CRANSWICK PLC IS A LEADING AND INNOVATIVE BRITISH SUPPLIER OF PREMIUM, FRESH AND ADDED VALUE FOOD PRODUCTS WITH ANNUAL REVENUES OF £1 BILLION.

OUR DIFFERENTIATORS:

QUALITY page 08
Focus on taste, heritage, authenticity and first class customer service.

VALUE page 17
Maximising returns on investment.

INNOVATION page 27
Delivering new and exciting products.

PEOPLE page 35
Empowering and investing in dedicated and enthusiastic people.

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, Australasian and West African markets.

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

TRADING HIGHLIGHTS
- Excellent strategic and commercial progress
- Revenue up 0.8 per cent to over £1 billion
- Benson Park acquired
- £21 million investment in asset base
- Full year dividend increased 6.3 per cent
- Non-EU export sales up 23 per cent

For further information visit our website CRANSWICK.PL.C.UK
AT A GLANCE

OUR PRODUCT CATEGORIES

- Fresh & Added Value Pork
- Sausages & Burgers
- Traditional Air Dried Bacon & Gammon
- Cooked Meats
- Premium Sandwiches
- Handmade Pastry
- Continental Products
- Premium Cooked Poultry

OUR LOCATIONS

We have developed through a combination of targeted acquisitions and subsequent organic growth, and now serve our customers from twelve state-of-the-art production facilities across the UK.

- Handmade Pastry Malton
- Fresh Pork Hull
- Cooked Meats Hull
- Gourmet Sausages & Burgers Hull
- Premium Cooked Poultry Hull
- Traditional Bacon Sherburn
- Continental Products Manchester
- Cooked Meats Ramsley
- Continental Products Manchester
- Fresh Pork & Sausages Norfolk
- Sandwiches Altonaime
- Cooked Meats Milton Keynes
- Agriculture

OUR KEY CUSTOMERS

- Around 75 per cent of our revenues come from our retail customers, primarily through retailer own label products, particularly the premium and super-premium categories.
- We have a broad retail customer base selling our products into each of the top four UK multiple grocers as well as the growing premium grocery and discounter channels.
- Export sales generate approximately 5 per cent of revenues, with the balance from foodservice customers and sales to other food manufacturing businesses.

OUR PREMIUM BRANDS

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

OUR MARKETS

- Our core market is the United Kingdom, but our export business continues to grow and makes up around 5 per cent of total Group revenues. We export added value products as well as primary fresh pork to Europe, Australasia, West Africa and the US.

23% INCREASE IN NON-EU EXPORT SALES
OUR HISTORY

OUR TRACK RECORD OF CONTINUAL GROWTH

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.

OUR FINANCIAL PROGRESS

Read more about our strategy for future growth on pages 10 and 11.
I AM PLEASED TO REPORT THAT CRANSWICK HAS MADE EXCELLENT STRATEGIC AND COMMERCIAL PROGRESS IN THE LAST YEAR. THIS HAS COME AT A TIME OF A SIGNIFICANT SHIFT IN THE DYNAMICS OF UK FOOD RETAILING AGAINST A BACKDROP OF FOOD PRICE DEFLATION.

HIGHLIGHTS

- Adjusted earnings per share rose 9.5% to £1.587 million.
- Dividend: 10.6 pence per share, 60% covered by Group operating profit.
- Total sales of £1.0 billion were slightly ahead of last year.
- Adjusted operating profit rose 10.1% to £58.7 million.
- Reported profit before taxation was £52.8 million.
- The Group operates on a decentralised asset base and £17.7 million spent on acquisitions.

CASH FLOW

- The borrowings of the business are conservatively structured.
- The Group’s strategy is to maintain relationships with all Shareholders.

OUTLOOK

- Following a year of significant commercial and strategic progress, Cranswick looks forward to the opportunities that lie ahead.
- Cranswick benefits from some of the most efficient and well-invested production facilities in the UK food producer sector.
- In conjunction with our growing international export channels and strategy of diversifying our product portfolio, leaves the Board confident that Cranswick is well positioned to continue its successful long term development.

CHAIRMAN’S STATEMENT

Sales have exceeded £1 billion for the first time, an achievement in which all at the Company can be rightfully proud. This underlines Cranswick’s strong relationship with its customer base and its continued supply of quality food at affordable prices for today’s consumer.

The Board’s strategy for the development of the protein base and customer profile of the business was illustrated by the acquisition, in October 2014, of Benson Park, a leading producer of premium British cooked poultry products serving the fast growing ‘food to go’ sector.

RESULTS

- Total sales of £1.0 billion were slightly ahead of last year and reflect the impact of lower input prices being passed on to customers. Volumes were 3% per cent ahead with growth strongest in the second half, particularly during the final quarter of the year. Continental, Bacon and Sausage were the product areas which saw particularly good increases.
- Underlying sales for the year were comparable to the previous year. Export sales to non-European markets continued to grow with full year volumes increasing strongly compared to the previous year. Adjusted operating profit rose 10.1 per cent to £38.7 million.

Cash Flow

- The borrowings of the business are conservatively structured and the Company’s banking facility is in place through to July 2018. This £120 million unsecured facility provides generous headroom and strategic headroom for the future. Net finance costs were covered 60 times by Group operating profit. Operating cash flow in the period remained strong, notwithstanding the investment in the Groups asset base and £17.7 million spent on acquisitions. Net debt at the end of the year stood at £27.3 million compared to £17.0 million a year earlier.

Dividend

- The Group is proposing to increase the final dividend by 6.4 per cent to 23.4 pence per share, Together with the interim dividend, which was raised 6.0 per cent to 10.4 pence per share, this makes a total dividend for the year of 34 pence per share. Compared to the 32 pence per share paid last year this is an increase of 6.3 per cent. The final dividend, if approved by Shareholders, will be paid on 4 September 2015 to Shareholders on the register at the close of business on 3 July 2015. Shares will go ex-dividend on 2 July 2015.

Outlook

- Following a year of significant commercial and strategic progress for Cranswick, the Board looks forward to the opportunities that lie ahead. Cranswick benefits from some of the most efficient and well-invested production facilities in the UK food producer sector. This, in conjunction with our growing international export channels and strategy of diversifying our product portfolio, leaves the Board confident that Cranswick is well positioned to continue its successful long term development.

Corporate Governance

- The Board is mindful of the UK Corporate Governance Code and embraces this as part of its continued supply of quality food at affordable prices for today’s consumer.
- The Board attached great importance to maintaining relationships with all Shareholders who are kept informed of significant Company developments.

Leadership

- The Board 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.

Remuneration

- Executive remuneration policy is monitored to ensure it is correctly aligned with the Group’s strategy, targets and performance.

Shareholders

- The Board attaches great importance to maintaining relationships with all Shareholders who are kept informed of significant Company developments.
FOCUSED ON REAL QUALITY

With a clear focus on premium quality products and categories, we use authentic, artisan processes wherever possible to maintain the heritage and integrity of our food.

Taste, heritage and authenticity
In 2013 we commissioned our gourmet pastry facility in Malton, North Yorkshire, home to the Yorkshire Baker, to deliver premium quality pastry products. A well thought out design, industry leading equipment and a highly skilled workforce enables us to incorporate fresh, natural, quality ingredients into our recipes to bake great tasting, authentic, hand-made products. This unique bakery facility now produces high quality pies, pasties and sausage rolls for premium retail and travel customers.

First class customer service
We work closely with our customers throughout the product development process to deliver tailored food solutions, to meet the changing demands of the UK consumer. Our passion for quality, service and innovation is channelled into our commitment to continually exceed our customers’ expectations.

For more information on our strategy and business model see pages 20 to 25
OUR STRATEGY

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 can operate as efficiently as possible and to provide a safe and secure working environment for our employees.

Our growth strategy

Our long-term growth strategy is to consolidate existing market positions, develop new products and channels in our core UK market and grow our international operations and customer base. Organic growth initiatives are complemented by targeted acquisitions. In this section we provide an update on progress made during the last financial year and the plans that are in place to develop our business going forward.

Our values

Our business model is underpinned by our four core values: Quality, Value, Innovation and People. Our vision to provide high quality food, which is sustainably and ethically produced is at the heart of everything we do. We will continue to innovate and develop food which delights our customers. Producing high quality food which is great value for the consumer has been central to our success so far and will be at the core of our future development. Substantial ongoing investment in our production facilities and in ethical and sustainable supply chains underpins our value proposition. We also continue to invest heavily in our people. This year we have boosted our graduate recruitment programme and have funded extensive training and development programmes at all levels across the business.

Over the following pages we provide further details of the Group’s performance in the Operational and Financial Reviews. We then provide an overview of our core markets and the channels through which we access those markets. Finally we outline our business model and strategy, the key performance indicators we use to monitor performance and the principal risks and uncertainties we face in delivering our strategy.

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

GROWTH STRATEGY

Driven by organic initiatives and targeted acquisitions

PROGRESS

UK CONSOLIDATION
Penetrating more categories and reaching more customers

UK DIVERSIFICATION
Developing new product solutions for our customers

DEVELOPING AN INTERNATIONAL BUSINESS
Growing our international operations and customer base

KPIs

UNDERLYING REVENUE GROWTH
0.3%

2015 0.3
2014 5.3
2013 12.0

ADJUSTED GROUP OPERATING MARGIN
5.8%

2015 5.8
2014 5.7
2013 5.7

ADJUSTED GROSS PROFIT MARGIN
12.4%

2015 12.4
2014 11.8
2013 12.2

FREE CASH FLOW
£53.5M

309 £53.5
308 £40.1
307 £40.1

RETURN ON CAPITAL EMPLOYED
17.0%

2015 17.0
2014 16.8
2013 17.2

RISKS

The principal risks and uncertainties, all of which may affect our growth strategy, are set out on pages 32 and 33.
Adjusted Group operating profit increased by 10.1 per cent to £38.7 million in the financial year on revenues of £1,003 million which were 1 per cent ahead of the previous year. Strong revenue growth in several of the Group’s product categories offset lower fresh pork sales and a decision to use all of Cranswick’s own pigs internally. Revenue growth was also supported by the contribution from Benson Park, which was acquired on 22 October 2014. Group operating profit margin of 3.6 per cent of sales was 0.4 per cent ahead of the previous financial year, reflecting an unflinching focus on improving operational efficiencies across the Group and the benefit of lower pig prices in the current financial year compared to the previous year when prices had risen rapidly to record levels.

Cranswick has a strong market position and where the barriers to entry are high. During the year, the business moved to sole supply status for premium bacon and gammons with one of the Group’s leading retail customers. Sales over the key Christmas trading period were particularly strong, with volumes well ahead of the same period last year.

**UK DIVERSIFICATION**

**BENSON PARK ACQUISITION**

On 22 October 2014 Cranswick acquired Benson Park, a leading producer of premium British cooked poultry.

It supplies ingredients to customers which operate in the fast growing food to go sector of the retail multi-channel, convenience and foodservice markets. This strategic acquisition moves Cranswick into a new protein sector broadening both the Group’s product range and its customer base.

The integration of Benson Park is progressing as anticipated and the positive performance of the business continues to be in line with the Board’s expectations. The major investment programme at the site, which will substantially increase capacity, improve efficiencies and allow the business to offer a broader product range, remains on track and is expected to complete in the autumn of 2015.

**FOR MORE INFORMATION SEE PAGE 98**

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**PRODUCT CATEGORY REVIEW**

**FRESH PORK (+10 PER CENT)**

Fresh pork sales were 10 per cent lower than the prior year. This was due, in part, to the loss of business with one customer at the start of the year, which has now been recovered in full. The fall in sales was also partly attributable to a 9 per cent year on year fall in the average pig price, with this reduction being reflected in lower selling prices. Fresh pork sales were supported by a strong barbecue season in the second half of the year leading to a buoyant Christmas trading period. During the year work on the new rapid chill system at the Norfolk abattoir was completed. This investment which is part of an ongoing upgrade to the East Anglian facility has made the plant more energy efficient as well as improving yields and throughput speeds.

**COOKED MEATS (+2 PER CENT)**

Cooked meat sales grew by 2 per cent supported by new product launches and a strong promotional calendar as well as increased business with a key retail customer after securing a long term supply agreement in the previous financial year. The project to extend the Milton Keynes facility was completed during the year on time and to budget. This investment has substantially increased capacity at the site and will deliver further efficiency gains as well as improving product quality. During the final quarter of the year, all production at the Kingston Foods site in Milton Keynes was transferred to the Group’s Sutton Fields facility in Hull. The consolidation of production at one site will allow the business to better serve its customers and to deliver cost savings for the Group. All Kingston employees were given the opportunity to transfer to the Group’s Delisco facility also in Milton Keynes, with the vast majority taking up this offer. The Board has recently agreed further investment at the Kingston site which will see it used as a satellite gammon production facility.

**BACON (+4 PER CENT)**

Bacon sales were 4 per cent ahead as continued growth of the business’ hand-cured, air-dried bacon was supported by a substantial uplift in sales of premium gammons. The latest Kantar data also confirmed that the super-premium bacon category grew strongly during the year to March 2015. This is a bar in which Cranswick has a strong market position and where the barriers to entry are high. During the year, the business moved to sole supply status for premium bacon and gammons with one of the Group’s leading retail customers. Sales over the key Christmas trading period were particularly strong, with volumes well ahead of the same period last year.

**SAUSAGES (+6 PER CENT)**

Sausage sales increased by 6 per cent with growth in premium sausage and beef burgers partly countered by lower sales of frozen and mid-tier ranges. According to the latest Kantar market research data, retail sales of super-premium sausages, which Cranswick produces predominantly, continue to grow ahead of the overall category thanks to various market drivers. The price differential between the premium and standard tiers is relatively modest which makes trading up an attractive option for consumers.

**CONTINENTAL PRODUCTS (+8 PER CENT)**

Sales of continental products increased by 8 per cent reflecting the UK consumer’s growing taste for specialty continental products, including charcuterie, cheeses, pasta and olives. Category growth was supported by new product launches and new retail contracts in the second half of the previous financial year together with a renewed focus on sourcing high quality, artisan products across Europe. During the final quarter of the year, a range of fresh olives was launched with a new premium grocery customer. The business increased sales of its British charcuterie range and is investing £0.6 million in a new salami production facility at its Guiness Circle site in Manchester to provide capability and capacity to support future development of this fast growing category.

**SANDWICHES (+15 PER CENT)**

Sandwich sales grew by 15 per cent, driven by new contract wins at the start of the period and by additional sales to existing customers. The new contracts brought additional complexity to the business through an increased product range which adversely impacted operational efficiencies; however a clear improvement was seen during the second half of the year leaving the business well placed as it starts the new financial year. This improvement was achieved by both a relentless focus on labour efficiencies and yields and by streamlining the customer base and product range.
**Financial Review**

Revenue and operating profit

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>£1,003.3</td>
<td>994.9</td>
<td>+0.8%</td>
</tr>
<tr>
<td>Adjusted operating profit</td>
<td>58.7</td>
<td>53.3</td>
<td>+10.1%</td>
</tr>
<tr>
<td>Adjusted operating margin</td>
<td>5.8%</td>
<td>5.4%</td>
<td>+0.4%</td>
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Adjusted profit before tax

Adjusted profit before tax at £57.8 million increased by 10.8 per cent from £52.2 million.

Taxation

The tax charge of £11.6 million was 21.9 per cent of profit before tax (2014: 21.1 per cent). The standard rate of UK corporation tax was 21 per cent (2014: 21 per cent). The effective tax rate for the year was higher than the standard rate of corporation tax due to disallowable expenses of £0.5 million. The prior year charge included a £10 million deferred tax credit following the 3 per cent enacted reduction in the UK corporation tax rate. In addition, last year’s £1.1 million contingent consideration provision release was not chargeable to tax.

Adjusted earnings per share

Adjusted earnings per share increased by 9.5 per cent from 84.1 to 92.1 pence reflecting the underlying profitability increase. The weighted average number of shares in issue was 49,091,000 (2014: 48,734,000).

Adjusted profit measures

Following investment in its pig breeding and rearing activities last year, the Group now monitors performance principally through adjusted profit measures which exclude certain non-cash items including: the net IAS 41 biological assets valuation charge of £4.2 million (2014: £1.4 million credit); amortisation of acquired intangible assets of £0.7 million; and, in the prior year, the release of a £1.1 million provision for contingent consideration in respect of Kingston Foods. Statutory profit before tax fell by 5.5 per cent to £52.8 million (2014: £54.8 million). Operating profit on the same basis was 3.7 per cent lower at £53.7 million (2014: £55.8 million) and earnings per share were 84.1 pence (2014: 88.7 pence).

