of prior years	(625)	81
Total tax charge for the year	11,550	11,165

NOTES TO THE ACCOUNTS (CONTINUED)

7. Taxation (continued)

c) Deferred tax

The deferred tax included in the Group balance sheet is as follows:

Group	2014 £'000	2013 £'000
Deferred tax liability in the balance sheet		
Accelerated capital allowances	6,438	8,179
Biological assets	1,037	-
Rollover and holdover relief	65	78
Other temporary differences	(209)	44
Share-based payments	(1,288)	(1,582)
Deferred tax on defined benefit pension scheme	(1,306)	(772)
Deferred tax liability	4,737	5,947

The deferred tax included in the income statement is as follows:

	2014 £'000	2013 £'000 (Restated)
Deferred tax in the income statement		
Accelerated capital allowances	(1,946)	(1,011)
Biological assets	288	-
Other temporary differences	(132)	(136)
Share-based payments	542	(354)
Deferred tax on defined benefit pension scheme	201	217
Deferred tax credit	(1,047)	(1,284)

The deferred tax included in the Company balance sheet is as follows:

Company	2014 £'000	2013 £'000
Deferred tax asset in the balance sheet		
Accelerated capital allowances	(26)	(23)
Other temporary differences	(17)	(118)
Share-based payments	(497)	(424)
Deferred tax asset	(540)	(565)

d) Temporary differences associated with Group investments

At 31 March 2014 a £nil tax liability has been recognised (2013: £nil) in respect of any taxes that would be payable on the unremitted earnings of certain subsidiaries, as receipt by the Group of any dividends would be exempt from UK corporation tax. There are no income tax consequences to the Group in relation to dividends paid to Shareholders.

e) Change in corporation tax rate

The main rate of corporation tax in the UK reduced from 24 per cent to 23 per cent from 1 April 2013. Further reductions in the corporation tax rate to 21 per cent from 1 April 2014 and 20 per cent from 1 April 2015 were enacted before the balance sheet date. Deferred tax is therefore provided at 20 per cent.

8. Profit attributable to members

Of the profit attributable to members, the sum of £17,344,000 (2013: £16,826,000) has been dealt with in the accounts of Cranswick plc.

9. Equity dividends

	2014 £'000	2013 £'000
Declared and paid during the year:		
Final dividend for 2013 – 20.6p per share (2012: 19.5p)	10,025	9,381
Interim dividend for 2014 – 10.0p per share (2013: 9.4p)	4,878	4,543
Dividends paid	14,903	13,924
Proposed for approval of Shareholders at the Annual General Meeting on 28 July 2014:		
Final dividend for 2014 – 22.0p (2013: 20.6p)	10,772	9,997

10. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to members of the parent company of £43,207,000 (2013: £36,139,000 as restated) by the weighted average number of shares outstanding during the year. In calculating diluted earnings per share amounts, the weighted average number of shares is adjusted for the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

The weighted average number of ordinary shares for both basic and diluted amounts was as per the table below:

	2014 Thousands	2013 Thousands
Basic weighted average number of shares	48,734	48,257
Dilutive potential ordinary shares – share options	191	137
	48,925	48,394

Adjusted earnings per share

During the year the Group released the contingent consideration liability in relation to the acquisition of Kingston Foods Limited (note 14). In addition, the Group made the Wayland and Wold Farms acquisitions described in note 14, and subsequently recognised a profit on the IAS 41 valuation movement on biological assets acquired. In the prior year the Group impaired freehold property, plant and equipment to their fair value at its mothballed production facility in East Lancashire. The property has subsequently been demolished and the land is in the process of being sold.

As the release of contingent consideration and the impairment of property, plant and equipment do not form part of the ongoing business of the Group and due to the volatility of the valuation of biological assets the Directors consider it appropriate to present an adjusted measure of earnings per share on the face of the income statement which excludes the effects of these items to provide a more meaningful measure of the underlying performance of the business. Adjusted earnings per share are calculated using the weighted average number of shares for both basic and diluted amounts as detailed above.

Adjusted profit for the year is derived as follows:

	2014 £'000	2013 £'000 (Restated)
Profit for the year	43,207	36,139
Impairment of property, plant and equipment	-	1,836
Release of contingent consideration	(1,086)	-
Net IAS 41 valuation movement on biological assets	(1,441)	-
Tax on net IAS 41 valuation movement on biological assets	288	-
Adjusted profit for the year	40,968	37,975

NOTES TO THE ACCOUNTS (CONTINUED)

11. Intangible assets

Group	Goodwill £'000	Customer relationships £'000	Total £'000
Cost			
At 31 March 2012	127,763	-	127,763
On acquisition of subsidiary (note 14)	5,488	795	6,283
At 31 March 2013	133,251	795	134,046
On acquisition of subsidiary (note 14)	1,691	-	1,691
At 31 March 2014	134,942	795	135,737
Amortisation and impairment			
At 31 March 2012	4,924	-	4,924
Amortisation	-	119	119
At 31 March 2013	4,924	119	5,043
Amortisation	-	159	159
At 31 March 2014	4,924	278	5,202
Net book value			
At 31 March 2012	122,839	-	122,839
At 31 March 2013	128,327	676	129,003
At 31 March 2014	130,018	517	130,535

Impairment testing

Goodwill is subject to annual impairment testing. Goodwill acquired through business combinations has been allocated for impairment testing purposes to the following principal cash-generating units:

Cash generating unit	2014 £'000	2013 £'000
Fresh pork	12,231	12,231
Livestock	1,691	-
Cooked meats	90,167	90,167
Sandwiches	11,602	11,602
Continental Fine Foods	10,968	10,968
Other	3,359	3,359
	130,018	128,327

Assumptions used

The recoverable amount for each cash generating unit has been determined based on value in use calculations using annual budgets for each business for the following year, approved by the Board of Directors, and cash flow projections for the next four years. Forecast replacement capital expenditure is included from budgets and thereafter capital is assumed to represent 100 per cent of depreciation.

Subsequent cash flows are forecast to grow in line with an assumed long-term industry growth rate of between 3 and 5 per cent derived from third party market information, including Kantar Worldpanel data.

A pre-tax discount rate of 7.4 per cent has been used (2013: 8.3 per cent) being management's estimate of the weighted average cost of capital.

The calculation is most sensitive to the following assumptions:

Sales volumes

Sales volumes are influenced by the growth of the underlying food segment, the market shares of our customers, selling prices, and the quality of our products and service. Historical volumes are used as the base and adjusted over the projection period in line with current growth rates.

Gross margin

Gross margin depends upon average selling prices, the cost of raw materials and changes in the cost of production overheads. Historical margins are used as the base, adjusted for management's expectations derived from experience and with reference to budget forecasts.

Discount rates

All calculations of this nature are sensitive to the discount rate used. Management's estimate of the weighted average cost of capital has been used for each cash generating unit.