Cash flow and net debt

Cash generated from operating activities was £54.4 million (2014: £60.1 million), with higher Group operating profit partly offsetting increased working capital of £11.2 million (2014: decrease of £2.1 million). £4.9 million related to Benson Park. Net debt at £17.3 million was in line with the prior year and notwithstanding the £17.7 million net cash outflow on the acquisition of Benson Park, £21.1 million of capital expenditure and a £15.4 million dividend payment. Gearing fell from 5.6 per cent to 5.2 per cent as the Group’s balance sheet continues to be conservatively managed. The Group’s unsecured bank facility of £120 million extends to July 2018 and provides the business with generous headroom.

Pensions

The Group operates defined contribution pension schemes with contributions made to schemes administered by major insurance companies. Contributions to these schemes are set as a percentage of employees’ earnings.

Acquisitions

On 22 October 2014, the Group acquired 100 per cent of the issued share capital of Benson Park Limited, a leading producer of premium British cooked poultry, for an initial consideration of £17.7 million, net of cash acquired of £2.3 million. A further £4.0 million of consideration may become payable contingent on the performance of the business during a two-and-a-half year period from the date of acquisition. The acquisition moves the Group into a new protein sector and broadens its product range and customer base. Benson Park has performed in line with the Board’s expectations in the period since acquisition. Further details are set out in Note 14.
We spent £21 million on our infrastructure during the year, bringing total capital expenditure to £137 million over the last five years. This investment is reflected in the quality of our production facilities, which are some of the most efficient, safe and well invested in the sectors in which we operate.

Targeted acquisitions and continued investment in our operating facilities have enabled us to provide innovative, high quality, good value food solutions to our customers from some of the most efficient food production facilities in the UK, driving growth in profitability and Shareholder value.

**MAXIMISING INVESTMENT VALUE**

**INVESTED IN OUR FACILITIES OVER THE LAST 5 YEARS**

£137M

**RETURN ON CAPITAL EMPLOYED**

17.0%

**DRIVERS FOR GROWTH**

Maximising returns

- All twelve of our UK sites are BRC Grade A approved. The Hull fresh pork operation is USDA approved and both primary processing facilities are Chinese export approved.

- Continued investment in these facilities ensures that we have sufficient capacity headroom to meet our growth aspirations and that we provide a safe and secure working environment for our workforce.

Shareholder value

- We have spent £38 million on earnings enhancing acquisitions over the last three years.

- In the current year, as part of our strategy of diversification, we acquired premium cooked poultry producer Benson Park, for £17.7 million, further broadening our product range and customer base. The acquisition has made a positive contribution to revenues and earnings in the period following acquisition.

- In the prior year, we acquired the Wayland and Wold Farms livestock businesses for £14.4 million securing our UK premium pork supply chain.

For more information on our strategy and business model see pages 20 to 25
The UK food market is currently undergoing some of the most dynamic changes in recent history. Our diverse product portfolio, wide ranging customer base and excellent product innovation skills ensure we are able to respond to these changes and deliver products to meet our customers’ needs.

Whilst the UK economy continues to improve, consumer behaviours have fundamentally shifted in terms of buying behaviours and consumption patterns. As consumers benefit from wage increases and a lower cost of living, the impact on the food market is marked.

The retail market is reporting deflation for the first time against a backdrop of continuous growth, driven partly by falling commodity prices across the total food chain, but also a trading environment which remains extremely competitive with well publicised price wars and the major multiples losing market share to the discount retailers.

Though there is top line deflation, in core categories such as bacon and sausage, premium tiers are growing strongly. This trend supports our focus on the development of premium category products.

Consumer behaviours have also shifted, with a move from big trolley shops to more top up and convenience shopping. The development of the multiple convenience channel as well as the resurgence of the symbol group and wholesale channels highlights this trend. The continued growth of online shopping is an area of focus as we make our product ranges more relevant to consumers in this sector.

We have identified two key drivers of growth on which the business is clearly focused. The improving economy has encouraged the continued growth of food on the move and eating out of home. The food on the move category which comprises grab and go retail as well as coffee shops, has grown significantly over the last four years. We have made good progress in these areas and have developed a strong portfolio of sandwiches and gourmet pastry ranges to service these channels. We have also accessed new channels including retailer cafes and front of store chillers to extend the reach of our products.

The Benson Park acquisition also supports our plans to grow food on the move. Benson Park’s premium cooked poultry is used as a component for sandwiches and other portable food solutions by leading coffee shop chains, food service operators and food manufacturers.

We are working with a number of specific customers in the pub and restaurant sectors to improve product quality, including projects such as better breakfast and the emerging trends around pulled pork and other premium proteins. This work ties into the forecast that the UK consumer will move from eating around 35 per cent of calories out of home in 2014 to over 50 per cent by 2019.

Our ongoing focus on product quality together with continued emphasis on innovation, will help to ensure we successfully grow our business in the rapidly changing UK food market.

The Benson Park acquisition is a fundamental pillar of growth in this dynamic category. As well as building our relationships directly with retailers, we work with other food processors to provide good quality ingredients and solutions to extend the reach of our products. A significant focus for these suppliers is in the food to go and food on the move sectors and the Benson Park acquisition is a fundamental pillar of growth in this dynamic category.

The Food to Go category continues to perform strongly in both retail and travel sectors. Our emphasis is on providing added value solutions and product innovation. We have historically concentrated on the travel sector but new business wins in channels such as in store restaurants and hot food counters provide new revenue streams. Premium cooked poultry products form a significant part of this channel and Benson Park allows us to extend our coverage within the sector.

As consumers are increasingly moving towards ‘top up’ shops, we are actively updating our strategy for developing the convenience business. This requires a different approach to product development and a new way of servicing the supply chain. We have won new contracts within the convenience sector over the last twelve months in all of our key categories. In addition, the business is focused on aligning our core product offerings to ensure they are tailored to the growing trend of online shopping.

As the UK’s leading exporter of British pork, we continue to develop trade channels to drive strong growth. Business has developed through the export of primal pork cuts, but we are increasingly focusing on developing sales of added value lines, further building our reputation for premium, added value formats across the globe. We continue to build our relationships with Chinese companies through our dedicated business development manager based in Shanghai.
Our objective is 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.

The markets in which we operate are competitive both in terms of pricing from fellow suppliers and the retail environment in general. Despite this, Cranswick has a long track 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.

Our operations are focused on the production and supply of premium food products. We operate primarily in the UK, with a small but increasing proportion of sales being exported.

We produce a range of high quality, predominantly fresh products including fresh pork, sausages, bacon and cooked meats for sale to 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 we have launched a range of artisan pastry products into both retail and ‘food to go’ channels from our new, purpose-built facility in Malton, North Yorkshire.

The acquisition of Benson Park during the year adds premium cooked poultry to our product portfolio and also supports the Group’s focus on the fast growing ‘food to go’ market.

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 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 more than 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 pages 24 and 25.

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 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 strategy and business model continued

The way we do things

Differentials

Customer focus
Category management
End user is central
Collaborative relationships
Aligned goals and objectives
Effective product promotion

Supply chain integrity
Competitive barriers
Aligned to Cranswick values
Complex supply chain barriers

Quality products
Innovation
Delighting customers
Upscaling artisan
Compete in standard tier
New markets and products
Develop brands

Value
People
Demanding value
Flat empowered management
Operational efficiency
Elimination of waste – time, resource and energy
Continuous improvement

Strategic priorities

Six priorities

Market penetration
Gain market share in existing categories/tiers
Moving into adjacent tiers
Adding new customers
Developing adjacent categories

Newness & innovation
Develop new and innovative products that give our customers a real point of difference

Channel development
Sell products through multiple channels
Retail, food service, manufacturing, wholesale, convenience, food on the move and online

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

International
Grow European and worldwide markets for traded, primary, added value and branded products

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

Enablers

Number 1 team
Succession planning
Continuous training
Employee engagement
Graduate scheme

Infrastructure
World class facilities
Unique process
Capacity headroom
Group benchmarking

Technical & agriculture
Sourcing integration and integrity
British and welfare
Quality culture
Technical innovation

Sustainability
Environmental initiatives
Local sourcing
Responsible procurement
Efficiency

Value creation

All activities lead to enhanced stakeholder value
OUR STRATEGY AND BUSINESS MODEL CONTINUED

SUPPLY CHAIN MODEL

SUSTAINABILITY AND TRACEABILITY ARE AT THE CORE OF WHAT WE DO

FROM FARM... 70% OR MORE OF THE BRITISH PIGS WE PROCESS TRAVEL LESS THAN 50 MILES FROM FARMS 20% OF THE BRITISH PIGS WE PROCESS ARE FROM OUR OWN FARMS

...TO FORK

OUR CUSTOMERS

CRANSWICK OWNED BRITISH FARMS

PIG CONTRACTS WITH OTHER BRITISH FARMS

EUROPEAN PIG MEAT IMPORTS

CRANSWICK PRIMARY PORK PROCESSING

WHOLESALE FRESH PORK

PORK FURTHER PROCESSING

OTHER PRODUCT CATEGORIES

WHOLESALE FRESH PORK

RETAIL FRESH PORK

COOKED MEATS

SAUSAGES

BACON

PREMIUM COOKED POULTRY

CONTINENTAL PRODUCTS

PASTRY

SANDWICHES

FROM FARM...

OTHER HIGH QUALITY INGREDIENTS FROM SUSTAINABLE & TRUSTED SUPPLIERS

...TO FORK

OUR CUSTOMERS

OUR STRATEGY AND BUSINESS MODEL CONTINUED

SUSTAINABILITY AND TRACEABILITY ARE AT THE CORE OF WHAT WE DO

FROM FARM...

OTHER HIGH QUALITY INGREDIENTS FROM SUSTAINABLE & TRUSTED SUPPLIERS

...TO FORK

OUR CUSTOMERS

OUR STRATEGY AND BUSINESS MODEL CONTINUED

SUSTAINABILITY AND TRACEABILITY ARE AT THE CORE OF WHAT WE DO

FROM FARM...

OTHER HIGH QUALITY INGREDIENTS FROM SUSTAINABLE & TRUSTED SUPPLIERS

...TO FORK

OUR CUSTOMERS

OUR STRATEGY AND BUSINESS MODEL CONTINUED

SUSTAINABILITY AND TRACEABILITY ARE AT THE CORE OF WHAT WE DO

FROM FARM...

OTHER HIGH QUALITY INGREDIENTS FROM SUSTAINABLE & TRUSTED SUPPLIERS

...TO FORK

OUR CUSTOMERS

OUR STRATEGY AND BUSINESS MODEL CONTINUED

SUSTAINABILITY AND TRACEABILITY ARE AT THE CORE OF WHAT WE DO

FROM FARM...

OTHER HIGH QUALITY INGREDIENTS FROM SUSTAINABLE & TRUSTED SUPPLIERS

...TO FORK

OUR CUSTOMERS

OUR STRATEGY AND BUSINESS MODEL CONTINUED

SUSTAINABILITY AND TRACEABILITY ARE AT THE CORE OF WHAT WE DO

FROM FARM...

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...TO FORK

OUR CUSTOMERS
Innovation lies at the heart of our business, with dedicated teams exploring consumer trends and food opportunities across the globe. We constantly research and test new recipes and ideas, allowing us to deliver unique product offerings to our customers. Our ability to work closely with them allows us to constantly develop new products for the changing retail environment.
OUR KPIs

FINANCIAL

WE MONITOR PERFORMANCE AGAINST OUR STRATEGIC OBJECTIVES THROUGH THE FOLLOWING KEY PERFORMANCE INDICATORS (KPIs) WHICH THE BOARD HAS ASSESSED TO BE THE MOST IMPORTANT AREAS OF FOCUS AT GROUP LEVEL

ADJUSTED GROSS MARGIN
12.4%

2015 12.4
2014 11.3
2013 12.0

Definition
Gross margin is defined as adjusted gross profit as a percentage of sales revenue.

Comments
Adjusted gross margin increased by 0.6 per cent to 12.4 per cent driven by lower input prices, particularly through the second half of the year and ongoing efficiency improvements.

ADJUSTED GROUP OPERATING MARGIN
5.8%

2015 5.8
2014 5.4
2013 5.2

Definition
Group operating margin is defined as adjusted Group operating profit as a percentage of sales revenue.

Comments
Adjusted Group operating margin increased by 0.4 per cent to 5.8 per cent reflecting lower input prices, particularly through the second half, continued operating efficiency improvements and the positive contribution from acquisitions.

RETURN ON CAPITAL EMPLOYED
17.0%

2015 17.0
2014 16.9
2013 17.3

Definition
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.

Comments
Return on capital employed increased by 0.2 per cent to 17.0 per cent. Operating performance improved as the Group continued to invest in its asset base to provide additional capacity to drive future long-term growth.

FREE CASH FLOW
£53.5M

2015 £53.5
2014 £51.7
2013 £47.0

Definition
Free cash flow is defined as the level of cash generated from operations less tax and net interest payable.

Comments
Free cash flow was slightly lower as a result of an increase in working capital, part of which related to acquisitions.

NON-FINANCIAL

TOTAL ACCIDENT RATIO
8.5/1,000 EMPLOYEES

2015 8.5
2014 9.3
2013 13.5

Definition
Total accident ratio is the total number of recorded accidents per 1,000 employees.

Comments
Total accidents per 1,000 employees fell by 13 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.

RIDDOR ACCIDENT RATIO
0.9/1,000 EMPLOYEES

2015 0.9
2014 0.7
2013 1.6

Definition
The RIDDOR accident ratio is the number of accidents reportable to the Health & Safety Executive per 1,000 employees.

Comments
RIDDOR accidents per 1,000 employees were in line with the prior year. The downward trend over three years is attributable to an ongoing focus on improving working environments and health and safety management across the Group.

NONE

OUR KPIs

WE MONITOR PERFORMANCE AGAINST OUR STRATEGIC OBJECTIVES THROUGH THE FOLLOWING KEY PERFORMANCE INDICATORS (KPIs) WHICH THE BOARD HAS ASSESSED TO BE THE MOST IMPORTANT AREAS OF FOCUS AT GROUP LEVEL
PRINCIPAL RISKS AND UNCERTAINTIES

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 to support the identification and effective management of risks across the business. It is regularly reviewed and updated for changes within the Group, the industry and the wider economy. Following the recently announced changes to the UK Corporate Governance Code, which introduced two new Board statements and a requirement for enhanced reporting on risk management and internal control for accounting periods beginning on or after 1 October 2014, the Group confirms that it is compliant with the required changes from 1 April 2015.

Risk Management framework

The Board is ultimately responsible for the establishment and oversight of the Group’s Risk Management framework which is summarised below and discussed further within the Corporate Governance Report on pages 46 to 49.

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 recognises the close relationship between Internal Audit and Risk Management.

A Group risk register is in place which is generated from site risk registers owned by Operational Management and also contains identified overarching Group risks which could have a significant impact on the business as a whole.

The Group Risk Committee, comprising of senior management and chaired by the Group Finance Director, meets at least three times a year, and provides oversight and advice to the Audit Committee and Board in relation to current and future risk exposures and risk strategies.

Risk monitoring process

The Board formally reviews the Group risk register on at least an annual basis. For the year ended 31 March 2015 the risks facing the Group are broadly consistent with the previous year, with no significant changes in risk profiles. Following the acquisition in October 2014 of Benson Park, a leading producer of British cooked poultry, the Group has reviewed the risk profile within this specific activity.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group are summarised on pages 32 and 33. However, these are not intended to be an exhaustive analysis of all risks currently facing the Group.