Sensitivity

Following the impairment of goodwill attributable to the Sandwiches cash generating unit in 2011–12, management believes that currently there is no reasonably possible change to the assumptions that would reduce the value in use below the value of the carrying amount for any of the Group's cash generating units. Assumptions and projections are updated on an annual basis.

NOTES TO THE ACCOUNTS (CONTINUED)

12. Property, plant and equipment

Group	Freehold land and buildings £'000	Leasehold improvements £'000	Plant, equipment and vehicles £'000	Assets in the course of construction £'000	Total £'000
Cost					
At 31 March 2012	67,861	9,012	139,099	-	215,972
Additions	4,658	77	22,512	5,957	33,204
On acquisition	-	91	591	-	682
Transfers between categories	7,536	(6,070)	(1,466)	-	-
Disposals	(19)	-	(570)	-	(589)
At 31 March 2013	80,036	3,110	160,166	5,957	249,269
Additions	5,287	61	12,416	5,095	22,859
On acquisition	2,633	-	1,630	-	4,263
Transfers between categories	4,459	-	653	(5,112)	-
Disposals	(2,242)	-	(2,841)	-	(5,083)
At 31 March 2014	90,173	3,171	172,024	5,940	271,308
Depreciation					
At 31 March 2012	5,328	4,915	74,876	-	85,119
Charge for the year	1,597	223	13,666	-	15,486
Transfers between categories	3,428	(3,428)	-	-	-
Impairment loss	1,548	-	238	-	1,786
Relating to disposals	-	-	(508)	-	(508)
At 31 March 2013	11,901	1,710	88,272	-	101,883
Charge for the year	1,766	187	15,878	-	17,831
Relating to disposals	(2,242)	-	(2,742)	-	(4,984)
At 31 March 2014	11,425	1,897	101,408	-	114,730
Net book amounts					
At 31 March 2012	62,533	4,097	64,223	-	130,853
At 31 March 2013	68,135	1,400	71,894	5,957	147,386
At 31 March 2014	78,748	1,274	70,616	5,940	156,578

Included in freehold land and buildings is land with a cost of £7,927,000 (2013: £6,640,000) which is not depreciated relating to the Group and £509,000 (2013: £509,000) relating to the Company.

Cost includes £1,082,000 (2013: £1,026,000) in respect of capitalised interest. £56,000 of interest, which was the whole amount eligible, was capitalised during the year (2013: £25,000). The rate used to determine the amount of borrowing costs eligible for capitalisation was 1.75 per cent (2013: 1.53 per cent) which is the effective rate of the borrowing used to finance the construction.

The Directors believe that the fair value of the property, plant and equipment is not materially different to the net book amounts presented above.

Impairment

During the prior year the Board took the decision to demolish its mothballed production facility in East Lancashire following considerable investment in increased capacity at other Group locations in preference to utilising these premises as previously planned. The book value of the property, plant and equipment was £1,836,000. The fair value, which relates solely to the land, was determined by an independent valuer as £50,000, giving rise to an impairment loss of £1,786,000. A further £50,000 was accrued for demolition of the property giving a total income statement impairment charge of £1,836,000.

Company	Freehold land and buildings £'000	Plant, equipment and vehicles £'000	Total £'000
Cost			
At 31 March 2012	509	406	915
Additions	-	21	21
At 31 March 2013	509	427	936
Additions	-	17	17
Disposals	-	(22)	(22)
At 31 March 2014	509	422	931
Depreciation			
At 31 March 2012	-	317	317
Charge for the year	-	44	44
At 31 March 2013	-	361	361
Charge for the year	-	31	31
Relating to disposals	-	(9)	(9)
At 31 March 2014	-	383	383
Net book amounts			
At 31 March 2012	509	89	598
At 31 March 2013	509	66	575
At 31 March 2014	509	39	548

13. Investments

Company	Subsidiary undertakings £'000
Shares at cost:	
At 31 March 2012	158,338
Capital contribution relating to share options	874
At 31 March 2013	159,212
Capital contribution relating to share options	758
At 31 March 2014	159,970

The principal subsidiary undertakings during the year were:

- Cranswick Country Foods plc
- Cranswick Gourmet Pastry Company Limited (100 per cent owned by Cranswick Country Foods plc)
- Wayland Farms Limited (100 per cent owned by Cranswick Country Foods plc)
- Wold Farms Limited (100 per cent owned by Cranswick Country Foods plc)
- Cranswick Convenience Foods Limited
- Kingston Foods Limited (100 per cent owned by Cranswick Convenience Foods Limited)
- The Sandwich Factory Group Limited (registered in Scotland)
- The Sandwich Factory Holdings Limited (100 per cent owned by The Sandwich Factory Group Limited)

Except where otherwise stated, each of the companies is registered in England and Wales and Cranswick plc holds directly 100 per cent of the shares and voting rights of each subsidiary undertaking.

In April 2009 the Group disposed of its pet and aquatics segment, retaining a 5.5 per cent share of both businesses. Following a subsequent reorganisation Cranswick plc sold its 5.5 per cent investment in the pet products business on 5 April 2012 for a consideration of £221,000. The consideration for the sale was received in cash in the prior year. The transaction resulted in the Group retaining its 5.5 per cent interest in the Aquatics business; this interest was later reduced to a 3.3 per cent holding of Tropical Marine Centre (2012) Limited following a further reorganisation and change in major shareholders. The investment, being an unquoted entity, the value of which cannot be reliably measured, is held at a carrying value of £nil.

NOTES TO THE ACCOUNTS (CONTINUED)

14. Acquisitions

2014 – Wayland Farms Limited and Wold Farms Limited

On 29 April 2013, the Group acquired 100 per cent of the issued share capital of East Anglian Pigs Limited (renamed Wayland Farms Limited) for a total consideration of £13.5 million.

On 20 August 2013, the Group incorporated a new company: Wold Farms Limited. On 13 September 2013, Wold Farms Limited acquired certain trade and assets of Dent Limited for a total consideration of £2.0 million and subsequently, on 19 December 2013, acquired further Dent Limited trade and assets from the administrator for a total consideration of £1.5 million. The principal activities of both Wayland Farms Limited and Wold Farms Limited are pig breeding, rearing and finishing. The acquisitions give the Group greater control over its supply chain.

Fair values of the net assets at the date of acquisition were as follows:

	Fair values		
	Wayland Farms Limited £'000	Wold Farms Limited (provisional) £'000	Total £'000
Net assets acquired:			
Property, plant and equipment	3,828	435	4,263
Biological assets	10,550	2,550	13,100
Inventories	398	62	460
Trade receivables	1,368	-	1,368
Bank and cash balances	2,540	-	2,540
Trade payables	(3,258)	-	(3,258)
Provisions	(150)	-	(150)
Financial liabilities	(1,500)	-	(1,500)
Finance lease obligations	(603)	-	(603)
Corporation tax liability	(148)	-	(148)
Deferred tax liability	(905)	84	(821)
	12,120	3,131	15,251
Goodwill arising on acquisition	1,355	336	1,691
Total consideration	13,475	3,467	16,942
Satisfied by:			
Cash	13,475	3,467	16,942
Analysis of cash flows on acquisition:			
<i>Included within cash flows from investing activities</i>			
Cash consideration paid	13,475	3,467	16,942
Cash and cash equivalents acquired	(2,540)	-	(2,540)
	10,935	3,467	14,402
<i>Included within net cash from operating activities</i>			
Transaction costs of the acquisition	211	121	332
Net cash outflow arising on acquisition	11,146	3,588	14,734

The fair values on the Wold Farms transactions remain provisional due to their timing and will be finalised within twelve months of the respective transaction dates.

From the date of acquisition, the external revenues of Wayland Farms Limited were £10.8 million and the company contributed a net profit after tax (excluding the IAS 41 valuation movement on biological assets) of £2.5 million to the Group. If the Wayland Farms Limited combination had taken place at the beginning of the year, the Group's profit after tax for the year would have been unchanged at £43.2 million and revenues would have been £995.6 million.

In the period since acquisition, the external revenues of Wold Farms Limited were £nil and the Company contributed a net loss after tax of £0.2 million to the Group. Due to the nature of the two transactions, with only a proportion of the trade and assets of Dent Limited being acquired, the Directors consider it impracticable to assess the impact of Wold Farms Limited on the revenues and profit after tax of the Group had the combination taken place at the beginning of the period.

Included in the £1,691,000 of goodwill recognised are certain intangible assets that cannot be individually separated from the acquirees and reliably measured due to their nature. These items include the expected value of synergies, the assembled workforces and the strategic benefits of vertical integration including security of supply.

Transaction costs of £211,000 and £121,000 have been expensed in relation to Wayland Farms Limited and Wold Farms Limited respectively, and are included in administrative expenses.

All of the trade receivables acquired were, or are expected to be, collected in full.

2013 – Kingston Foods Limited

On 29 June 2012, the Group acquired 100 per cent of the issued share capital of Kingston Foods Limited for a total consideration of £8.9 million. The principal activity of Kingston Foods Limited is the manufacture and distribution of cooked meat and poultry products and the acquisition is expected to enlarge the customer base of the Group.

Fair values of the net assets at the date of acquisition were as follows:

	Fair value £'000
Net assets acquired:	
Customer relationships	795
Property, plant and equipment	682
Inventories	433
Trade receivables	1,743
Bank and cash balances	1,857
Trade payables	(1,615)
Provisions	(187)
Corporation tax liability	(97)
Deferred tax liability	(200)
	3,411
Goodwill arising on acquisition	5,488
Total consideration	8,899
Satisfied by:	
Cash	7,843
Contingent consideration	1,056
	8,899
Analysis of cash flows on acquisition:	
<i>Included within cash flows from investing activities</i>	
Cash consideration paid	7,843
Cash and cash equivalents acquired	(1,857)
	5,986
<i>Included within net cash from operating activities</i>	
Transaction costs of the acquisition	145
Net cash outflow arising on acquisition	6,131

From the date of acquisition to 31 March 2013, the acquired business contributed £11.6 million of revenue and a net profit after tax of £0.7 million to the Group. If the combination had taken place at the beginning of the prior year, the Group's profit after tax for the prior year would have been £36.6 million and revenues would have been £879.2 million.

14. Acquisitions (continued)

Included in the £5,488,000 of goodwill recognised above, are certain intangible assets that cannot be individually separated from the acquiree and reliably measured due to their nature. These items include the expected value of synergies and an assembled workforce.

Transaction costs of £145,000 were expensed and included in administration expenses in the prior year.

Contingent consideration

The agreement included contingent consideration payable in cash to the previous owners of Kingston Foods Limited based on the performance of the business over a three year period from acquisition. The amount payable was between £nil and £2.5 million dependent on the average EBITDA of the business during the three year period versus an agreed target level.

The fair value of the contingent consideration at 31 March 2013 was estimated at £1,121,000, discounted in the table on page 93.

Subsequently, during the year, £1,086,000 of contingent consideration was released to the income statement, being the full amount accrued, which reflects the Directors' current expectations of the anticipated performance of the business over the three year period from acquisition.

15. Biological assets

The Group's biological assets consist of pigs in the form of breeding sows (classified as non-current assets) and their progeny for processing within the Group and externally (classified as current assets).

Reconciliation of carrying amounts of livestock:

Group	Total £'000
At 31 March 2012 and 31 March 2013	-
On acquisition	13,100
Increases due to purchases	8,426
Decrease attributable to harvest	(34,743)
Decreases attributable to sales	(10,772)
Changes in fair value less estimated costs to sell	38,706
At 31 March 2014	14,717

Group	2014 £'000	2013 £'000
Non-current biological assets	1,174	-
Current biological assets	13,543	-
	14,717	-

Group	2014 £'000	2013 £'000
Net IAS 41 valuation movement on biological assets*		
Changes in fair value of biological assets	38,706	-
Biological assets transferred to cost of sales	(37,265)	-
	1,441	-

* This represents the difference between operating profit prepared under IAS 41 and operating profit prepared under historical cost accounting, which forms part of the reconciliation to adjusted operating profit.

The Group's valuation model for biological assets utilises quoted (unadjusted) prices in an active market for the valuation of finished pigs, sucklers and weaners (Level 1 in the fair value hierarchy as detailed in note 22). The valuation of sows and boars is based on recent transactions for similar assets (Level 2 in the fair value hierarchy).

Additional information:

Group	2014 No.	2013 No.
Quantities at year end:		
Breeding sows (bearer biological assets)	16,875	-
Boars	433	-
Pigs (consumable biological assets)	172,526	-
Number of pigs produced in the year	320,133	-

NOTES TO THE ACCOUNTS (CONTINUED)

16. Inventories

Group	2014 £'000	2013 £'000
Raw materials	34,967	34,688
Finished goods and goods for resale	12,459	13,775
	47,426	48,463

17. Trade and other receivables

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Financial assets:				
Trade receivables	84,292	82,556	-	-
Amounts owed by Group undertakings	-	-	26,256	14,870
Other receivables	5,375	4,814	23	236
	89,667	87,370	26,279	15,106
Non-financial assets:				
Prepayments and accrued income	8,108	5,727	252	263
	97,775	93,097	26,531	15,369

Financial assets are carried at amortised cost. As at 31 March, the analysis of trade receivables that were past due but not impaired was as follows:

Group	Trade receivables £'000	Of which: Not due £'000	Past due date in the following periods:		
			Less than 30 days £'000	Between 30 and 60 days £'000	More than 60 days £'000
			£'000	£'000	£'000
2014	84,292	74,695	7,475	929	1,193
2013	82,556	72,738	7,830	960	1,028

Trade receivables are non-interest bearing and are generally on 30 – 60 day terms and are shown net of any provision for impairment. As at 31 March 2014, trade receivables at nominal value of £583,000 (2013: £631,000) were impaired and fully provided for. Provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Movements in the provision for impairment of receivables were as follows:

Group	£'000
Bad debt provision	
At 31 March 2012	1,162
Provided in year	199
Written off	(730)
At 31 March 2013	631
Provided in year	8
Utilised	(6)
Released	(50)
At 31 March 2014	583

There are no bad debt provisions against other receivables.