RISK MANAGEMENT FRAMEWORK

<table>
<thead>
<tr>
<th>BOARD</th>
<th>Responsible for the Group’s system of risk management and internal control and for setting the Group’s overall risk appetite.</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUDIT COMMITTEE</td>
<td>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.</td>
</tr>
<tr>
<td>GROUP RISK COMMITTEE</td>
<td>Provides oversight and advice to the Audit Committee and Board in relation to current and future risk exposures and risk strategies.</td>
</tr>
<tr>
<td>OPERATIONAL MANAGEMENT</td>
<td>Operate site level risk management processes to ensure that risks are adequately identified and controlled.</td>
</tr>
</tbody>
</table>
### PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

#### Strategic risks

<table>
<thead>
<tr>
<th>Risk Category</th>
<th>Impact</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CONSUMER DEMAND</strong></td>
<td>Deterioration in the UK 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 adversely impacting on the Group’s financial performance.</td>
<td>The Group 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.</td>
</tr>
<tr>
<td><strong>COMPETITOR ACTIVITY</strong></td>
<td>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.</td>
<td>The Group maintains and develops strong working relationships with its customers. This is supported by delivering high levels of service and quality products and by the continued focus on product development and innovation.</td>
</tr>
<tr>
<td><strong>PIG MEAT – PRICING AND AVAILABILITY OF SUPPLY</strong></td>
<td>The Group is exposed to risks associated with the pricing and availability of pig meat. An increase in pig prices, or a lack of availability of pig meat would adversely impact on the Group’s financial performance.</td>
<td>The Group has a trusted long-standing farming supply base which is complemented by supply from the Group’s sites – Wayland Farms and Wold Farms. These arrangements help to mitigate the risks associated with pig price volatility and supply.</td>
</tr>
<tr>
<td><strong>RELIANCE ON KEY CUSTOMERS</strong></td>
<td>A significant proportion of the Group’s revenues are generated from a small number of major 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.</td>
<td>The Group continually looks for opportunities to expand its customer base across all product categories and works closely with customers to ensure service, quality and new product developments are of the highest standard.</td>
</tr>
<tr>
<td><strong>INTEREST RATE, CURRENCY, LIQUIDITY AND CREDIT RISKS</strong></td>
<td>The Group is exposed to interest rate risk on borrowings and to foreign currency risk on purchases particularly of characterise products from the European Union. In addition, the Group needs continued access to funding for both current business and future growth.</td>
<td>The Group deploys effective currency hedging arrangements to mitigate risks associated with foreign currency movements. Each site has access to the Group’s overdraft facility and bank balances are monitored on a daily basis. All term debt is arranged centrally and appropriate headroom is maintained.</td>
</tr>
<tr>
<td><strong>BUSINESS ACQUISITIONS</strong></td>
<td>As the Group grows businesses may be acquired based on inaccurate information, unachievable forecasts or without appropriate consideration being given to the terms of the purchase.</td>
<td>Rigorous due diligence reviews are carried out in advance of any new business acquisition, using internal and specialised external resources where required.</td>
</tr>
</tbody>
</table>

#### Operational risks

<table>
<thead>
<tr>
<th>Risk Category</th>
<th>Impact</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BUSINESS CONTINUITY</strong></td>
<td>The Group faces the risk of significant incidents such as fire, flood or loss of key utilities, which could result in prolonged disruption to its sites, adversely impacting the Group’s financial performance.</td>
<td>Robust business continuity plans are deployed across the Group’s sites and appropriate insurance arrangements are in place to mitigate any resulting financial loss. Potential business disruption is minimised through multi-site operations across many of the Group’s key product lines.</td>
</tr>
<tr>
<td><strong>RECRUITMENT AND RETENTION OF WORKFORCE</strong></td>
<td>The success of the Group is dependent on attracting and retaining quality, skilled and experienced labour, staff and senior management.</td>
<td>Across the Group strong recruitment processes, competitive remuneration packages and ongoing training and development plans are in place. Specifically for senior management, robust succession planning is also in place.</td>
</tr>
<tr>
<td><strong>HEALTH AND SAFETY</strong></td>
<td>A breach of health and safety legislation may lead to reputational damage and regulatory penalties, including restrictions on operations, damages or fines.</td>
<td>The Group conforms to all relevant standards and regulations, and adopts industry best practice across its sites. All sites are subject to frequent audits by internal teams, customers and regulatory authorities to ensure standards are being adhered to.</td>
</tr>
<tr>
<td><strong>DISEASE AND INFECTION WITHIN PIG HERD/POULTRY FLOCK</strong></td>
<td>A significant infection or disease outbreak may result in the loss of supply of both pig or poultry meat or the inability to move animals freely, impacting on the supply of key raw materials into the Group’s sites.</td>
<td>The Group’s pig farming activities, and other farms from which third party pig and poultry meat is ultimately sourced, have a broad geographical spread to avoid reliance on a single production area. In addition, robust vaccination and pig herd operating procedures mitigate the risk of common diseases and infections.</td>
</tr>
<tr>
<td><strong>FOOD SCARES/PRODUCT CONTAMINATION</strong></td>
<td>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.</td>
<td>The Group ensures that all raw materials are traceable to original source and that the manufacturing, storage and distribution systems of both our sites and our suppliers are continually monitored by experienced and well trained technical teams.</td>
</tr>
</tbody>
</table>
INVESTING IN THE BEST PEOPLE

Our success is built on our people, who form an integral part of our business. We pride ourselves in creating a supportive but entrepreneurial environment, which allows both individuals and the business to prosper.

Learning and development
We have made substantial investment in employee development to empower our teams to continue to drive Cranswick’s success. One significant project is ‘Growing our own’ which includes our increasingly popular graduate training scheme which gives new starters the opportunity to build a wide range of skills and experience, laying the foundation for further development within the Group.

Sharing heritage
Partnerships with independent artisan producers have helped to steer the direction of the Group. From our first collaboration with Martin Heap in sausage production in 1995 to our most recent partnership with Gill Ridgard at the Yorkshire Baker, our ‘food heroes’ have made a significant contribution to our growth and development. They continue to influence recipe development, support training and transfer of specialist skills and help us to build and maintain important trade relationships.

For more information on our strategy and business model see pages 20 to 25
CORPORATE SOCIAL RESPONSIBILITY

We consider Corporate Social Responsibility from our Stakeholders’ perspective in terms of customers, consumers, producers and suppliers; people; environment and the community.

We believe that a committed approach to all aspects of Corporate Social Responsibility (CSR) will benefit our stakeholders and will strengthen our business, facilitating future sustainable growth. We promote best practice CSR and shared learning. The Group CSR Policy clearly sets out our core values and aspirations. The Group CSR committee meets at least three times a year, is chaired by the Group Finance Director, who is also a member of the executive committee, and each of the key functions of Human Resources, Health, Safety, Environment and Technical are represented.

Our core values are to:
- manufacture great quality food, which is safely produced in technically and legally compliant facilities;
- prioritise food safety and legislative compliance in all our operational and commercial decisions;
- promote technical innovation, product quality and compliance across our business;
- drive Research and Development (R&D) innovation and excellence in food science and food sector technology;
- ensure food industry stakeholder groups remain at the forefront of legislative, food safety, agribusiness and other technological developments which may have an impact on our business; and
- undertake all our business in an environmentally sustainable way.

Customers and consumers

We aspire to be the manufacturer of choice that is renowned for technical integrity, compliance, food safety, product quality and innovation. We supply private label and branded products to the major UK retailers, restaurant groups and food service customers as well as supplying pork to others manufacturers. We also have a rapidly growing export business. Many of our customers consider us to be their key supplier or category champion and a preferred partner on key technical initiatives and projects.

Our production facilities are some of the best invested and most efficient in the UK and include the most modern and efficient pigs and pig abattoir in the country. Our facilities undergo exacting technical audits carried out by independent auditing bodies, customers, government authorities and our own technical compliance teams. In the year ended 31 March 2015 we hosted 412 separate external compliance audits and associated technical inspections, many of which were unannounced.

This was an increase of 102 audits or 33 per cent on the previous year, reflecting increased supply chain surveillance following recommendations made in the Elliott Report and due to a number of factors. We are pleased to report that over 90 per cent of these audits were completed on the first visit or with a full satisfaction of our customers and other business stakeholders.

We recently celebrated our 94th consecutive Grade A rating against the British Retail Consortium (BRC) Global Standard for Food Safety. This record of excellence and aspirations stretches back to 2005 and is one that we believe to be sector leading. Four of our sites (Preston, Norfolk, Riverside and Continental Fine Foods) achieved an A* rating, the highest level of certification awarded by the BRC, which is reserved for those sites achieving Grade A compliance by unannounced audit.

In addition to the BRC compliance of our sites and their food safety and quality management systems, many of our pork products fully comply with the Red Tractor Assurance Scheme and the British Meat Processors Association (BMFA) Pork and Pork Meat Product standards. This compliance gives consumers the confidence that our products are: produced within an assured supply chain; to specified standards; and traceable all the way back to farms. Compliance is assured by third party announced and unannounced audits. We also produce organic products that are subject to an in-depth traceability review carried out by independent auditors, working on behalf of The Soil Association.

Our exacting internal technical and retailer policy compliance audit programme undertook 961 separate audits in the last twelve months. This is an increase of 167 audits or 21 per cent on the previous year. The programme identifies non-compliance and proactively highlights best practice and shared learning across the Group; this continuous improvement underpins our technical performance.

Responsible procurement

We are committed to ensuring the integrity and traceability of raw materials, including meat, ingredients and packaging, we use in the manufacture of our products. 625 raw material suppliers and 4,318 products and associated specifications are approved and controlled centrally by Group Technical Services (GTS). Suppliers are approved by either an independent third party audit, such as the BRC Global Standard for Food Safety, or by audits carried out by the GTS team. Expectations of our suppliers are clearly laid out in our Technical Conditions of Supply and audit frequency is based on risk assessment, supply chain threat analysis, and previous supply record. In the last twelve months we have carried out 159 supply chain audits to assure the safety, traceability, quality and provenance of the raw materials we use within our business.

During 2014 Professor Chris Elliott completed his investigation into food fraud for the government and identified eight pillars of recommendations that included the need for more effective management and policing of supply chains. In response we have restructured our GTS team to ensure we have specialists for the approval and maintenance of our supply chains for farms, meat, ingredients, packaging and service providers. The scope of approval covers food safety, technical management, traceability and provenance. Professor Elliott visited Cranswick to discuss his recommendations and review some of the procedures and systems we have in place.

I SPENT A DAY WITH THE TECHNICAL TEAM AT THE CRANSWICK LAVENDER SITE IN HULL. I WAS DEEPLY IMPRESSED WITH THE KNOWLEDGE, PROFESSIONALISM AND DEDICATION OF THE ENTIRE TEAM I MET. A HUGE AMOUNT OF TIME, EFFORT AND RESOURCES HAVE BEEN DEVOTED TO DEVELOPING FOOD PRODUCTS OF THE HIGHEST QUALITY FROM A SUPPLY CHAIN WITH THE HIGHEST INTEGRITY.

PROFESSOR CHRIS ELLIOTT, 12 FEBRUARY 2015

We are addressing the wider challenges associated with preventing DNA cross contamination during the manufacture of single species products in multi-species factories and we have been proactive in supporting the BMFA and the Food Standards Agency (FSA) in their work with industry stakeholders. We have an extensive risk-based DNA screening programme for raw materials used and finished products produced by our business. During 2014 Cranswick carried out 787 DNA screening tests on our raw materials and finished products, and all proved to be compliant to the stated species. We also spent £1.8 million (up 8.5 per cent) on the laboratory screening of our products and raw materials for compliance to specification.

Ethical standards

We monitor ethical standards with our sites undergoing unannounced SEDEX Members Ethical Trade Audits (MTEA) every other year; these are supported by our own ethical verification audits. We have recently become a member of SEDEX (Supplier Ethical Data Exchange) and will require our top 100 suppliers to register with SEDEX and make their ethical standards transparent to us, enabling us to drive ethical standards within our supply chain.

Several members of the Cranswick technical team represent the Group on trade association technical committees. Our Group Technical Compliance Controller also represented the BMFA on the BRC working group responsible for the development of Version 7 of the BRC Global Food Standard. Our Group Technical Director is chairman of the technical committee responsible for the review and development of the BMFA Pork Schemes, the assurance, traceability, and product quality standards that sit behind the Red Tractor logo displayed on pork and pork meat products.

 Farms and producers

During 2014 our Preston and Norfolk sites collectively processed in excess of two million pigs, equivalent to 40,000 pigs per week (up 8 per cent on the previous year). Both sites are also key suppliers of pork to the Group’s further processing sites and other food manufacturing companies. They are strategically placed in two of the UK’s largest pig breeding and rearing regions. Close supply chain proximity ensures that animal transportation times from farm to abattoir are minimised with resulting welfare and food mile reduction benefits. The map below provides an overview of farm location and distance from our two processing sites:

More than 20 per cent of the British pigs we process are bred and reared by our Wylam and Wild Farms businesses.

Many of the pigs supplied to Cranswick are reared to higher welfare standards associated with outdoor bred or outdoor reared production methods. Approximately 50 per cent of those processed by Preston, and 75 per cent by Norfolk are reared to the exacting requirements of the RSAFA Freedom Foods welfare standard. The balance of those processed are reared indoors in full compliance with the Red Tractor/BMFA Quality Assured Pork (BQA+) welfare standards.

The introduction of the Welfare of Animals at the Time of Killing legislation (WATOK) mentioned in last year’s report was postponed by the government. This will require standard operating procedures for all animal welfare related processes from time of arrival to slaughter.

Crantham takes its ethical responsibilities towards its employees, customers, shareholders, suppliers, producers and the environment very seriously.

Cranstonn plc Annual Report & Accounts 2015
CORPORATE SOCIAL RESPONSIBILITY CONTINUED

Farms and producers continued
It will also require all operatives carrying out these procedures to have a certificate of competence. We are well placed to meet these requirements when the legislation is introduced.

The Business Benchmark on Farm Animal Welfare (BBFAW) report was launched in London on 12 February 2014. The report provides an account of how animal welfare is being managed by leading food companies around the world. The development of the Benchmark is funded by Compassion in World Farming and World Animal Protection and global investor Collier Capital. The BBFAW is designed to help drive higher farm animal welfare standards in the world’s leading food businesses. It is the first global measure of welfare standards in the world’s leading food processing sector.

We encourage our employees to express their views via Works Councils or Union membership. Employees have a Worker Representative, who may be a Union Representative, to air their views on internal committees. We want our employees to feel valued and to view them as critical stakeholders in our business. As a result of a staff survey a variety of initiatives have been implemented which have bolstered the trust and engagement of employees.

We are committed to implementing a training and development strategy that delivers workforce capabilities, skills and competencies through its apprenticeship scheme, graduate development programmes and management training courses. Succession planning is actively managed and employees are given career opportunities which support staff retention and a sustainable and stable business.

Apprentices
There are currently 12 apprenticeships in place, including engineering, butchery, stockmanship and administration. We are particularly proud of our butchery apprenticeship scheme, which we understand, is the only one of its kind in the UK, concentrating on developing butchery skills and a deep understanding of the meat production process.

Representatives from Cranwicke are part of the team developing the Trailblazer Apprenticeships, developing with the Industry Skills Partnership for Food and Drink, to create new food production apprenticeship programmes. These programmes will enable apprentices to gain cross-functional skills that will be positively recognised across the industry.

Graduate development
A number of students have been sponsored through their final year at university with a secured role with us when they have completed their education. This year, three students from Harper Adams University worked in our Technical and New Product Development (NPD) team. We believe the Cranwicke graduate programme is unique within the industry and this year we have sought to raise our profile and the apprenticeships we can offer young people.

OUR PEOPLE TRAINING AND DEVELOPMENT

Following the recruitment of a Group Learning and Development Manager in July 2014, we introduced a structured and comprehensive suite of management training programmes.

During the last financial year, 70 individuals, representing 15 per cent of our management cohort, participated in first line manager skills training or joined a talent and leadership programme. We also delivered training programmes on project management, the ‘Language of Leadership’, ‘Breaking into the Boardroom’ (specifically aimed at women within the business) and lean management training programmes. In 2015 we will complete the implementation of a new Group-wide appraisal process to develop and cement key behaviours centred on our key strategic themes of: Quality, Value, Innovation and People. Training plans and succession planning targets will be directly linked to the appraisal process.

Experience is provided in production, technical, NPD, sales, marketing and finance alongside a specially designed training programme that embeds business performance. This year we have received over 200 applications for our graduate programme and we hope to offer roles to six individuals. Our graduates are kept on our strategic accounts’ succession planning and supporting their successful development is vital to the long term success of our business. We have joined the corporate partnership with Hull University Business School, our commitment to regional regeneration and the role business teaching can play in improving local prosperity, wellbeing and competitiveness.

Health and wellbeing
In 2014 the Company participated in a customer led initiative to promote health and wellbeing to employees. The NHS Smoking Cessation Van came to sites and staff were counselled about the dangers of smoking and offered effective stopping strategies. We offered free fruit to employees during break times, held fitness classes on sites and delivered occupational health talks and assessments for staff.

Ethical standards
We employ the only UK, International Social Auditors registered by the International Register of Certified Auditors (IRCA). All sites are audited annually and we are a member of Supplier Ethical Data Exchange (SEDEX). We are at the forefront of best practice in conducting annual ethical audits both at our own sites and those of our supplier providers. Performance is judged against the Gangmasters (Licensing) Act 2004, the Ethical Trading Initiative and remains within our expectations. We continue to focus on ensuring that ethical standards are being maintained throughout our supply chain.