18. Financial assets

Group	2014 £'000	2013 £'000
Current		
Loans receivable	396	696
Impairment provision	(396)	-
	-	696
Non-current		
Loans receivable	-	702

Loans of £396,000 (2013: £1,398,000) are receivable from Dent Limited, a supplier to the Group. Dent Limited went into administration on 2 December 2013; as a result the loans receivable from Dent Limited have been fully provided. Repayment of the loan, which was held at amortised cost, was receivable in 43 equal monthly instalments which commenced on 30 September 2011. Interest was receivable on the loan at Bank of England base rate plus 3 per cent.

The Company had no financial assets at the end of either year.

19. Trade and other payables

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Current				
Trade payables	80,315	71,340	274	149
Amounts owed to Group undertakings	-	-	46,621	36,118
Other payables	28,420	34,714	4,191	6,179
Deferred income – government grants	71	55	-	-
	108,806	106,109	51,086	42,446
Non-current				
Deferred income – government grants	409	410	-	-
	409	410	-	-

The maturity profile of bank loans is as follows:

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
In one year or less	-	-	-	-
Between one year and two years	-	-	-	-
Between two years and five years	30,000	29,000	30,000	29,000
	30,000	29,000	30,000	29,000
Unamortised issue costs	(1,102)	(502)	(1,102)	(502)
	28,898	28,498	28,898	28,498

The bank facilities for both years are unsecured and subject to normal bank covenant arrangements.

21. Provisions

Group	Lease provisions £'000
At 31 March 2013	190
Arising on acquisition	150
Movement on discount	3
At 31 March 2014	343

Analysed as:

Group	2014 £'000	2013 £'000
Current liabilities	-	-
Non-current liabilities	343	190
	343	190

Lease provisions are held against dilapidation obligations on leased properties. These provisions are expected to be utilised over the next five years. There are no provisions held by the Company.

NOTES TO THE ACCOUNTS (CONTINUED)

22. Financial instruments

An explanation of the Company and Group's financial instruments risk management strategy is set out on page 60 in the Directors' Report.

Interest rate risk profile of financial assets and liabilities

The interest rate profile of the interest earning financial assets and interest bearing liabilities of the Group as at 31 March 2014 and their weighted average interest rates is set out below:

As at 31 March 2014

Group	Weighted average effective interest rate %	Total £'000	At floating interest rates £'000	Fixed interest		
				1 year or less £'000	1-2 years £'000	2-3 years £'000
Financial liabilities:						
Revolving credit facility	1.29%	(30,000)	(30,000)	-	-	-
Finance leases and hire purchase contracts	5.13%	(309)	-	(309)	-	-
		(30,309)	(30,000)	(309)	-	-
Financial assets:						
Cash at bank	0.00%	12,223	12,223	-	-	-
		(18,086)	(17,777)	(309)	-	-

As at 31 March 2013

Group	Weighted average effective interest rate %	Total £'000	At floating interest rates £'000	Fixed interest		
				1 year or less £'000	1-2 years £'000	2-3 years £'000
Financial liabilities:						
Bank overdrafts	2.00%	(549)	(549)	-	-	-
Revolving credit facility	1.50%	(29,000)	(29,000)	-	-	-
Finance leases and hire purchase contracts	6.32%	(55)	-	(55)	-	-
		(29,604)	(29,549)	(55)	-	-
Financial assets:						
Cash at bank	0.00%	7,633	7,633	-	-	-
Loans receivable	3.50%	1,398	1,398	-	-	-
		(20,573)	(20,518)	(55)	-	-

The maturity profile of bank loans is set out in note 20.

The interest rate profile of the interest earning financial assets and interest bearing liabilities of the Company as at 31 March 2014 and their weighted average interest rates is set out below:

As at 31 March 2014

Company	Weighted average effective interest rate %	Total £'000	At floating interest rates £'000	Fixed interest		
				1 year or less £'000	1-2 years £'000	2-3 years £'000
Financial liabilities:						
Amounts owed to Group undertakings	2.00%	(153,400)	(153,400)	-	-	-
Revolving credit facility	1.29%	(30,000)	(30,000)	-	-	-
		(183,400)	(183,400)	-	-	-
Financial assets:						
Cash at bank	0.00%	8,251	8,251	-	-	-
		(175,149)	(175,149)	-	-	-

As at 31 March 2013

Company	Weighted average effective interest rate %	Total £'000	At floating interest rates £'000	Fixed interest		
				1 year or less £'000	1-2 years £'000	2-3 years £'000
Financial liabilities:						
Amounts owed to Group undertakings	2.00%	(139,400)	(139,400)	-	-	-
Revolving credit facility	1.50%	(29,000)	(29,000)	-	-	-
		(168,400)	(168,400)	-	-	-
Financial assets:						
Cash at bank	0.00%	5,169	5,169	-	-	-
		(163,231)	(163,231)	-	-	-

Currency profile

The Group's financial assets at 31 March 2014 include sterling denominated cash balances of £11,363,000 (2013: £7,320,000), euro £117,000 (2013: £119,000) and US dollar £743,000 (2013: £186,000), all of which are held in the UK. The Group's financial liabilities include sterling denominated overdraft balances of £nil (2013: £66,000) and euro £nil (2013: £483,000), all of which are held in the UK.

The proportion of the Group's net assets denominated in foreign currencies is immaterial.

The Group's other financial assets and liabilities are denominated in sterling.

Credit risk

The Group makes a significant proportion of its sales to the major UK supermarket groups, which correspondingly represent a significant proportion of the Group's trade receivables at any one time. Based on the financial strength of these customers, the Directors do not consider that the Group faces a significant credit risk in this regard. Debts with other customers, which represent a smaller proportion of the Group's trade receivables, are considered to provide greater risk, particularly in the current economic climate. These debts are reviewed on a regular basis by credit controllers and senior management and prudent provision is made when there is objective evidence that the Group will not be able to recover balances in full.

NOTES TO THE ACCOUNTS (CONTINUED)

22. Financial instruments (continued)

All cash financial assets are held by UK financial institutions. The maximum credit exposure relating to financial assets is represented by their carrying values as at the balance sheet date.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

The Group's forward currency contracts are measured using Level 2 of the fair value hierarchy. The valuations are provided by the Group's bankers from the proprietary valuations models and are based on mid-market levels as at close of business on the Group's year end reporting date.