Equal opportunities and diversity
Encouraging the principles of equality and diversity are key to the successful and inclusive culture that we believe lies at the heart of our business. Regular training is provided for all employees, reiterating the importance of equal opportunities and best practice behaviours. The site HR managers have been trained in equality and diversity policies and procedures to deliver training to middle and senior management teams. All employment decisions, including recruitment and internal promotions, are based on merit, qualification and abilities and are not influenced or affected by an employee’s race, colour, nationality, religion, sex, marriage or civil partnership status, sexual orientation, disability or age.

The business employs 4,945 people, up from the previous year of 4,627, and we hired 3,156 agency workers.

The Board regularly reviews accident and claims statistics. The Group Health & Safety team implement and monitor new initiatives across sites to maintain excellent standards of Health & Safety. Monthly accident statistics are monitored using an industry leading web-based recording system. This allows analysis of each accident and monitors control measures that have been introduced to prevent recurrence. The system includes a tracker to guarantee closure of required actions in the required time period.

The Group Health & Safety team is led by the Group Health & Safety Manager with the assistance of two Group Health & Safety Coordinators. All sites have a dedicated Health & Safety Manager to provide the highest standards of Health & Safety management. All Health & Safety employees hold the appropriate National Examination Board in Occupational Safety and Health (NEBOSH) qualification.

With the increasing complexity of equipment and the legislation surrounding its design and use, the engineering team has been trained in machinery safety and any new machinery introduced to the business will not be used unless compliance with the latest Certificate of Conformity (CE) regulations has been checked.

Training
Providing appropriate training to all employees is key to the success of the Group’s Health & Safety standards. All new employees undertake a Health & Safety induction course including fire safety, manual handling, task and machinery training in their working environment. We also provide ongoing Health & Safety training throughout employment. All employees and agency staff are trained to safely perform duties which lie at the heart of our business.

Our people are well equipped to deal with future challenges.

During the last financial year, 70 individuals, representing 15 per cent of our management cohort, participated in first line manager skills training or joined a talent and leadership programme. We also delivered training programmes on project management, the ‘Language of Leadership’, ‘Breaking into the Boardroom’ (specifically aimed at women within the business) and lean management training programmes. In 2015 we will complete the implementation of a new Group-wide appraisal process to develop and cement key behaviours centred on our key strategic themes of: Quality, Value, Innovation and People. Training plans and succession planning targets will be directly linked to the appraisal process.

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Health and Safety
We are committed to high standards of Health & Safety, which are an integral part of our business. Our annual improvement programme is fully endorsed by the Board and sponsored by our insurers. Health & Safety training is applied equally to temporary agency workers as well as permanent employees.

The Board regularly reviews accident and claims statistics. The Group Health & Safety team implement and monitor new initiatives across sites to maintain excellent standards of Health & Safety. Monthly accident statistics are monitored using an industry leading web-based recording system. This allows analysis of each accident and monitors control measures that have been introduced to prevent recurrence. The system includes a tracker to guarantee closure of required actions in the required time period.

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Our people are well equipped to deal with future challenges.
As we go, so do our aspirations and we target to reach beyond environmental compliance and our commitment to operate our business in a more sustainable way. This philosophy resulted in Cranswick being awarded the Meat & Poultry Processing Awards Environmental Initiative of the Year in both 2014 and 2015 by a panel of our industry peers.

Managing the impact of our business activities on the environment has never been more important. It is therefore incumbent on all our key stakeholders to accept and engage in initiatives to reduce our energy, water and waste, understand how sustainability improves our business model and profitability, whilst providing the opportunities to be more competitive in an ever tightening market place.

We continue to rollout the International Standards Organisation (ISO) 14001 Environmental Standard across the Group with a further three sites having successfully attained accreditation, taking the Group total to ten accredited sites. The remaining sites are working towards the standard and are expected to be compliant by the end of the next financial year.

Formal Environmental Permitting by the Environment Agency becomes necessary when production capacity at a site reaches specified levels. A further two of the Cranswick sites have grown to the point where permits are required and subsequently applications have been submitted in order that the two sites adhere to the Environmental Permitting Regulations. Once approved, this will take the number of sites operating under permit conditions within the Group to six.

With the introduction of the New Energy Saving Opportunities Scheme (E5O) Regulations, the Cranswick Group have decided to go beyond the requirements of the regulations and commit to continual improvement in our drive to reduce our energy use. This is a pre-requisite of the ISO 50001. Energy Management System and, as such, we have committed to rolling out this standard across the business.

Carbon footprint

The carbon footprint, expressed as a tonne of carbon dioxide equivalent (CO₂e), is an aggregated total of the individual site figures. It includes all site energy, gas usage, Company and privately owned transport, air travel and waste. It is calculated using DEFRA guidelines and a standard set of conversion factors for Company reporting.

We have been measuring our carbon footprint since 2008 and have made good progress in reducing both our absolute and relative carbon footprints, exceeding the initial target of 20 per cent reduction by 2010. We have rebased our targets, from the 2010 baseline, to further reduce our carbon footprint 30 per cent by 2020.

Organic growth and recent acquisitions have increased our absolute carbon footprint which includes Cranswick Gourmet Pastry, Riverside, our farming activities and a three-month contribution from Benson Park. The overall figure rises from 3,844 tonnes of CO₂e in 2015 to 9,488 tonnes in this reporting year (up 10.9 per cent). The relative carbon footprint increase by 7.4 per cent to 0.258 tonnes CO₂e per tonne of sales. The like-for-like figures contrasts the performance of those businesses which comprised the Group in 2010. In the year to 31 December 2014, our absolute carbon footprint rose by 9.5 per cent to 8,198 tonnes of CO₂e (compared to 7,759 tonnes of CO₂e in calendar year 2013) reflecting the organic growth of the core business. The relative carbon footprint continues its downward trend, falling by 2.6 per cent to 0.225 tonnes CO₂e per tonne of sales.

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;
  - 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.

Energy

Despite the fall in worldwide oil prices which has reduced the cost of energy by 2.3 per cent, our energy consumption increased by 3.5 per cent during the year reflecting more accurate reporting, site extensions and increased production. Our sites within the Group are continually challenged to conduct reviews of energy use and this has resulted in substantial investment across a number of our manufacturing facilities including energy efficient production machinery; energy reduction technology; and automated monitoring and targeting equipment. As previously reported, climate change agreements are in place for all Group sites under the second phase of this scheme.

Waste disposal

Working with our waste management partners, we now dispose of 92 per cent of our total waste either by converting to refuse derived fuel (RDF), recycling or anaerobic digestion. The volume of recycled metal, cardboard and plastic has risen by 16 per cent to 34 per cent of our total waste stream. We are in early but positive discussions with Tamar Energy with a view to diverting the bulk of our food waste to power Anaerobic Digestion Plants which Tamar Energy intend to build across the country.

Waste disposal routes (per cent)

We have a responsibility to the communities in which we operate. Around 78 per cent of our employees live within ten miles of their place of work and we encourage our businesses to engage with their local communities in various ways, including offering students in local schools career opportunities and work experience. We encourage staff to become involved in charitable activities. Our CSR commitment is for each site to have one charity to which they wish to donate and for there to be support for one national charity by the Group as a whole.

Cranswick continue to raise money for local and national charities:

- At site level – including charity bike rides and golf tournaments. One site raised over £51,000 during the course of this reporting period.
- At a Group level – involvement with Help for Heroes through the Red Lion Brand helps that business contribute all of its post-tax profits to Forces charities.
- Other charitable donations made by the business during the year totalled £24,000.

Working with young people

We have supported a number of initiatives within local schools in careers weeks, including mock interviews with Year 10 students and hosting a ‘Dragons’ Den’ style exercise. We also partner with educational establishments to offer work experience placements throughout the year.

Our HR team is working with the Humber Local Enterprise Partnership (LEP) Food Sector Skills Task Force to secure funding to enable the Humber area to promote employment in the food sector. We are developing a proposal for Humber Food Campus (HFC), aimed at promoting employment in the food sector. The HFC would be a virtual campus bringing together employers and training providers across the region to develop a Humber brand to attract inward investment. The HFC will work alongside the Humber Gold Standard for schools involvement in career development.

Junior sports team sponsorship

During the year we have encouraged young people to be more active, and have sponsored a number of junior teams across a range of sports. Not only do we provide kits for teams, but we also take an active role during the season by attending tournaments.

Summary

We are committed in the long term to operate our businesses according to a strong set of environmental and sustainable values and ethical practices. On behalf of the Board

Mark Bottomey

Finance Director

18 May 2015

HIGHLIGHTS

20

20

20

that progress against the 2020 target to reduce

Group website www.cranswick.plc.uk shows

environmental section (Greenthinking) of the

realigned to meet common shared goals. The

environment and sustainability has grown

individual concerned.

sympathies to the family and friends of the

are still being investigated. We offer our deepest

Total RIDDOR

which are monitored by the Group Health &

previous year. The total number of recorded

accidents were introduced by the Group in the

in the previous year. The total number of recorded

accidents in 2014 was 14 per cent lower and the

The Reporting of Injuries, Diseases and

Dangerous Occurrences Regulations (RIDDORS)

The Reporting of Injuries, Diseases and

Incidents

our workers attitude to risk and hazard; early

site achieves the required standard and to

Annual internal Health & Safety audits are

continued

the new sites which joined the Group in the

CORPORATE SOCIAL RESPONSIBILITY

Continued

Health & Safety continued

Audits

Annual internal Health & Safety audits are

carried out to measure the Health & Safety

standards at each site to confirm that each

site achieves the required standard and to

provide an action plan for the following

months. In 2015 we will continue to improve

Health & Safety standards and reduce accident

frequency. Key to this is behavioural safety of

employees and we have developed a behavioural

safety system, which highlights our workers attitude to risk and hazard; early

indications from this project are very positive.

Incidents

The Reporting of Injuries, Diseases and

Dangerous Occurrences Regulations (RIDDORS)

on a like-for-like basis were in line with the

previous year. Overall, there was a slight

reported increase in RIDDORS following

the new sites which joined the Group in the

previous year. The total number of recorded

accidents in 2014 was 14 per cent lower and the

Accident Incident Ratio (accident against

number of employees) reduced by 16 per cent

in 2014, compared to 2013. All sites continue
to carry out first class accident investigations

which are monitored by the Group Health &

Safety Managers.

ACCIDENTS PER 1,000 EMPLOYEES

Calendar year to 31 December

2011

2012

2013

2014

2015

Total RIDDOR

It is with great sadness that we have to report

that just before our year end there was a fatality

on one of the farms. The causes of this accident

are still being investigated. We offer our deepest

sympathies to the family and friends of the

individual concerned.

Environment

Customer and consumer focus on the

environment and sustainability has grown

and the Group’s environmental aims are being

realigned to meet common shared goals. The

environmental section (Greenthinking) of the

Group website www.cranswick.plc.uk shows

that progress against the 2020 target to reduce

our carbon footprint remains on track.

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Cranwick plc Annual Report & Accounts 2015

Cranwick plc Annual Report & Accounts 2015

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Chairman’s Introduction to Corporate Governance

Cranswick’s approach to governance is outlined in the following report, which sets out how it integrates the key principles of the five sections of the 2012 UK Corporate Governance Code (the ‘Code’): leadership; effectiveness; accountability; remuneration; and relations with Shareholders.

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

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

Following on from the successful, externally facilitated, Board evaluation in 2013, an internal evaluation was carried out in the year under review. This process confirmed that the Board was operating effectively with a positive and open culture. Further details on this Board evaluation process are set out on page 47.

The Board Committees performed effectively during the year. The Nomination Committee focuses on succession planning at both Board and senior executive level. The Remuneration Committee reviews Executive Director remuneration, ensuring that remuneration arrangements support the Company’s strategy. The Audit Committee monitors the financial challenges the Group faces in a highly competitive industry and the risk management processes it develops enables the Group to deliver its strategic objectives and to protect its reputation.

Cranswick remains committed to sharing its vision with its Shareholders in an open and transparent way by maintaining regular dialogue and through effective communication. As Chairman I believe that continued engagement with our Shareholders is highly beneficial and helps us to build a greater understanding of, and enables us to better respond to, our investors’ views, opinions and concerns.

Martin Davey
Chairman
18 May 2015

The Board is committed to promoting and maintaining a high standard of Corporate Governance which is fundamental to its ability to discharge its duties to Shareholders and other stakeholders, safeguard its reputation and support the successful long term development of the Group.

Martin Davey
Chairman
18 May 2015
**Board of Directors**

**Executive Directors**
- **Martin Davey**
  - Chairman
- **Adam Couch**
  - Chief Executive
- **Mark Bottomley**
  - Finance Director
- **Jim Brisby**
  - Commercial Director
- **Mark Reckitt**
  - Non-Executive Director
- **Steven Esom**
  - Non-Executive Director
- **Kate Allum**
  - Non-Executive Director

**Non-Executive Directors**
- **Glenn Dams**
- **Charles Bowes**
- **Neil Willis**
- **James Pontone**
- **Nick Mitchell**
- **Barry Lock**
- **Stuart Kelman**
- **John Fletcher**

**Committee Membership**
- Nomination Committee
- Audit Committee
- Remuneration Committee

**Group Directors**

**Pig Rearing**
- Charles Bowes
  - Glenn Dams

**Fresh Pork**
- John Fletcher
- Stuart Hatman
- Barry Lock
- Nick Mitchell
- James Pontone
- Neil Willis

**Cooked Meats**
- Ian Fisher
- Paul Gartside
- Andy Jenkins
- Clive Stephens
- Nick Tranfield

**Premium Cooked Poultry**
- Jason Key
- David Park

**Bacon, Sausage and Pastry**
- Darren Andrew
- Kate Maxwell
- Daniel Nolan
- Gill Ridgard
- Drew Weir
- Steve Westhead

**Continental Products**
- Norman Smith
- Rollo Thompson

**Sandwiches and Ingredients**
- Nick Anderson
- Gary Landisborough
- Simon Ravenscroft

**Food Central**
- Chris Aldersley
- Andrew Caines
- Marcus Haggarth
- Graeme Watson
- Malcolm Windsatt
CORPORATE GOVERNANCE STATEMENT

The Board is committed to adopting and maintaining high standards of corporate governance. Principles are applied at Board level and cascade throughout the organisation.

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 50 to 53, the Nomination Committee Report, on page 54, and the Remuneration Committee Report, on pages 55 to 67, 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.

Compliance statement
The Directors consider that the Company has, during the year ended 31 March 2015, complied with the requirements of the Code other than with Code provision B.1.2 for April 2014 in that, prior to Mark Reckitt joining the Board on 1 May 2014, the number of Independent Non-Executive Directors was less than half the Board, excluding the Chairman. The Board now has an equal number of Independent Non-Executive Directors and Executives Directors excluding the Chairman. The Board believes that it has the appropriate blend of skills, experience, independence and knowledge to support the business. The Board will continue to ensure an optimal level of relevant skills experience and diversity amongst its members, appropriate to support the future needs of the business.

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

Leadership

Board composition
From 1 August 2014 to 31 March 2015, since the retirement of Bernard Hoggarth and John Worby, the Board consisted of an Executive Chairman, a Chief Executive, two other full-time Executive Directors and three Non-Executive Directors. All Non-Executive Directors are deemed to be independent. Further biographical details on each Director can be found on pages 44 and 45.

The composition of the Board is reviewed annually by the Nomination Committee to ensure there is an effective balance of skills, experience and knowledge.

Role of the Board
The Board leads the Group and during the year directed, developed and implemented strategy and monitored its operating performance. It is collectively responsible and accountable to Shareholders for the long term success of the Company. To enable the members of the Board to discharge these responsibilities, they have full and timely access to all relevant information and Board meetings are held at several of the Group’s production facilities allowing the Directors to review the operations and meet the management teams of those particular sites. All Directors have allocated sufficient time to the Company to discharge their responsibilities effectively.

Division of Board responsibilities

Chairman
- Challenging Board meetings and setting Board meeting agenda in consultation with the CEO and Company Secretary.
- Leading the performance evaluation of the Board and ensuring its effectiveness in all aspects of its role.
- Sponsoring and promoting the highest corporate governance and ethical standards.
- Ensuring all Directors are able to maximise their contributions to the Board.
- Providing a sounding board for the Chief Executive on key business decisions and challenging proposals where appropriate.
- Meeting with major shareholders on governance matters and being an alternate point of contact for Shareholders on other matters.

Chief Executive Officer
- Developing the Group's strategy with input from the rest of the Board and its advisers.
- Leading implementation of the Group's strategy.
- Leading the business and chairing the Executive Management Committee.
- Managing the day to day business of the Group.
- Bringing matters of particular significance or risk to the Chairman for discussion and consideration by the Board where appropriate.

Senior Independent Director
- Supporting the Chairman, leading the Non-Executive Directors and providing a means by which Shareholders may raise concerns which normal channels have failed to resolve.
- Acting as secretary to the Board and each of its Committees.
- Ensuring the Company complies with all governance matters.
- Appointment and removal is determined by the Board.

Company Secretary
- Supporting the Chairman, leading the Non-Executive Directors and providing a means by which Shareholders may raise concerns which normal channels have failed to resolve.
- Acting as secretary to the Board and each of its Committees.

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.

Executive Committee
An Executive Committee, consisting of the Executive Directors and senior executives from the business, meets frequently to discuss operational and commercial matters affecting the business. These meetings also provide a forum for the Executive Directors to share the Board’s strategic aims and objectives with senior colleagues across the business. The Executive Committee reports to the Board.

Effectiveness

Board focus during the year
Board agendas are set by the Chairman in consultation with the Chief Executive and with the assistance of 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.

During the financial year, key activities of the Board included:

Strategy
- Formally reviewing strategy in September, with follow-up sessions throughout the year.
- Receiving presentations from operational management on future strategic opportunities.
- Considering potential acquisition opportunities and other strategic initiatives.
- Approving the acquisition of Benson Park in October 2014.

Governance and risk
- Recommending the 2013-14 final dividend and approving the 2014-15 interim dividend.
- Approving the Group’s full year and interim results.
- Reviewing the principal financial and non-financial risks to which the Group is exposed.
- Participating in and receiving a report on the annual Board performance evaluation.
- Reviewing quarterly Health & Safety updates.
- Reviewing the Directors’ conflict of interest register.
- Approving updated terms of reference for the Audit, Remuneration and Nomination Committees.

Performance and monitoring
- Reviewing monthly reports on performance from the Chief Executive, Finance Director and Commercial Director.
- Approving the Group Budget.
- Reviewing reports from the Chairs of the Audit, Nomination and Remuneration Committees.
- Approving capital expenditure proposals over £1 million.

People and succession
- Appointing Mark Reckitt as an independent Non-Executive Director and Chair of the Audit Committee.
- Receiving updates and proposals on senior management appointments and succession planning.

Director inductions
On appointment, all Directors receive a comprehensive introduction to the Group’s activities and a tailored induction covering their duties and responsibilities as Directors. They are also provided with the opportunity for ongoing training. This ensures that they stay up-to-date with relevant legislative changes and the general business environment. Directors can obtain independent advice at the expense of the Company.

Conflict of interest
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.

Board performance evaluation
Following last year’s external evaluation, the Board this year led by the Chairman, carried out an internal evaluation of its performance and that of its Committees under a system based on a questionnaire circulated to all Directors which was used to facilitate a Board discussion. Based on the evaluation exercise the Board concluded that it, and its Committees, were working effectively and a small number of improvement actions were agreed which included:
- Developing a more focused implementation plan for strategic initiatives.
- Improving the timeliness of information flow to the Board.
- Increasing the frequency of the Board’s formal appraisal of Group risks from one to three times each financial year.

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, to appraise his performance.
CORPORATE GOVERNANCE STATEMENT CONTINUED

Effectiveness continued

Directors’ biographies and membership of the various Committees are shown on pages 44 and 45. 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.

Board meetings

The Board held eight scheduled meetings during the year and in addition a number of other meetings and conference calls were convened for specific business matters. All Directors are expected to attend the Annual General Meeting, scheduled Board meetings and relevant Committee meetings unless they are prevented from doing so by prior work or extenuating personal commitments. Where a Director is unable to attend a meeting they have the opportunity to review relevant papers and discuss any issues with the Chairman in advance of the meeting. Following the meeting the Chairman, or Committee Chair as appropriate, also briefs any Director not present to update them on key matters discussed and decisions taken.

Details of Board and Committee membership and attendance at scheduled Board and Committee meetings are set out below:

<table>
<thead>
<tr>
<th>Board members (Quarter 1-15)</th>
<th>Number of possible meetings attended</th>
<th>Actual number of meetings attended</th>
<th>Number of possible meetings attended</th>
<th>Actual number of meetings attended</th>
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<tbody>
<tr>
<td>Executive Directors</td>
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<td>Martin Davey</td>
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<td>Adam Couch</td>
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<td>Mark Bottomsley</td>
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<td>Jim Briers</td>
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<tr>
<td>Non-Executive Directors</td>
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<td>Steven Esom</td>
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<td>Kate Allum</td>
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<td>4</td>
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<tr>
<td>Mark Reckitt</td>
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<tr>
<td>Former Directors</td>
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<td>Bernard Hoggarth</td>
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<tr>
<td>John Worby</td>
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</tbody>
</table>

Footnotes:
1. Jim Briers missed the July 2014 meeting due to a prior personal commitment.
2. Mark Reckitt was appointed as a Non-Executive Director on 1 May 2014. He was appointed Chair of the Audit Committee on 31 July 2014 succeeding John Worby.
4. John Worby retired as a Non-Executive Director and as Chair of the Audit Committee on 31 July 2014 following the end of his nine-year term.
5. The Company Secretary attended all Board and Committee meetings.
6. All Directors attended the Annual General Meeting in July 2014.

Board Committees

Audit Committee

The Audit Committee comprises the independent Non-Executive Directors and has been chaired by Mark Reckitt since 31 July 2014 and prior to that John Worby, the Group’s former Senior Independent Director, chaired the Committee. Mark Reckitt’s biography which sets out his relevant skills and experience can be found on page 45.

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 in the Audit Committee Report on pages 50 to 53.

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 provides 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 55 to 67.

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 chaired by Martin Davey and includes Steven Esom, Kate Allum and 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 page 54.

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.

Accountability

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 provides 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 develop, plan, execute, monitor and control the Group’s objectives effectively and to ensure that internal control is embedded in the operations.

As noted in the Audit Committee Report on pages 50 to 53, the Audit Committee has reviewed the effectiveness of the internal control and Risk Management systems and reported to the Board that the business maintains a sound Risk Management control system and that it was not aware of any significant deficiency, or material weakness, in the system of internal control.

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 approval of the Annual Report.

Financial reporting

The Group prepares an annual budget and half year re-forecast that are agreed by the Board. Operational management is required to report monthly to the Board on financial performance. The use of standard reporting by all Group entities, ensures that information is presented in a consistent way which facilitates the preparation of the consolidated financial statements. All site directors and finance heads are required to sign an annual confirmation that their business has complied with the Group’s accounting policies and procedures.

Remuneration

A separate Remuneration Report is set out on pages 55 to 67 and provides details of the Group’s remuneration policy and how it has been implemented, together with the activities of the Remuneration Committee during the year.

Relations with 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 Commercial Director, to analysts and institutional Shareholders on the half year and full year results and Company strategy. 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 Company’s Annual and Interim Reports and Stock Exchange announcements can be found on the Group’s website.

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 Windatt
Company Secretary
18 May 2015
Chairman’s overview

I am pleased to report on the activities of the Audit Committee during the year ended 31 March 2015.

This report sets out:

• the role, composition, activities and responsibilities of the Audit Committee;
• a summary of the meetings of the Audit Committee during the year;
• the significant issues related to the financial statements;
• the Committee’s oversight of the Group’s Risk Management and internal control systems; and
• the respective roles and effectiveness of the internal and external audit processes.

The Committee met four times during the year and invited the Company’s Chairman, Chief Executive Officer, Finance Director, Group Financial Controller and Head of Internal Audit to attend the meetings along with the external audit partner and senior manager. The Committee also held separate private meetings with external and internal audit.

The Committee reviewed the appropriateness of the financial results for the full year and half year and the interim management statements, including applicable accounting policies, key judgement areas and going concern assumptions. The Committee also reviewed the Annual Report and Accounts taken as a whole to ensure they are fair, balanced and understandable and provide the necessary information for Shareholders to assess the Company’s performance, business model and strategy.

Specific areas of focus during the year included:

• impairment review of goodwill, intangible and tangible fixed assets;
• the quantum and appropriateness of commercial accruals; and
• the accounting treatment and disclosure of biological assets.

The Committee reviewed internal audit’s terms of reference and work plans and oversaw the Group’s relationship with the external auditors including scope, fees and work performed. The Committee was satisfied with the performance of the Group’s internal audit function and the external auditor.

The Committee also considered the timing of the tender of the external audit contract and has agreed that this will take place during the year ending 31 March 2016, which is when the current audit partner’s tenure will end.

On behalf of the Board

Mark Reckitt
Chair of the Audit Committee
18 May 2015

Role of the Committee

The Committee’s primary role is to assist the Board in providing effective governance over the appropriateness of the Group’s financial reporting, Risk Management and internal control systems. It is responsible for monitoring the integrity of the financial statements and considering whether accounting policies are appropriate. It reviews the Company’s internal controls and risk management systems, and approves and reviews the activities, plans and effectiveness of both the Group’s internal and external auditors.

The Audit Committee terms of reference, which are reviewed and approved by the Board annually, will be available for inspection at the Company’s Registered Office and at the Annual General Meeting.

Composition of the Audit Committee

The Audit Committee comprises the Non-Executive Directors. Membership of the Committee and attendance during the year are set out on page 48 of the Corporate Governance Statement. All members of the Committee have extensive managerial experience in large complex organisations and have a wide range of financial, commercial and operational expertise. It is a requirement of the UK Corporate Governance Code that at least one Committee member has recent and relevant financial experience. Mark Reckitt, the Committee Chairman, meets this requirement.

Activities of the Committee

The Committee is required to meet at least three times a year and its agenda is linked to the Group financial calendar. The Committee Chairman, Chief Executive, Group Finance Director, Group Financial Controller, Head of Internal Audit and representatives of the external auditors are invited to attend each meeting. The Company Secretary also attends the meetings as secretary to the Committee. Both the external auditors and the Head of 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.

Principal responsibilities of the Audit Committee

The Committee’s principal responsibilities include reviewing and monitoring:

• the integrity of the Group’s financial statements;
• the Group’s accounting policies;
• the effectiveness of the Group’s financial reporting, internal control and risk management systems;
• the effectiveness of the internal audit function in the context of the Group’s overall risk management system;
• the effectiveness, scope, cost and independence of the Group’s external auditor, and
• the Company’s whistleblowing and anti-bribery policies.

The Committee makes recommendations to the Board on the removal, appointment or reappraisal of the Group’s external auditors. The Committee also reviews its terms of reference annually and makes recommendations to the Board for any appropriate changes.

Fair, balanced and understandable

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 position and performance, business model and strategy.

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

• 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;
• consideration of the Annual Report & Accounts in the context of the Audit Committee’s knowledge and experience of the business;
• holding discussions with both internal and external audit; and
• reviewing and discussing a paper from the Group 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.


Effectiveness of the external audit process

During the year, the Committee assessed the external Auditor’s performance and effectiveness through a questionnaire completed by Audit Committee members and the Group’s senior finance team. The output from the process was reviewed and discussed by the Audit Committee and with the external Auditors. The Committee also considered the external Auditor’s experience and expertise, the extent to which the audit plan had been met, the robustness and persuasiveness of work performed on key accounting and audit judgements and the content of its audit reports, while noting some of the observations made. The Committee was satisfied with 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 a requirement to consider and monitor the level of non-audit work performed by the external Auditor, to ensure such objectivity and independence is safeguarded. There is an established policy 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. The Chair of the Audit Committee is consulted prior to awarding to the external Auditors any non-audit services in excess of £30,000.

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

- 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.
- The Auditors’ policies for rotation of the audit partner every five years, and regular rotation of key audit personnel. The current audit partner was selected by Ernst & Young LLP for the year ended 31 March 2013 and the current senior manager has been in place since the year ended 31 March 2009.
- The nature of non-audit work undertaken during the year and its approval in accordance with the Audit Committee’s guidelines for ensuring independence.
- 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.

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

<table>
<thead>
<tr>
<th>Description</th>
<th>2015 (£’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-audit fees</td>
<td>16</td>
</tr>
<tr>
<td>Tax advisory services</td>
<td>32</td>
</tr>
<tr>
<td>Other services</td>
<td>48</td>
</tr>
<tr>
<td>Total Non-Audit Fees</td>
<td>90</td>
</tr>
<tr>
<td>Ratio of Non-Audit Fees to Audit Fees</td>
<td>0.23:1</td>
</tr>
</tbody>
</table>

The work undertaken by the external Auditors during the year and the safeguards considered by the Audit Committee to address any threats to independence included the following:

- The Auditors provided limited tax advice. Their audit objectivity and independence was safeguarded through the use of a separate tax partner.
- Ernst & Young LLP advised the Company on a number of corporate transactions during the year. Following a tender for this type of work in the year ended 31 March 2012, and given the nature of the work during the following years, the Committee concluded that Ernst & Young LLP 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 the Group realising cost-effective benefits from the accumulated knowledge and experience of Ernst & Young, whilst also making sure that their audit independence and objectivity is maintained. The Audit Committee’s concerns were demonstrated by the appointment of PricewaterhouseCoopers in 2013 to manage tax compliance.

Following consideration of the performance and independence of the external Auditors at its meeting in May 2015, the Audit Committee recommended to the Board that the reappointment of Ernst & Young LLP as the Company’s external Auditors should be proposed to Shareholders at the 2015 Annual General Meeting.

Mark Reckitt
Chair of the Audit Committee
18 May 2015

Risk Management and internal control

The Committee conducted its annual review of the effectiveness of the Company’s internal control and risk management systems through the work of internal audit, the external auditors’ Control Themes and Observations Report on the Group’s financial control environment, following their audit and through review and challenge of monthly Board reports. The Committee also reviewed the Group’s whistleblowing and bribery prevention policies.

The Committee reviewed the work performed by the Group Risk Committee during the year to gain assurance over the risk management framework in place across the Group which is designed to identify, evaluate and mitigate risk. The Committee was satisfied that this framework is operating effectively.

Internal Audit

The Audit Committee is responsible for monitoring the performance and effectiveness of the Company’s Internal Audit activities. The Audit Committee reviewed and approved the annual Internal Audit plan and received regular updates on progress meeting the plan objectives at each of its meetings during the year. The internal audit approach taken 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 was satisfied that the internal audit function is operating effectively.

During the course of the year Internal Audit performed a core financial controls review at all sites and also reviewed specific Group non-financial risk areas. Overall no material control failings were identified, however, recommendations were raised where necessary at specific sites to strengthen existing processes and controls, and follow-up audit visits carried out at the majority of sites to ensure that agreed corrective actions were being actioned.

External auditors

Ernst & Young LLP has been the Group’s auditor since 1972. 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 responsible for recommending the appointment, reappointment or removal of the external auditors. The Committee periodically reviews the tendering of the external audit function, the last being in 2008. Subject to ongoing satisfactory performance of the external Auditors, the Committee expects to retain the external audit during the year ending 31 March 2017 to ensure that a new audit appointment takes effect at the end of the current audit partner’s five-year term. Ernst & Young LLP will not be invited to participate in this process due to the length of their tenure as the Group’s Auditors and observing the spirit of recent Corporate Governance Guidance and Regulation.

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

Impairment of goodwill, tangible and intangible assets

The Committee considered the carrying value of goodwill, intangible and tangible assets by comparing the book value of each asset with its recoverable amount. The Committee reviewed the reasonableness of cash flow projections which were based on the latest Board approved budget and the long term growth and discount rate assumptions underlying the calculations. The Sandwich Factory model was subject to particular scrutiny as this business is most sensitive to changes in the underlying assumptions. The Committee also challenged the carrying value and amortisation rate of the customer relationship intangible asset acquired through the purchase of Benson Park Limited and also considered, in sight of recent FRC guidance in this area, the separate disclosure of the amortisation charge on the face of the income statement. After thorough discussion and review of the external auditors’ reports to the Audit Committee, the Committee agreed with management’s judgements.

Acquisitions – Benson Park

During the year, the Group acquired Benson Park, a supplier of premium British cooked poultry, for £17.7 million, net of cash acquired. The Committee reviewed management’s proposed accounting treatment and the valuation methodology which was based on internal due diligence work and reports by external advisers and consultants. The allocation of the purchase price, between tangible assets, the acquired customer relationship intangible asset and goodwill was subject to particular scrutiny. The external auditors also challenged the key assumptions used in the valuation methodology. The Committee, after a thorough review of all the information, agreed with management’s approach to allocation of the purchase price.