The Group's 3.3 per cent retained shareholding in the aquatics business Tropical Marine Centre (2012) Limited would have been classified as Level 3; however as the investment is an unquoted entity and cannot be reliably measured the Directors consider that its value is immaterial and no fair value has been applied.

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties on an arm's length basis. The fair value of floating rate assets and liabilities is estimated to be equivalent to book value. All derivative financial instruments are shown in the balance sheet at fair value.

Group	2014		2013	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Forward currency contracts	(18)	(18)	(4)	(4)

The book value of trade and other receivables, trade and other payables cash balances, loans receivable, overdrafts, amounts outstanding under revolving credit facilities and finance leases and hire purchase contracts equates to fair value for the Group and Company.

Hedges

Financial instruments designated as cash flow hedges are held at fair value in the balance sheet. The Group hedges the following cash flows:

i) Forward contracts to hedge expected future purchases

The Group hedges a proportion of its near-term expected purchases denominated in overseas currencies. Where these hedges meet the hedge criteria of IAS 39 changes in fair value are posted directly to other comprehensive income and subsequently reclassified through the income statement at the time that the hedged item affects profit or loss.

Group

Currency	Amount	Maturities	Exchange rates	Fair value £'000
Euros	10,150,000	1 April 2014 – 2 October 2014	€1.20 – €1.23	(18)
Sterling	2,481,000	11 April 2014 – 30 May 2014	£0.82 – £0.83	-

These contracts were effective cash flow hedges under the criteria set out in IAS 39 and therefore fair value gains and losses related to the contracts were recognised directly in other comprehensive income.

The Company does not hold any forward contracts.

Interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). There is no material impact on the Group's equity.

Currency derivatives have not been included in the sensitivity analysis below as they are not considered to be exposed to interest rate risk.

	Increase/ decrease in basis points	Effect on profit before tax £'000
2014		
Sterling	+100	(529)
	-100	529
2013		
Sterling	+100	(413)
	-100	413

NOTES TO THE ACCOUNTS (CONTINUED)

22. Financial instruments (continued)

Liquidity risk

The tables below summarise the maturity profile of the Group's financial liabilities at 31 March 2014 and 2013 based on contractual undiscounted payments:

At 31 March 2014

Group	Less than 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	Total £'000
Revolving credit facility	386	386	29,901	30,673
Finance leases and hire purchase contracts	310	-	-	310
Trade and other payables	108,735	-	-	108,735
	109,431	386	29,901	139,718

At 31 March 2013

Group	Less than 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	Total £'000
Bank overdraft	549	-	-	549
Revolving credit facility	434	434	29,145	30,013
Finance leases and hire purchase contracts	56	-	-	56
Trade and other payables	106,054	-	-	106,054
	107,093	434	29,145	136,672

At 31 March 2014

Company	Less than 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	Total £'000
Revolving credit facility	386	386	29,901	30,673
Trade and other payables	51,086	-	-	51,086
	51,472	386	29,901	81,759

At 31 March 2013

Company	Less than 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	Total £'000
Revolving credit facility	434	434	29,145	30,013
Trade and other payables	42,446	-	-	42,446
Cross guarantees (note 27)	549	-	-	549
	43,429	434	29,145	73,008

The impact of liquidity risk on the Group is discussed in detail in the Directors' Report on page 60.

23. Called-up share capital

Allotted, called-up and fully paid – Ordinary shares of 10 pence each

Group and Company	2014 Number	2013 Number	2014 £'000	2013 £'000
At 1 April	48,527,532	48,034,791	4,853	4,803
On exercise of share options	243,021	182,958	24	19
Scrip dividends	191,336	309,783	19	31
At 31 March	48,961,889	48,527,532	4,896	4,853

On 6 September 2013, 111,212 ordinary shares were issued at 1,152.0 pence as a result of Shareholders exercising the scrip dividend option in lieu of the cash payment for the 2013 final dividend.

On 24 January 2014, 80,124 ordinary shares were issued at 1,151.0 pence as a result of Shareholders exercising the scrip dividend option in lieu of the cash payment for the 2014 interim dividend.

During the course of the year, 243,021 ordinary shares were issued to employees exercising SAYE and LTIP options at prices between nil and 692.0 pence.

Ordinary share capital of £88,382 is reserved for allotment under the Savings Related Share Options Schemes and Long Term Incentive Plans (LTIP). The options are exercisable as follows:

	Number	Exercise price	Exercise period
Savings related	1,553	679p	March 2010 – October 2014
Savings related	3,911	665p	March 2011 – October 2015
Savings related	13,705	474p	March 2012 – October 2016
Savings related	31,771	594p	March 2013 – October 2017
Savings related	24,647	692p	March 2014 – October 2018
Savings related	171,792	579p	March 2015 – October 2019
Savings related	113,849	629p	March 2016 – October 2018
Savings related	85,179	916p	March 2017 – October 2019
LTIP	1,064,888	Nil	June 2014 – June 2023

On 7 September 2012, 187,694 ordinary shares were issued at 827.5 pence as a result of Shareholders exercising the scrip dividend option in lieu of the cash payment for the 2012 final dividend.

On 25 January 2013, 122,089 ordinary shares were issued at 791.9 pence as a result of Shareholders exercising the scrip dividend option in lieu of the cash payment for the 2013 interim dividend.

During the course of the year, 182,958 ordinary shares were issued to employees exercising SAYE and LTIP options at prices between nil and 679.0 pence.

NOTES TO THE ACCOUNTS (CONTINUED)

24. Share-based payments

The Group operates two share option schemes, a HMRC approved "Save As You Earn" scheme (SAYE) and a Long Term Incentive Plan (LTIP), both of which are equity settled. The total expense charged to the income statement during the year in relation to share-based payments was £1,014,000 (2013: £1,162,000).

Long Term Incentive Plan (LTIP)

During the course of the year 317,100 options at nil cost were granted to Directors and senior executives, the share price at that time was 1,127.0 pence. Details of the performance criteria relating to the LTIP scheme can be found in the Directors' Remuneration report on page 50. The maximum term of LTIP options is ten years.

Group	2014 Number	2014 WAEP (£)	2013 Number	2013 WAEP (£)
Outstanding as at 1 April	1,071,891	-	786,900	-
Granted during the year (i)	317,100	-	394,500	-
Lapsed during the year	(152,313)	-	(12,789)	-
Exercised during the year (ii)	(171,790)	-	(96,720)	-
Outstanding as at 31 March (iii)	1,064,888	-	1,071,891	-
Exercisable at 31 March	-	-	73,191	-

Company	2014 Number	2014 WAEP (£)	2013 Number	2013 WAEP (£)
Outstanding as at 1 April	721,539	-	525,700	-
Granted during the year (i)	201,100	-	264,500	-
Lapsed during the year	(87,495)	-	(8,211)	-
Exercised during the year (ii)	(114,644)	-	(60,450)	-
Outstanding as at 31 March (iii)	720,500	-	721,539	-
Exercisable at 31 March	-	-	48,639	-

- i) The weighted average fair value of options granted during the year was £10.29 (2013: £7.03). The share options granted during the year were at £nil per share. The share price at the date of grant was £11.27 (2013: £8.01).
- ii) The weighted average share price at the date of exercise for the options exercised was £11.26 (2013: £8.20).
- iii) For the share options outstanding as at 31 March 2014, the weighted average remaining contractual life is 8.11 years (2013: 8.21 years).