Commercial accruals

The Committee reviewed the level of commercial accruals for rebates, discounts and promotional activity at the balance sheet date. The level of commercial accruals is viewed by the Committee, management and the external auditor as an area of particular sensitivity requiring a degree of commercial judgement. The Committee also noted the Financial Reporting Council’s recent guidance on complex supplier arrangements. After reviewing the level of accruals and the intra-year movement, including the impact on profit and considering the work of internal audit in verifying the underlying contractual arrangements, particularly with key customers, the Committee supported management’s assumptions and accounting treatment.

Biological assets

In accordance with IAS 41, biological assets are valued at fair value in the Group balance sheet, with the net valuation movement disclosed separately on the face of the income statement. The valuation of biological assets was deemed, by the Committee and management, to be an area requiring particular focus this year due to the 9 per cent fall in the average pig price compared to the previous year. The Audit Committee reviewed management’s proposed accounting treatment and was satisfied that the standard had been fairly and consistently applied and the required disclosures made in the financial statements.

Financial reporting

During the year the Audit Committee reviewed accounting papers prepared by management and considered, with input from the external auditors, the appropriateness of the main accounting policies and judgements made in preparing the statements. The key matters that the Committee considered in reviewing the financial statements for the year ended 31 March 2015 are set out below.

- Impairment of goodwill, tangible and intangible assets
- Commercial accruals
- Biological assets

The Committee conducted its annual review of the effectiveness of the Group’s internal control and risk management systems through the work of internal audit, the external auditors’ Control Themes and Observations Report on the Group’s financial control environment, following their audit and through review and challenge of monthly Board reports.
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.

TheNominationCommitteeischairedbyMartinDaveyandincludestheNon-ExecutiveDirectorsStevenEsam,KateAllium,MarkReckittfrom1May2014andJohnWorbyuntil31July2014.

Role of the Committee
TheCommitteemeetsatleastonceatatime,ireviewsthestructure,sizecompositionanddiversityofboththeBoardanditsCommittees;
successionplanningfortheGroupandseniorexecutives;

diversitypolicyfortheGroup;

and

theCommittee’sTermsofReferencetoensuretheyreflecttheCommittee’sremit.

TheBoardscommitmenttosuccessionplanninganddiversitycanbedemonstratedbythereportintheCorporateSocialResponsibilitystatementonpages36to41,wherewehighlightthetakingplaceintotherGroupfromanapprenticeshipschategrouptodevelopmentandthenthrough	
to managerialprogressionscludingaseminarOnBreakingintothetheBoardroomwhichwasspecificallyaimedatwomenwithinthebusiness.

TheCommitteehasreviewedthediversitypolicywhichprovidesforequalityandfairness,recognisingandresectingindividualstrengthsand

differences.
ThePoliceenablesallemployeesandprospectiveemployeesbetreatedinthesamewayWhilsttheBoardandNominationCommitteerespects

thebenefitsandsupportsitinitsapproachtoumentherulementlandinternalappointments,itisnotconsideredappropriateornecessaryeto

setanyspecificormeasurabletargets.Allappointmentsareauditoronindividualmeritregardlessofgender,ethnicityorreligionsbeliefs.TheGroup’sprincipal

concernis to ensure that all candidates have the appropriate skills, knowledge and experience, to fulfil the role.

Itispleasingtoprofficeratethatfemalesrepresent34percentofthetotalworkforceand29percentofseniormanagersandexecutives.Furtherdetails

ofthebreakdownofthefemaleandmaleemployeescanbefoundonpage39.

TheCommitteealsoconsideredthisyear,inconjunctionwiththeBoardandasspartofthestateoftheBoardandinternalappointments,itisnot

consideredappropriateormandatorytoset

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.

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consideredappropriateormandatorytoset

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.

It is pleasing to report that females represent 34 per cent of the total workforce and 29 per cent of senior managers and executives. Further details of the breakdown of the female and male employees can be found on page 39.

The Committee also considered this year, in conjunction with the Board and as part of the strategic review of the business, the appointment of

further senior executives to support the Executive Directors as the Group continues to expand. This consideration included the appointment

ofaChiefOperatingOfficewhowsillsitbelowBoardlevelbutaboveotherseniorexecutives.

Board changes
Asdetailedinlastyear’sannualreportbothBernardHoggartsandJohnWorbyretiredfromtheBoardaftertheAnnualGeneralMeetinginJuly2014and

MarkReckittjoinedtheBoardafteraprocesswhichincludedusinganindependentexternalsearchconsultancyonthe1May2014.

Re-election
AllcurrentDirectorswillbestandingforreelectionattheAnnualGeneralMeeting.

TheBoardhaseemthedNoticeofAnnualGeneralMeetingitsreasonsforsupportingthere-electionoftheDirectorsattheforthcomingAnnual

GeneralMeeting.Thebiographicaldetailsonpages44and45representthedemonstrateofexperienceandskillssuchasbringtobebenefit

oftheCompany.

TheChairoftheNominationCommitteewillattendtheAnnualGeneralMeetingtoretuponymayShareholderquestionsthatmightberaisedon

theCommittee’sactivities.

OnbehalfoftheBoard

MartinDavey
ChairoftheNominationCommittee

18May2015

Dear Shareholders,
On behalf of the Board I am pleased to present this Remuneration Committee’s annual report on Directors’ remuneration for the year ended 31 March 2015. 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. The report also sets out how remuneration policy will operate in the year to 31 March 2016.

Overview of remuneration for the last financial year
As highlighted in the Chairman’s statement on pages 6 and 7, Cranwicks made excellent progress in meeting its strategic objectives during the year. Adjusted profit before tax increased by 10.6 per cent to £57.8 million; Adjusted earnings per share were up 9.5 per cent to 92.1 pence, and the dividend per share was up 1.3 per cent higher at 34.0 pence.

The challenging bonus targets set by the Remuneration Committee were linked to the stretching 2015 Group budget. As stated on page 63, performance in the year was above the highest target level and so the maximum bonus of 150 per cent of salary was awarded.

The 2012 Long Term Incentive Plan (LTIP) award, which is due to vest in June 2015, is estimated to achieve 91.1 per cent of the Earnings Per Share (EPS) target and 83.2 per cent of the Total Shareholder Return (TSR) target, resulting in an overall share award of 87.1 per cent. This is reflected in the table on page 62.

During the year the Committee awarded nil-cost share options under the LTIP scheme to the senior executives, including the Executive Directors. The number of shares awarded to each Executive Director was equivalent to 100 per cent of base salary based on the market value of the Company’s shares at the date of award. These awards are reflected in the table on page 65.

As reported last year, the pay award to the Executive Directors on 1 May 2014, was 2.7 per cent. This is reflected in the table on page 62.

Board retirements
Bernard Hoggart and John Worby retired from the Board after the Annual General Meeting (AGM) in July 2014.

Up to the date of his retirement, Bernard Hoggart continued to receive his salary and benefits. The Committee agreed that he should be classed as a good leaver and therefore would be entitled to a bonus in line with the other Executive Directors, prorated to the date of his retirement. The Committee also agreed that, in accordance with the rules of the LTIP scheme, as approved by the Shareholders last year, he would remain in the scheme with his existing awards being prorated to the date of his retirement. Details of payments made to Bernard Hoggart are set out in the table on page 65.

John Worby received fees of £17,000 to the date of his retirement. This is shown on page 62.

No termination payments were made to either of these Directors.

Annual General Meeting Voting
As shown on page 67, 2.7 per cent of the Shareholders voted against the Directors’ Remuneration Policy and the comments made in respect of this included: the Directors do not have a minimum shareholding requirement of 200 per cent of base salary and there are no claw back provisions for the LTIP. The Committee has taken note of these comments and a revised policy is to be put to the Shareholders at the AGM in 2015, which in particular proposes changes to the operation of the LTIP, details of which are noted below.

Remuneration for the 2016 financial year
The Directors’ Remuneration Policy report was subject to a binding Shareholder vote at the 2014 AGM. However, the Remuneration Committee is proposing to change the framework of the current LTIP, which is due for renewal in 2016. The updated scheme will incorporate feedback received from Shareholders and align it with current market practice and the remuneration policies of similar sized companies in the FTSE 250. At the 2015 AGM we will seek Shareholder approval for a revised Directors’ Remuneration Policy together with a new form of LTIP rules.

The new rules for the LTIP scheme will include:
• a normal maximum award to the Executive Directors of 150 per cent of base salary (currently 100 per cent);
• a two-year post vesting holding period; and
• a claw back and malus policy for misstatement, performance error or misconduct by a participant.

The current performance criteria based on EPS and TSR will remain.

The Committee recently benchmarked the Executive Directors’ remuneration against Cranwicks’ peer group. As a result of this exercise and taking into account the change in roles and responsibility of the Executive Directors, the following base salary increases have been awarded which will be applicable from 1 May 2015:

<table>
<thead>
<tr>
<th>Name</th>
<th>Award</th>
<th>Percentage Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adam Couch</td>
<td>£90,000</td>
<td>4.8% to £90,000</td>
</tr>
<tr>
<td>Jim Brisby</td>
<td>£90,000</td>
<td>14% to £90,000</td>
</tr>
<tr>
<td>Mark Bottomley</td>
<td>£90,000</td>
<td>2.6% to £90,000</td>
</tr>
<tr>
<td>Martin Davey</td>
<td>£90,000</td>
<td>2.6%</td>
</tr>
</tbody>
</table>

The standard pay increase of 2.6 per cent is consistent with the benchmark for the 2.9 per cent average award to other senior executives, and average awards across the Group of up to 3 per cent taking into account local practices and regional variations in pay and conditions.
REMUNERATION COMMITTEE REPORT CONTINUED

LETTER FROM THE CHAIR OF THE REMUNERATION COMMITTEE CONTINUED

Remuneration for the 2016 financial year continued

The 2016 bonus targets are based on the stretching Group budget for the year taking into account the challenging and competitive sector in which the Group operates. The Board considers that the targets should not be disclosed due to their commercial sensitivity. The targets will be declared retrospectively in the 2016 Annual Report, provided they are not considered commercially sensitive at that time. The Executive Directors will be entitled to receive up to 150 per cent of base salary if the maximum target is met.

Minimum shareholding

The Remuneration Committee has also recommended that the Executive Directors hold shares in the Company worth at least 200 per cent of base salary (currently 100 per cent of net salary), with the holding to be built up over a five-year period.

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 and 2014 UK Corporate Governance Code and the Listing Rules of the Financial Conduct Authority.

The report contains three separate sections: the Chairman’s letter and the Annual Report on Remuneration both of which will be subject to an advisory vote at the AGM; and the Directors’ Remuneration Policy which is subject to a binding shareholder vote at the AGM.

The policy report:

• 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.

The Annual Report on Remuneration discloses how the policy for executive remuneration has been applied during the year.

Summary

The Remuneration Committee will continue to monitor the Executive remuneration policy to ensure that it is correctly aligned with the Group’s business strategy and targets. The objective is to ensure that the financial interests of the Executive Directors, other senior management and employees are aligned with the achievement of the Group’s objectives. The Remuneration Committee considers the policy set out in this report, to be an appropriate strategy and targets. The objective is to ensure that the financial interests of the Executive Directors, other senior management and employees are aligned with the achievement of the Group’s objectives. The Remuneration Committee considers the policy set out in this report, to be an appropriate strategy and targets. The objective is to ensure that the financial interests of the Executive Directors, other senior management and employees are aligned with the achievement of the Group’s objectives. The Remuneration Committee considers the policy set out in this report, to be an appropriate strategy and targets. The objective is to ensure that the financial interests of the Executive Directors, other senior management and employees are aligned with the achievement of the Group’s objectives. The Remuneration Committee considers the policy set out in this report, to be an appropriate strategy and targets. The objective is to ensure that the financial interests of the Executive Directors, other senior management and employees are aligned with the achievement of the Group’s objectives. The Remuneration Committee considers the policy set out in this report, to be an appropriate strategy and targets. The objective is to ensure that the financial interests of the Executive Directors, other senior management and employees are aligned with the achievement of the Group’s objectives. The Remuneration Committee considers the policy set out in this report, to be an appropriate strategy and targets. The objective is to ensure that the financial interests of the Executive Directors, other senior management and employees are aligned with the achievement of the Group’s objectives. The Remuneration Committee considers the policy set out in this report, to be an appropriate strategy and targets.

On behalf of the Board

Steven Essex
Chair of the Remuneration Committee
18 May 2015

REMUNERATION POLICY REPORT

The current remuneration policy, including amendments which are subject to Shareholder approval at, and will be effective from, the 2015 AGM on 27 July 2013, is set out below. Remuneration arrangements currently in place reflect the policy agreed at the 2014 AGM.

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 are set out below:

<table>
<thead>
<tr>
<th>Element of pay</th>
<th>Purpose and link to strategy</th>
<th>Operation</th>
<th>Performance metrics</th>
<th>Maximum entitlement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base salary</td>
<td>To provide a market competitive base salary to attract and retain executives.</td>
<td>Set competitively to reflect the individual’s skills, experience and responsibilities.</td>
<td>Any increase is based on individual performance, change in role and the Company pay award.</td>
<td>There is no prescribed maximum increase. 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.</td>
</tr>
<tr>
<td>Pension</td>
<td>To provide a framework to save for retirement.</td>
<td>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.</td>
<td>N/A</td>
<td>Pension entitlement is limited to 20 per cent of base salary.</td>
</tr>
<tr>
<td>Benefits</td>
<td>To provide market competitive benefits as part of the remuneration package.</td>
<td>Market competitive benefits principally comprise health insurances, personal tax advice, pensions advice and Company car allowance. Additional benefits might be provided from time to time if the Committee decides payment of such benefits is appropriate and in line with market practice.</td>
<td>N/A</td>
<td>Benefits will move in line with market rates.</td>
</tr>
</tbody>
</table>
There are no planned changes to the policy approved at the 2014 AGM other than the amendments to the annual bonus performance targets and the LTIP as set out below.

## 1. Annual bonus performance targets

The structure of the performance targets applicable to annual bonus awards to be made in a particular year will be set out in the implementation section of the annual report on remuneration which precedes that year rather than in this remuneration policy report. The actual targets will not be disclosed in advance as they are considered to be commercially sensitive information, however, the details of these will be disclosed retrospectively, provided they are not considered commercially sensitive at that time.

Historically, Group profit before tax, as adjusted for acquisitions, disposals and other non-trading items, was the sole metric against which the annual bonus award was assessed. The policy has been amended to allow flexibility for the Committee to introduce other financial measures, if deemed necessary, to provide an appropriately balanced and stretching incentive. Again, such metrics will be disclosed in the implementation section.

## 2. Long Term Incentive Plan

Under the policy approved at the 2014 AGM, 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.

From the 2015 AGM it is proposed that a new scheme be put in place as follows:

<table>
<thead>
<tr>
<th>Element</th>
<th>Change</th>
<th>Reason for change</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTIP opportunity</td>
<td>Increase in normal opportunity from 100 per cent to 150 per cent of salary.</td>
<td>The LTIP arrangements have not been reviewed for a number of years, therefore a total review of the arrangements was undertaken. It was concluded that the opportunity levels were not reflective of the emphasis that the Committee places on performance related pay and the effectiveness of the LTIP opportunity as an incentive as compared to companies of a similar size.</td>
</tr>
</tbody>
</table>

### Performance targets

- The specific TSR and EPS performance metrics applying to awards to be made under the LTIP in a particular year will be set out in the implementation section of the annual report on remuneration which precedes that year rather than in this remuneration policy report.

To enable the Committee to continue to ensure that the metrics remain appropriate from year-to-year without the need to seek shareholder approval to amend the policy, for instance, due to movements in the comparator group of companies.

### Holding period

- A two-year post vesting holding period is applicable to the shares received on exercise of the LTIP award (after the sale of any shares to cover tax liabilities).

To further align with the interests of Shareholders.

### Clawback and malus arrangement

- Implementation of a claw back and malus arrangement for misstatement, performance error and misconduct by a participant.

To further align with the interests of Shareholders and following the 2014 update to the UK Corporate Governance Code.

**Disclaimer**

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 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 that for existing Directors set out in the policy table, including the same limits on quantum of awards under those plans. Where the new Director is an internal candidate their level of pay will be based on their increasing role and responsibilities and in line with market rates. Any incentive awards made before their promotion will continue to apply.

The Remuneration Committee reserves the right to make awards in addition to the normal participation in the Company’s incentive plans to a new Director to buy out the awards to which the Director would have been entitled from their previous employer where it considers that this is necessary to attract the right person. Such awards may be made through a combination of performance and non-performance awards which reflect the profile of the award foregone and which take into account the likelihood of the performance conditions of those awards being met, in order and so far as is possible to provide an equivalent opportunity which is overall no more generous than the awards foregone.