The exercise price for all options outstanding at the end of the year was £nil.

All Employee Share Option Scheme (SAYE)

All employees are entitled to a grant of options once they have been in service for two years or more. The exercise price is equal to the market price of the shares less 20 per cent on the date of the grant. The contractual life of the options is three, five or seven years. The maximum term of SAYE options is 3.5, 5.5 or 7.5 years.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, SAYE share options during the year.

Group	2014 Number	2014 WAEP (£)	2013 Number	2013 WAEP (£)
Outstanding as at 1 April	468,286	5.98	460,998	5.84
Granted during the year (i)	87,372	9.16	129,084	6.29
Lapsed during the year	(38,020)	6.29	(35,558)	6.01
Exercised during the year (ii)	(71,231)	5.75	(86,238)	5.69
Outstanding as at 31 March (iii)	446,407	6.61	468,286	5.98
Exercisable at 31 March	3,243	6.86	4,091	6.12

Company	2014 Number	2014 WAEP (£)	2013 Number	2013 WAEP (£)
Outstanding as at 1 April	19,600	5.94	18,567	5.90
Granted during the year (i)	2,690	9.16	3,232	6.29
Lapsed during the year	(1,504)	5.98	(825)	6.56
Exercised during the year (ii)	(1,137)	6.66	(1,374)	5.94
Outstanding as at 31 March (iii)	19,649	6.33	19,600	5.94
Exercisable at 31 March	260	6.92	305	5.94

- i) The share options granted during the year were at £9.16 (2013: £6.29), representing a 20 per cent discount on the price at the relevant date. The share price at the date of grant was £11.86 (2013: £8.49).
- ii) The weighted average share price at the date of exercise for the options exercised was £12.72 (2013: £9.71).
- iii) For the share options outstanding as at 31 March 2014, the weighted average remaining contractual life is 3.59 years (2013: 2.99 years).

The weighted average fair value of options granted during the year was £3.31 (2013: £2.19). The range of exercise prices for options outstanding at the end of the year was £4.74 – £9.16 (2013: £4.74 – £6.92).

The fair value of the SAYE and LTIP equity settled options granted is estimated as at the date of grant using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the years ended 31 March 2014 and 31 March 2013:

Group and Company	2014 LTIP	2014 SAYE	2013 LTIP	2013 SAYE
Dividend yield	3.03%	2.88%	4.35%	4.11%
Expected share price volatility	31.0%	31.0%	31.0%	31.0%
Risk free interest rate	0.51%	0.92% – 1.87%	0.40%	0.37% – 1.21%
Expected life of option	3 years	3, 5 years	3 years	3, 5, 7 years
Exercise prices	£nil	£9.16	£nil	£6.29

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

The initial fair value of LTIP options is adjusted to take into account market-based performance conditions.

NOTES TO THE ACCOUNTS (CONTINUED)

25. Pension schemes

Defined benefit pension scheme

The Group acquired a defined benefit final salary pension scheme during 2009, which is funded by the payment of contributions to separately administered trust funds. The scheme was closed to new members and future accrual on 30 June 2004.

Pension costs are determined with the advice of an independent qualified actuary on the basis of a triennial valuation using the projected unit credit method. The latest available formal actuarial valuation of the scheme was carried out as at 1 January 2013. This valuation was updated to the year end. Plan assets are stated at fair value at the respective balance sheet dates and overall expected rates of return are established by applying published brokers' forecasts to each category of scheme assets.

Restatement of comparatives

IAS 19 (revised) includes a number of amendments to the accounting for defined benefit pension schemes. The principal impact on the Group of the application of this standard is that interest on pension scheme assets is now calculated by reference to the liability discount rate rather than the expected long-term yield on the assets, as was the case previously. The impact of the amendment on profit before tax for the prior year ended 31 March 2013 was to increase finance costs by £135,000, with a resulting reduction of 0.2 pence in both earnings per share and adjusted earnings per share. There was no impact on the reported pension liability as the impact on the income statement is mitigated by an offsetting adjustment in the calculation of actuarial gains and losses in the statement of comprehensive income.

<i>a) Change in benefit obligation</i>	2014 £'000	2013 £'000 (Restated)
Benefit obligation at the beginning of the year	21,535	21,161
Interest cost	935	948
Remeasurement (gains)/ losses:		
Actuarial (gains)/ losses arising from changes in financial assumptions	(764)	519
Actuarial gains arising from changes in demographic assumptions	(251)	-
Other experience items	728	-
Additional liability recognised due to minimum funding requirement	3,457	-
Benefits paid from plan	(419)	(1,093)
Benefit obligation at the end of the year	25,221	21,535
<i>b) Change in plan assets</i>	2014 £'000	2013 £'000 (Restated)
Fair value of plan assets at the beginning of the year	18,178	15,819
Interest income	813	728
Return on plan assets	(1,007)	1,596
Employer contributions	1,128	1,128
Benefits paid from plan	(419)	(1,093)
Fair value of plan assets at the end of the year	18,693	18,178
<i>c) Amounts recognised in the balance sheet</i>	2014 £'000	2013 £'000
Present value of funded obligations	(25,221)	(21,535)
Fair value of plan assets	18,693	18,178
Net liability recorded in the balance sheet	(6,528)	(3,357)

	2014	2013
	£'000	£'000
<i>d) Components of pension cost</i>		(Restated)
Amounts recognised in the income statement:		
Interest cost	935	948
Expected return on plan assets	(813)	(728)
Total pension cost recognised in the income statement	122	220
Actual return on assets		
Actual return on plan assets	(194)	2,324
Amounts recognised in the Group statement of comprehensive income		
Actuarial (losses)/ gains immediately recognised	(4,177)	1,077
Cumulative amount of actuarial losses recognised	(6,067)	(1,890)
The weighted average actuarial assumptions used in the valuation of the scheme were as follows:		
<i>e) Principal actuarial assumptions</i>	2014	2013
Discount rate	4.50%	4.40%
Rate of price inflation	3.15%	3.25%
Revaluation of deferred pensions:		
Benefits accrued prior to 1 January 1998	5.00%	5.00%
Benefits accrued after 1 January 1998	3.15%	3.25%
Rate of compensation increase:		
Benefits accrued prior to 1 January 1997	3.00%	3.00%
Benefits accrued after 1 January 1997	3.15%	3.25%
Future expected lifetime of pensioner at age 65:		
<i>Current pensioners</i>		
Male	22.9	23.1
Female	25.2	25.7
<i>Future pensioners</i>		
Male	25.1	25.1
Female	27.5	27.6

The mortality rates used have been taken from base tables S1PA (CMI 2012 improvements 1.5 per cent long-term rate of improvement) (2013: S1PA (LC 1 per cent floor)).

At 31 March 2014, the average duration of the scheme liabilities was 23 years (2013: 23 years). For deferred pensions the average duration was 24 years (2013: 24 years) and for pensions in payment the average duration was twelve years (2013: twelve years).

The Group's deficit as measured under IFRIC 14 is £6,528,000 as a result of the Group's commitment to future contributions to the scheme. This compares to an underlying IAS 19 deficit of £3,071,000. As a result, the liabilities in the scheme are only sensitive to a reasonable change in the discount rate assumption. A 0.5 per cent increase/ decrease in the discount rate would give rise to a £83,000 decrease/ £85,000 increase in the deficit at 31 March 2014.

The scheme rules require the pension benefits to be uplifted by Retail Price Index (RPI), so there was no financial effect from the statutory requirement to uplift pension benefits by Consumer Price index (CPI) rather than RPI.

NOTES TO THE ACCOUNTS (CONTINUED)

25. Pension schemes (continued)

<i>f) Plan assets</i>	2014 Fair value of plan assets £'000	2013 Fair value of plan assets £'000
<i>Return seeking:</i>		
UK equities	-	2,546
Overseas equities	-	6,046
Diversified growth funds	11,056	-
	11,056	8,592
<i>Debt instruments:</i>		
Corporate bonds	1,293	2,282
Gilts	1,238	-
Index linked bonds	3,369	6,225
	5,900	8,507
<i>Other:</i>		
Property	-	975
Cash	1,737	104
Total	18,693	18,178

All of the plan assets have a quoted price in an active market except for cash, and property in the prior year.

The plan has not invested in any of the Group's own financial instruments nor in any properties or other assets used by the Group.

The Group expects to contribute approximately £1,320,000 to the scheme during the year ending 31 March 2015 in respect of regular contributions and intends to contribute the same amount annually through to November 2019.

The risks to which the plan exposes the entity have been minimised by investing the assets of the scheme across a broad range of return seeking funds and debt instruments.

Defined contribution pension schemes

The Group also operates a number of defined contribution pension schemes whereby contributions are made to schemes operated by major insurance companies. Contributions to these schemes are determined as a percentage of employees' earnings. Contributions owing to the insurance companies at the year end, included in trade and other payables, amounted to £238,000 (2013: £134,000). Contributions during the year totalled £1,460,000 (2013: £1,137,000).

26. Additional cash flow information

Analysis of changes in net debt:

Group	At 31 March 2013 £'000	Cash flow £'000	Other non-cash changes £'000	At 31 March 2014 £'000
Cash and cash equivalents	7,633	4,590	-	12,223
Overdrafts	(549)	549	-	-
	7,084	5,139	-	12,223
Other financial assets	1,398	(1,002)	(396)	-
	8,482	4,137	(396)	12,223
Revolving credit	(28,498)	500	(900)	(28,898)
Finance leases and hire purchase contracts	(55)	349	(603)	(309)
Net debt	(20,071)	4,986	(1,899)	(16,984)

Net debt is defined as cash and cash equivalents and loans receivable less interest bearing liabilities (net of unamortised issue costs).

Group	At 31 March 2012 £'000	Cash flow £'000	Other non-cash changes £'000	At 31 March 2013 £'000
Cash and cash equivalents	20,100	(12,467)	-	7,633
Overdrafts	(1,312)	763	-	(549)
	18,788	(11,704)	-	7,084
Other financial assets	2,094	(696)	-	1,398
	20,882	(12,400)	-	8,482
Revolving credit	(42,246)	14,000	(252)	(28,498)
Finance leases and hire purchase contracts	(298)	243	-	(55)
Net debt	(21,662)	1,843	(252)	(20,071)

NOTES TO THE ACCOUNTS (CONTINUED)

26. Additional cash flow information (continued)

Analysis of changes in net debt:

Company	At 31 March 2013 £'000	Cash flow £'000	Other non-cash changes £'000	At 31 March 2014 £'000
Cash and cash equivalents	5,169	3,082	-	8,251
Revolving credit	(28,498)	(1,000)	600	(28,898)
Net debt	(23,329)	2,082	600	(20,647)

Company	At 31 March 2012 £'000	Cash flow £'000	Other non-cash changes £'000	At 31 March 2013 £'000
Cash and cash equivalents	18,137	(12,968)	-	5,169
Revolving credit	(42,246)	14,000	(252)	(28,498)
Net debt	(24,109)	1,032	(252)	(23,329)

27. Contingent liabilities

The Company, together with its subsidiary undertakings, has entered into a cross guarantee with Lloyds TSB Bank plc, The Royal Bank of Scotland plc and Clydesdale Bank PLC (trading as Yorkshire Bank) (2013: Lloyds TSB Bank plc, The Royal Bank of Scotland plc, Clydesdale Bank PLC (trading as Yorkshire Bank) and Coöperatieve Centrale Raiffeisen-Boerenbank B.A. (trading as Rabobank International)) in respect of the Group's facilities with those banks. Drawn down amounts totalled £30,000,000 as at 31 March 2014 (2013: £29,549,000).

For the Company, the amounts drawn down by other Group companies which were guaranteed by the Company at the year end totalled £nil (2013: £549,000).

28. Commitments

(a) The Directors have contracted for future capital expenditure for property, plant and equipment totalling £6,259,000 (2013: £5,206,000).

(b) The Group's future minimum rentals payable under non-cancellable operating leases are as follows:

Group	2014 £'000	2013 £'000
Not later than one year	4,136	3,620
After one year but not more than five years	5,204	7,892
After five years	3,267	3,282
	12,607	14,794

The Company has no non-cancellable operating leases.

29. Related party transactions

During the year the Group and Company entered into transactions, in the ordinary course of business, with related parties, including transactions between the Company and its subsidiary undertakings. In the Group accounts transactions between the Company and its subsidiaries are eliminated on consolidation but these transactions are reported for the Company below:

Company	Services rendered to related party £'000	Interest paid to related party £'000	Dividends received from related party £'000
Related party – subsidiaries			
2014	17,560	2,724	12,700
2013	19,000	2,066	11,404

Amounts owed by or to subsidiary undertakings are disclosed in notes 17 and 19. Any such amounts are unsecured and repayable on demand.