Where appropriate the Company may also pay reasonable relocation and related costs.

Termination policy
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 include:

- salary, benefits and pension – earnings up to the date of leaving as per the service agreement;
- for a ‘good leaver’ only, any share awards due, as per the rules of the scheme, apportioned to the date of leaving; and
- any pay in lieu of notice.

A leaver will be a ‘good leaver’ in the event of:

- retirement;
- redundancy;
- illness, disability or injury;
- death; or
- in other circumstances if the Committee, in its discretion, considers it appropriate.

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.

Non-Executive Directors
Each Non-Executive Director has an appointment letter – Steven Esom for three years from 12 November 2014, Kate Allum for three years from 1 July 2013 and Mark Reckitt for 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 role;
- 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;
- incentive 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 Save As You Earn share schemes which are 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.)

Reward scenario analysis (£’000)

<table>
<thead>
<tr>
<th>Executive Director</th>
<th>Minimum</th>
<th>On Target</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Martin Davey</td>
<td></td>
<td>1,299</td>
<td>2,500</td>
</tr>
<tr>
<td>Adam Couch</td>
<td>0</td>
<td>1,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Mark Bottomley</td>
<td>0</td>
<td>1,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Jim Brisby</td>
<td>0</td>
<td>1,000</td>
<td>2,000</td>
</tr>
</tbody>
</table>

The tables above illustrate the potential pay opportunities for the Executive Directors under three different scenarios for the year ending 31 March 2016.

- Fixed – comprises fixed pay being base salary, benefits and pension.
- On target – assumes the bonus performance achieves the first threshold where bonus equivalent to 20 per cent of the base salary would be payable and the mid-point of the LTIP award is achieved for both EPS and TSR giving a 62 per cent award.
- Maximum – the maximum amount receivable for the bonus and LTIP award.

Reward scenario analysis (£’000)
The Remuneration Committee recommends to the Board the policy for the Executive Director’s 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 table below sets out the single figure remuneration details of the Directors for the reporting year:

<table>
<thead>
<tr>
<th>Directors’ Remuneration (audited)</th>
<th>Salary and benefits</th>
<th>Bonus</th>
<th>LTIP</th>
<th>Share award</th>
<th>Performance</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£’000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£’000</td>
</tr>
<tr>
<td>Mark Bottomley</td>
<td>379</td>
<td>28</td>
<td>29</td>
<td>569</td>
<td>537</td>
<td>128</td>
</tr>
<tr>
<td>Jim Bridby</td>
<td>341</td>
<td>19</td>
<td>31</td>
<td>511</td>
<td>154</td>
<td>483</td>
</tr>
<tr>
<td>Adam Couch</td>
<td>562</td>
<td>29</td>
<td>31</td>
<td>845</td>
<td>252</td>
<td>712</td>
</tr>
<tr>
<td>Martin Davey</td>
<td>377</td>
<td>31</td>
<td>31</td>
<td>565</td>
<td>272</td>
<td>712</td>
</tr>
<tr>
<td>Bernard Hoggart (*)</td>
<td>102</td>
<td>31</td>
<td>31</td>
<td>556</td>
<td>173</td>
<td>712</td>
</tr>
<tr>
<td>Kate Allum</td>
<td>45</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td></td>
<td>50</td>
</tr>
<tr>
<td>Mark Reckitt (*)</td>
<td>45</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>John Worthy (*)</td>
<td>9</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Patrick Farranworth (*)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>17</td>
</tr>
<tr>
<td>Total</td>
<td>1,761</td>
<td>124</td>
<td>147</td>
<td>2,488</td>
<td>989</td>
<td>2,444</td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>2014</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>£’000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£’000</td>
</tr>
</tbody>
</table>

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 vested in June 2014, calculated at a vesting share price of 1,189 pence. The EPS element of the award did not achieve its performance target but 496 per cent was achieved of the TSR measure giving an overall award of 24.8 per cent and this is reflected in the 2014 column of the table on page 62.

The value of the SAYE options relates to awards granted 5, 5 or 7 years ago that have had their full contribution paid by the Executive and have been exercised in the year. The award in 2015 exercised by Martin Davey had an exercise price of 579 pence per share and a market value of 1,407 pence and the notional gain is shown in the 2013 column of the table on page 62. Similarly the options exercised in 2014 by Jim Bridby had an exercise price of 474 pence and a market price of 1,262 pence and this notional gain is shown in the 2014 column of the table on page 62.

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 2016 targets are not disclosed as they are considered to be commercially sensitive. The targets will be declared retrospectively in the 2016 Annual Report, provided they are not considered commercially sensitive at that time. There are four bonus profit targets triggering awards of 20 per cent, 50 per cent, 100 per cent and 150 per cent of base salaries with a straight line pro-rata award for profits falling between the targets. There is a fixed sum paid out at the half year stage based on the achievement of the half year target.

The net profit targets, which may be adjusted to take into account acquisitions and disposals and other non-trading items which arise during the year, ranged, in 2015, from £32.1 million to £60.6 million. The performance in the year, before charging bonus awards, exceeded the maximum profit target resulting in a bonus award of 150 per cent of salary. This award is reflected in the table on page 62.

The number of Directors who were active members of the money purchase pension scheme in the year was two (2014: three).

### Payments to past Directors (audited)

Bernard Hoggart, who was previously the Group’s Chief Executive until August 2012, stepped down to the role of Commercial Director before retiring from the business at the end of July 2014 and his remuneration to that date is shown in the table on page 62.

The Committee considered Bernard to be a good leaver, as defined on page 60, and therefore it was within their discretion to award him a bonus (on the same basis as the other Executive Directors) apportioned to the date of retirement.

In accordance with the rules of the LTIP he remains in the scheme, as a good leaver, and any award is pro-rated to the date of retirement. The award which is expected to vest in June 2015, has been adjusted accordingly.

Payments applicable to Bernard Hoggart since ceasing to be a Director:

<table>
<thead>
<tr>
<th>Date of grant</th>
<th>Options granted</th>
<th>Vesting performance</th>
<th>Shares awarded</th>
<th>Average share price</th>
<th>Value of shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 June 2012</td>
<td>44,600</td>
<td>87.1%</td>
<td>38,869</td>
<td>1,382p</td>
<td>£537,100</td>
</tr>
<tr>
<td>1 June 2012</td>
<td>40,100</td>
<td>87.1%</td>
<td>34,942</td>
<td>1,382p</td>
<td>£482,960</td>
</tr>
<tr>
<td>1 June 2012</td>
<td>59,100</td>
<td>87.1%</td>
<td>51,505</td>
<td>1,382p</td>
<td>£711,799</td>
</tr>
<tr>
<td>1 June 2012</td>
<td>59,100</td>
<td>87.1%</td>
<td>51,505</td>
<td>1,382p</td>
<td>£711,799</td>
</tr>
</tbody>
</table>

The value of the LTIP for the year ended 31 March 2015 relates to awards made in 2012 with a performance criteria based on the three years ended 31 March 2015 that will vest in June 2015, calculated at the average price for the three months ending on 31 March 2015 of 1,382 pence. It is estimated that the EPS element of the award will achieve a performance target of 91.1 per cent and for the TSR element a target of 83.2 per cent and an overall share award of 87.1 per cent which is reflected in the table above and on page 63.

No termination payments were made to these Directors.
**ANNUAL REPORT ON REMUNERATION FOR THE YEAR ENDED 31 MARCH 2015 CONTINUED**

**REMUNERATION COMMITTEE REPORT CONTINUED**

The graph below shows the percentage change (from a base of 100 in May 2009) in the Total Shareholder Return (with dividends reinvested) for each of the last six 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 the last six 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.

![Graph](image-url)

The table below shows the percentage change from 2014 to 2015 in the Chief Executive’s salary compared to the change for all permanent employees.

| LTIP vesting against maximum opportunity | 85% | 100% | 93% | 43% | 25% |
| Bonus award against maximum opportunity | 97% | 14% | 56% | 80% | 31% |
| CEO total remuneration | 1,458 | 919 | 1,334 | 1,249 | 1,082 |
| Pension | 93 | 97 | 102 | 86 | 108 |
| Bonus | 705 | 107 | 453 | 639 | 252 |
| Baseline salary | 464 | 483 | 508 | 505 | 542 |

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

<table>
<thead>
<tr>
<th>£’000</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total pay</td>
<td>107,090</td>
<td>111,927</td>
<td>94,403</td>
<td>128,356</td>
<td>125,631</td>
<td>126,889</td>
</tr>
<tr>
<td>Salary</td>
<td>107,090</td>
<td>111,927</td>
<td>94,403</td>
<td>128,356</td>
<td>125,631</td>
<td>126,889</td>
</tr>
<tr>
<td>Bonus</td>
<td>11,977</td>
<td>13,000</td>
<td>12,000</td>
<td>12,000</td>
<td>12,000</td>
<td>12,000</td>
</tr>
</tbody>
</table>

Bernard Hoggarth was the chief executive up to August 2012 and from that date Adam Couch fulfils the role.

**Change in total remuneration of the Chief Executive compared to employees (unaudited)**

The table below shows the percentage change from 2014 to 2015 in the Chief Executives salary compared to the change for all permanent employees of the business (excluding all Board Directors).

<table>
<thead>
<tr>
<th></th>
<th>Total pay</th>
<th>Salary</th>
<th>Benefits</th>
<th>Bonus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive</td>
<td>108%</td>
<td>4%</td>
<td>-6%</td>
<td>345%</td>
</tr>
<tr>
<td>All other employees excluding all Board Directors</td>
<td>7%</td>
<td>6%</td>
<td>2%</td>
<td>38%</td>
</tr>
</tbody>
</table>

Relative importance of the spend on pay (unaudited)

The table below shows the total remuneration paid across the Group together with the total dividend paid in respect of 2015 and the preceding financial year.

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay against distributions</td>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>Remuneration paid to all employees*</td>
<td>119,077</td>
<td>107,090</td>
<td>11,977</td>
</tr>
<tr>
<td>Total dividends paid in the year</td>
<td>15,995</td>
<td>14,903</td>
<td>1,092</td>
</tr>
</tbody>
</table>

* Includes the impact of pay awards and growth in employee numbers.
The Remuneration Committee is responsible to the Board and comprises of the Non-Executive Directors Steven Esom (Chair), Kate Allum and Mark Reckitt. Their experiences and suitability are highlighted in their biographical details on page 45. The Chairman attends the meetings, along with the Non-Executive Directors Steven Esom (Chair), Kate Allum and Mark Reckitt.

The Remuneration Committee has agreed that Executive Directors should build up a shareholding equivalent to 200 per cent of gross base salary over a five-year period, following the adoption of this policy in 2015.

There have been no further changes to the above interests in the period from 1 April 2015 to 14 May 2015.

The Remuneration Committee is responsible to the Board and comprises of the Non-Executive Directors Steven Esom (Chair), Kate Allum and Mark Reckitt. Their experiences and suitability are highlighted in their biographical details on page 45. The Chairman attends the meetings, along with the Chief Executive and the Group 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.

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:

<table>
<thead>
<tr>
<th>Name</th>
<th>Number</th>
<th>Date exercised</th>
<th>Exercise price (p)</th>
<th>Market price (p)</th>
<th>National gain (£000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mark Bottomley</td>
<td>1,554</td>
<td>17 March 2015</td>
<td>579</td>
<td>1,407</td>
<td>13</td>
</tr>
</tbody>
</table>

The Remuneration Committee is responsible to the Board and comprises of the Non-Executive Directors Steven Esom (Chair), Kate Allum and Mark Reckitt. Their experiences and suitability are highlighted in their biographical details on page 45. The Chairman attends the meetings, along with the Chief Executive and the Group 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.

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<table>
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<tr>
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<th>Market price (p)</th>
<th>National gain (£000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mark Bottomley</td>
<td>1,554</td>
<td>17 March 2015</td>
<td>579</td>
<td>1,407</td>
<td>13</td>
</tr>
</tbody>
</table>

Market price of shares

The market price of the Company's shares at 31 March 2015 was 1,373 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:

<table>
<thead>
<tr>
<th>Year of award</th>
<th>High (pence)</th>
<th>Low (pence)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>1,499</td>
<td>1,175</td>
</tr>
</tbody>
</table>

Options in issue throughout the year

<table>
<thead>
<tr>
<th>Options issued during the year:</th>
<th>High (pence)</th>
<th>Low (pence)</th>
</tr>
</thead>
<tbody>
<tr>
<td>– SAYE</td>
<td>1,447</td>
<td>1,310</td>
</tr>
<tr>
<td>– LTIP</td>
<td>1,499</td>
<td>1,207</td>
</tr>
</tbody>
</table>

Directors’ interests (audited)

<table>
<thead>
<tr>
<th>Name</th>
<th>LTIPT (unvested, subject to performance)</th>
<th>LTIPT (vested*, exercised)</th>
<th>SAYE (non-performance related)</th>
<th>Number of shares held</th>
<th>Number of shares held as a % of base salary</th>
<th>Target %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mark Bottomley</td>
<td>64,300</td>
<td>38,869</td>
<td>5,866</td>
<td>22,567</td>
<td>99</td>
<td>200</td>
</tr>
<tr>
<td>Jim Bridy</td>
<td>75,600</td>
<td>34,947</td>
<td>2,258</td>
<td>58,576</td>
<td>236</td>
<td>200</td>
</tr>
<tr>
<td>Adam Couch</td>
<td>94,500</td>
<td>51,105</td>
<td>4,696</td>
<td>82,940</td>
<td>203</td>
<td>200</td>
</tr>
<tr>
<td>Martin Davey</td>
<td>83,500</td>
<td>51,105</td>
<td>758</td>
<td>200,726</td>
<td>731</td>
<td>200</td>
</tr>
<tr>
<td>Steven Esom</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1,441</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Mark Reckitt</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1,300</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

* LTIPT awards are due to vest in June 2015 with the performance criteria now completed.

The share price at 31 March 2015 of 1,373p was used in calculating the percentage figures shown above.

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 200 per cent of gross base salary over a five-year period, following the adoption of this policy in 2015.

There have been no further changes to the above interests in the period from 1 April 2015 to 18 May 2015.

The Remuneration Committee is responsible to the Board and comprises of the Non-Executive Directors Steven Esom (Chair), Kate Allum and Mark Reckitt. Their experiences and suitability are highlighted in their biographical details on page 45. The Chairman attends the meetings, along with the Chief Executive and the Group 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.

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The Directors submit their report and the audited accounts of the Group for the year ended 31 March 2015.

**Dividends**
The Directors submit their report and the audited accounts of the Group for the year ended 31 March 2015.

**Directors’ Report**

This disapplies 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:

- Disapplication of rights of pre-emption
- Allot Shares
- 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 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

**Share capital structure**

<table>
<thead>
<tr>
<th>Shareholders</th>
<th>Number of shares</th>
<th>% of issued share capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invesco Perpetual</td>
<td>12,800,065</td>
<td>25.60</td>
</tr>
<tr>
<td>Woodford Investment Management</td>
<td>1,429,770</td>
<td>6.69</td>
</tr>
<tr>
<td>Wellington Management</td>
<td>2,822,823</td>
<td>3.73</td>
</tr>
<tr>
<td>Legal &amp; General Investment Management</td>
<td>2,766,457</td>
<td>4.60</td>
</tr>
<tr>
<td>Fidelity Management &amp; Research</td>
<td>1,824,993</td>
<td>3.71</td>
</tr>
<tr>
<td>Standard Life Investments</td>
<td>1,637,125</td>
<td>3.32</td>
</tr>
<tr>
<td>Jupiter Asset Management</td>
<td>1,534,677</td>
<td>3.12</td>
</tr>
</tbody>
</table>

There have been no notifications of any significant changes to these shareholdings as at 18 May 2015.

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

- **Allot Shares**
  - This gives the 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 27 July 2015, is limited to £1,632,308 which represented approximately 33 per cent of the Company’s issued ordinary share capital (excluding treasury shares) as at 6 June 2014. 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 27 July 2015.
  - **Disapplication of rights of pre-emption**
    - This disapplies 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 and power. This authority will expire at the end of the Annual General Meeting to be held on 27 July 2015.

- **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 share’s purchase. 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 27 July 2015. 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 capital structure, the Group may adjust dividends payable 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 2015.