Remuneration of key management personnel:

Group	2014 £'000	2013 £'000
Short-term employee benefits	4,257	6,698
Post-employment benefits	138	150
Share-based payment	492	621
	4,887	7,469

SHAREHOLDER INFORMATION

FIVE YEAR STATEMENT

	2014 £'m	2013 £'m (Restated)	2012 £'m	2011 £'m	2010 £'m
Turnover	994.9	875.2	820.8	758.4	740.3
Profit before tax	54.8	47.3	48.4	47.1	43.8
Adjusted profit before tax*	52.2	49.1	45.6	47.3	43.8
Earnings per share	88.7p	74.9p	78.6p	74.5p	69.7p
Adjusted earnings per share*	84.1p	78.7p	72.9p	72.8p	69.7p
Dividends per share	32.0p	30.0p	28.5p	27.5p	25.0p
Capital expenditure	22.9	33.2	21.7	35.9	20.5
Net debt	(17.0)	(20.1)	(21.7)	(48.3)	(54.7)
Net assets	302.7	273.7	245.9	220.9	193.6

* Adjusted profit before tax and earnings per share exclude the effects of release of contingent consideration and net IAS 41 valuation movement on biological assets in 2014, impairment of property, plant and equipment in 2013 and impairment of goodwill and the effect of associate in 2012. These are the measures used by the Board to assess the Group's underlying performance.

The comparative for 2013 has been restated to reflect an amendment to IAS 19 Employee Benefits. Further details can be found in notes 2 and 25.

Dividends per share relate to dividends declared in respect of that year.

Net debt is defined as per note 26 to the accounts.

FINANCIAL CALENDAR

Preliminary announcement of full year results	May
Publication of Annual Report	June
Annual General Meeting	July
Payment of final dividend	September
Announcement of interim results	November
Payment of interim dividend	January

SHAREHOLDER ANALYSIS

AT 9 MAY 2014

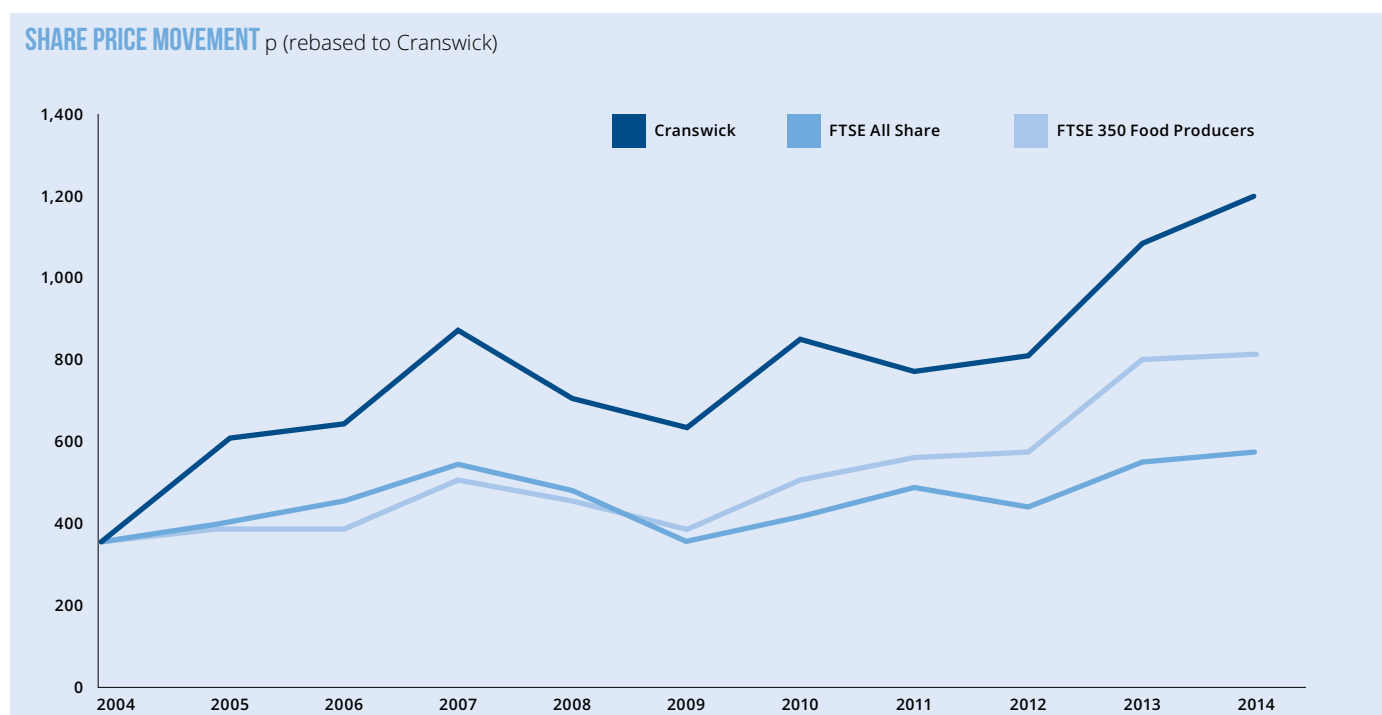
	Number of holdings	Number of shares
Classification		
Private Shareholders	1,134	5,128,999
Corporate bodies and nominees	681	43,835,524
	1,815	48,964,523

Size of holding (shares)		
1 – 1,000	952	378,567
1,001 – 5,000	511	1,171,025
5,001 – 10,000	110	783,373
10,001 – 50,000	136	3,161,798
50,001 – 100,000	39	2,775,384
Above 100,000	67	40,694,376
	1,815	48,964,523

Share price		
Share price at 31 March 2013		986p
Share price at 31 March 2014		1,223p
High in the year		1,321p
Low in the year		986p

Share price movement

Cranswick's share price movement over the ten year period to May 2014 and comparison against the FTSE 350 Food Producers and Processors Price Index ("FTSE FPP") and against the FTSE All Share Price Index ("FTSE All Share"), all rebased to Cranswick's share price at 5 May 2004 (360p), is shown below:



Source: Investec

ADVISERS

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Company number	1074383
Registered Office	74 Helsinki Road Sutton Fields Hull HU7 0YW
Stockbrokers	Investec Investment Banking – London Shore Capital Stockbrokers – Liverpool
Registrars	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU Tel: 0871 664 0300 (calls cost 10 pence per minute plus network extras; lines are open 8.30am to 5.30pm, Monday – Friday). If calling from overseas please call +44 208 639 3399 email: shareholderenquiries@capita.co.uk www.capitaassetservices.com
Auditors	Ernst & Young LLP – Hull
Tax advisers	PricewaterhouseCoopers – Leeds
Solicitors	Rollits LLP – Hull
Bankers	Lloyds TSB Bank plc The Royal Bank of Scotland plc Clydesdale Bank PLC (trading as Yorkshire Bank)
Merchant bankers	N M Rothschild & Sons – Leeds



REGISTERED OFFICE

Cranswick plc, Helsinki Road, Sutton Fields, Hull HU7 0YW
www.cranswick.co.uk