The Group’s capital structure is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt (Note 26)</td>
<td>173.7</td>
<td>170.7</td>
</tr>
<tr>
<td>Cranswick plc Shareholders’ equity</td>
<td>322.4</td>
<td>302.7</td>
</tr>
<tr>
<td>Capital employed</td>
<td>497.7</td>
<td>519.7</td>
</tr>
</tbody>
</table>

**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 a 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 day’s 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 occur because of a takeover bid other than as stated in the Remuneration Committee Report relating to Martin Davey.

**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.

- **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);**
- **or 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 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 on 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.

**Distributions, capital raising and share repurchases**

The proposed final dividend for 2015 together with the interim paid in January 2015 amount to 34 pence per share which is 6.3 per cent higher than

The proposed final dividend for 2015 together with the interim paid in January 2015 amount to 34 pence per share which is 6.3 per cent higher than the previous year. Share capital increased by 293,857 shares. The increase comprised 245,310 of shares issued relating to share options exercised during the year and 48,547 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 55 to 67.

In accordance with the recommendations of the UK Corporate Governance Code, all Directors will stand for re-election at the forthcoming Annual General Meeting.

**Major Shareholders**

In accordance with the recommendations of the UK Corporate Governance Code, all Directors will stand for re-election at the forthcoming Annual General Meeting.

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<table>
<thead>
<tr>
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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 operations. Employees participate directly in the success of the business by participation in the SAYE share option schemes.

Details of the Group’s Greenhouse Gas Emissions are included within the Corporate Social Responsibility section on pages 36 to 41.

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 unacceptable, 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 three years, providing it with reduced liquidity risk and medium term funding to meet its objectives. Unutilised facilities at 31 March 2015 were £101.9 million (2014: £102.2 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 36 to 41.

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 race, colour, nationality, religion, sex, marital status, family status, sexual orientation, disability or age.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 operations. 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.
INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF CRANSWICK PLC

Opinion on financial statements
In our opinion:
• the financial statements give a true and fair view of the state of the Group and of the parent company's affairs as at 31 March 2015 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.

What we have audited
We have audited the financial statements of Cranswick plc for the year ended 31 March 2015 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Group Statement of Cash Flows, the Company Statement of Cash Flows, the Group Statement of Changes in Equity, the Company Statement 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 72, 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.

Our assessment of risk of material misstatement
The table below shows the risks we identified 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 together with our audit response to the risk:

<table>
<thead>
<tr>
<th>Risk</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue recognition</td>
<td>We understood and documented the key processes used to record revenue transactions.</td>
</tr>
<tr>
<td></td>
<td>At certain locations we identified and performed testing over key revenue controls. At the other locations we performed detailed testing of transactions.</td>
</tr>
<tr>
<td></td>
<td>We performed substantive analytical review of revenue in the year comparing amounts recognised with our expectations and corroborating differences.</td>
</tr>
<tr>
<td></td>
<td>We examined material journal entries that were posted to revenue accounts and obtained supporting evidence to ensure correctness.</td>
</tr>
<tr>
<td></td>
<td>We performed detailed cut-off testing of revenue transactions during the period either side of the Balance Sheet date with reference to delivery documentation. We also performed substantive analytical procedures during that same period.</td>
</tr>
</tbody>
</table>
An overview of the scope of our audit
Following our assessment of the risk of material misstatement to the Group financial statements, we selected 15 components which represent the principal business units within the Group and account for 99 per cent of the Groups total revenue and 99 per cent of the Groups profit before tax. These 15 components were all subject to a full audit.

The audit work at the 15 locations where full audit procedures were performed was executed at levels of materiality applicable to each individual entity which were lower than Group materiality and which reflected the risk and relative size of each location.

In addition to performing full audit procedures at 15 components, we also performed review procedures at the remaining 2 components to confirm there were no significant risks of material misstatement in the Group financial statements. These account for a further 1 per cent of the Group's total revenue and 1 per cent of the Groups profit before tax.

All of the locations subject to audit are based in the United Kingdom and are the responsibility of the Group audit team.

Opinion on other matters 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;
• the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
• the information given in the Corporate Governance Statement set out on pages 46 to 49 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's 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 pages 70 and 71, in relation to going concern; and
• the part of the Corporate Governance Statement relating to the Company's compliance with the ten 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
18 May 2015
GROUP INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015

Revenue

<table>
<thead>
<tr>
<th>Notes</th>
<th>2015 £'000</th>
<th>2014 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,003,336</td>
<td>994,905</td>
</tr>
</tbody>
</table>

Adjusted Group operating profit

58,653
53,255

Release of contingent consideration

14
= 1,086

Net IAS 41 valuation movement on biological assets

15
(4,245)
1,441

Amortisation of customer relationship intangible assets

11
(671)
=

53,757
55,782

Finance revenue

6
(901)
=
32

Finance costs

6
(901)
(1,057)

52,836
54,757

Group operating profit

52,836
55,782

Profit before tax

52,836
55,782

Taxation

7
(11,584)
(11,550)

Profit for the year

41,252
43,207

Earnings per share (pence)

On profit for the year:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic</td>
<td>84.1p</td>
<td>88.7p</td>
</tr>
<tr>
<td>Diluted</td>
<td>83.8p</td>
<td>88.5p</td>
</tr>
</tbody>
</table>

On adjusted profit for the year:

<table>
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<th></th>
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</tr>
</thead>
<tbody>
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</tr>
</tbody>
</table>

GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2015

Profit for the year

41,252
43,207

Other comprehensive income

Other comprehensive income to be reclassified to profit or loss in subsequent periods:

Cash flow hedges

Losses arising in the year

20
(210)
(18)

Reclassification adjustments for losses included in the income statement

20
18
4

Income tax effect

38
3

Net other comprehensive income to be reclassified to profit or loss in subsequent periods

(154)
(11)

Items not to be reclassified to profit or loss in subsequent periods:

Actuarial losses on defined benefit pension scheme

25
(307)
(4,177)

Income tax effect

61
735

Net other comprehensive income not to be reclassified to profit or loss in subsequent periods

(246)
(3,442)

Other comprehensive income, net of tax

(400)
(3,453)

Total comprehensive income, net of tax

40,852
39,754

COMPANY STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2015

Company profit for the year of £13,749,000 (2014: £17,344,000) was equal to total comprehensive income for the year attributable to owners of the parent in both years.
## GROUP BALANCE SHEET
### AT 31 MARCH 2015

<table>
<thead>
<tr>
<th>Notes</th>
<th>2015 £’000</th>
<th>2014 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>11</td>
<td>145,705</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>12</td>
<td>166,087</td>
</tr>
<tr>
<td>Biological assets</td>
<td>15</td>
<td>592</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td></td>
<td>312,384</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Biological assets</td>
<td>15</td>
<td>11,197</td>
</tr>
<tr>
<td>Inventories</td>
<td>14</td>
<td>49,125</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>17</td>
<td>116,905</td>
</tr>
<tr>
<td>Financial assets</td>
<td>18</td>
<td>–</td>
</tr>
<tr>
<td>Cash and short term deposits</td>
<td>16</td>
<td>3,941</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td>181,168</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>493,552</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>19</td>
<td>(117,792)</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td>20</td>
<td>(210)</td>
</tr>
<tr>
<td>Income tax payable</td>
<td>21</td>
<td>(196)</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td>(125,244)</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other payables</td>
<td>19</td>
<td>(1,278)</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td>20</td>
<td>(25,427)</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>21</td>
<td>(3,457)</td>
</tr>
<tr>
<td>Provisions</td>
<td>25</td>
<td>(196)</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td></td>
<td>(35,935)</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td>(161,179)</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td></td>
<td>332,373</td>
</tr>
</tbody>
</table>

**Equity**

<table>
<thead>
<tr>
<th></th>
<th>2015 £’000</th>
<th>2014 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Called-up share capital</td>
<td>23</td>
<td>4,926</td>
</tr>
<tr>
<td>Share premium account</td>
<td>25</td>
<td>65,689</td>
</tr>
<tr>
<td>Share based payments</td>
<td>27</td>
<td>10,242</td>
</tr>
<tr>
<td>Hedging reserve</td>
<td>16</td>
<td>(169)</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>25</td>
<td>251,685</td>
</tr>
<tr>
<td><strong>Equity attributable to owners of the parent</strong></td>
<td></td>
<td>332,373</td>
</tr>
</tbody>
</table>

**On behalf of the Board**

Martin Davey
Chairman
18 May 2015

Mark Bottomley
Finance Director

---

## COMPANY BALANCE SHEET
### AT 31 MARCH 2015

<table>
<thead>
<tr>
<th>Notes</th>
<th>2015 £’000</th>
<th>2014 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>12</td>
<td>548</td>
</tr>
<tr>
<td>Investments in subsidiary undertakings</td>
<td>13</td>
<td>161,447</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>7</td>
<td>853</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td></td>
<td>162,848</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>17</td>
<td>29,379</td>
</tr>
<tr>
<td>Cash and short term deposits</td>
<td>26</td>
<td>501</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td>29,880</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>192,728</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>19</td>
<td>(52,360)</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td>20</td>
<td>(1,208)</td>
</tr>
<tr>
<td>Income tax payable</td>
<td>21</td>
<td>(513)</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td>(54,881)</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial liabilities</td>
<td>20</td>
<td>(21,265)</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td>(76,146)</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td></td>
<td>116,782</td>
</tr>
</tbody>
</table>

**Equity**

<table>
<thead>
<tr>
<th></th>
<th>2015 £’000</th>
<th>2014 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Called-up share capital</td>
<td>23</td>
<td>4,926</td>
</tr>
<tr>
<td>Share premium account</td>
<td>25</td>
<td>65,689</td>
</tr>
<tr>
<td>General reserve</td>
<td>26</td>
<td>4,000</td>
</tr>
<tr>
<td>Merger reserve</td>
<td>27</td>
<td>1,806</td>
</tr>
<tr>
<td>Share based payments</td>
<td>30</td>
<td>10,242</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>31</td>
<td>30,119</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td></td>
<td>116,782</td>
</tr>
</tbody>
</table>

**On behalf of the Board**

Martin Davey
Chairman
18 May 2015

Mark Bottomley
Finance Director

---

Martin Davey
Chairman
18 May 2015

Mark Bottomley
Finance Director

---
GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2015

<table>
<thead>
<tr>
<th>Notes</th>
<th>2015 £'000</th>
<th>2014 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit for the year</td>
<td>41,252</td>
<td>43,207</td>
</tr>
<tr>
<td>Adjustments to reconcile Group profit for the year to net cash inflows from operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income tax expense</td>
<td>11,584</td>
<td>11,550</td>
</tr>
<tr>
<td>Net finance costs</td>
<td>901</td>
<td>1,025</td>
</tr>
<tr>
<td>Loss/(gain) on sale of property, plant and equipment</td>
<td>149</td>
<td>(100)</td>
</tr>
<tr>
<td>Depreciation of property, plant and equipment</td>
<td>18,349</td>
<td>17,831</td>
</tr>
<tr>
<td>Amortisation of intangible assets</td>
<td>671</td>
<td>119</td>
</tr>
<tr>
<td>Share-based payments</td>
<td>2,463</td>
<td>1,014</td>
</tr>
<tr>
<td>Difference between pension contributions paid and amounts recognised in the income statement</td>
<td>(1,212)</td>
<td>(1,006)</td>
</tr>
<tr>
<td>Release of contingent consideration</td>
<td>–</td>
<td>(2,086)</td>
</tr>
<tr>
<td>Net IAS 41 valuation movement on biological assets</td>
<td>4,245</td>
<td>(1,441)</td>
</tr>
<tr>
<td>Increase in biological assets</td>
<td>491</td>
<td>1,497</td>
</tr>
<tr>
<td>Increase in trade and other receivables</td>
<td>(12,586)</td>
<td>(3,910)</td>
</tr>
<tr>
<td>Increase in inventories</td>
<td>2,226</td>
<td>4,702</td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>67,142</td>
<td>73,181</td>
</tr>
<tr>
<td>Tax paid</td>
<td>(12,750)</td>
<td>(13,050)</td>
</tr>
<tr>
<td><strong>Net cash from operating activities</strong></td>
<td>54,392</td>
<td>60,131</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Notes</th>
<th>2015 £'000</th>
<th>2014 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest received</td>
<td>–</td>
<td>28</td>
</tr>
<tr>
<td>Principal amounts received in relation to loans advanced</td>
<td>–</td>
<td>1,002</td>
</tr>
<tr>
<td>Acquisition of subsidiaries, net of cash acquired</td>
<td>(17,692)</td>
<td>(14,402)</td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(21,144)</td>
<td>(27,684)</td>
</tr>
<tr>
<td>Receipt of government grants</td>
<td>542</td>
<td>100</td>
</tr>
<tr>
<td>Proceeds from sale of property, plant and equipment</td>
<td>244</td>
<td>197</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>52,030</td>
<td>40,739</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Notes</th>
<th>2015 £'000</th>
<th>2014 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest paid</td>
<td>(880)</td>
<td>(1,094)</td>
</tr>
<tr>
<td>Proceeds from issue of share capital</td>
<td>901</td>
<td>410</td>
</tr>
<tr>
<td>Proceeds from borrowings</td>
<td>–</td>
<td>30,000</td>
</tr>
<tr>
<td>Issue costs of long term borrowings</td>
<td>(851)</td>
<td>–</td>
</tr>
<tr>
<td>Repayment of borrowings</td>
<td>(8,000)</td>
<td>(30,500)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(15,350)</td>
<td>(12,700)</td>
</tr>
<tr>
<td>Repayment of capital element of finance leases and hire purchase contracts</td>
<td>(444)</td>
<td>(349)</td>
</tr>
<tr>
<td><strong>Net cash used in financing activities</strong></td>
<td>(24,624)</td>
<td>(14,335)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Notes</th>
<th>2015 £'000</th>
<th>2014 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net (decrease)/increase in cash and cash equivalents</td>
<td>(8,282)</td>
<td>5,139</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>12,223</td>
<td>7,084</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>3,941</td>
<td>12,223</td>
</tr>
</tbody>
</table>

CRANSWICK plc Annual Report & Accounts 2015

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2015

<table>
<thead>
<tr>
<th>Notes</th>
<th>2015 £'000</th>
<th>2014 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit for the year</td>
<td>13,749</td>
<td>17,344</td>
</tr>
<tr>
<td>Adjustments to reconcile Company profit for the year to net cash inflows from operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends received</td>
<td>(15,350)</td>
<td>(12,700)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>143</td>
<td>2,121</td>
</tr>
<tr>
<td>Net finance cost</td>
<td>4,057</td>
<td>3,654</td>
</tr>
<tr>
<td>Depreciation of property, plant and equipment</td>
<td>32</td>
<td>26</td>
</tr>
<tr>
<td>Share-based payments</td>
<td>986</td>
<td>256</td>
</tr>
<tr>
<td>Increase in trade and other receivables</td>
<td>(2,481)</td>
<td>(11,762)</td>
</tr>
<tr>
<td>Increase in trade and other payables</td>
<td>2,021</td>
<td>8,615</td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>3,151</td>
<td>7,559</td>
</tr>
<tr>
<td>Tax paid</td>
<td>(780)</td>
<td>(2,254)</td>
</tr>
<tr>
<td><strong>Net cash from operating activities</strong></td>
<td>2,371</td>
<td>5,305</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Notes</th>
<th>2015 £'000</th>
<th>2014 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest received</td>
<td>–</td>
<td>6</td>
</tr>
<tr>
<td>Dividends received</td>
<td>15,350</td>
<td>12,700</td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(26)</td>
<td>(17)</td>
</tr>
<tr>
<td>Proceeds from sale of property, plant and equipment</td>
<td>–</td>
<td>13</td>
</tr>
<tr>
<td><strong>Net cash from investing activities</strong></td>
<td>15,324</td>
<td>12,702</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Notes</th>
<th>2015 £'000</th>
<th>2014 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest paid</td>
<td>(3,953)</td>
<td>(3,635)</td>
</tr>
<tr>
<td>Proceeds from issue of share capital</td>
<td>901</td>
<td>410</td>
</tr>
<tr>
<td>Proceeds from borrowings</td>
<td>–</td>
<td>30,000</td>
</tr>
<tr>
<td>Issue costs of long term borrowings</td>
<td>(851)</td>
<td>–</td>
</tr>
<tr>
<td>Repayment of borrowings</td>
<td>(8,000)</td>
<td>(29,000)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(15,350)</td>
<td>(12,700)</td>
</tr>
<tr>
<td><strong>Net cash used in financing activities</strong></td>
<td>(27,253)</td>
<td>(14,925)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Notes</th>
<th>2015 £'000</th>
<th>2014 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net (decrease)/increase in cash and cash equivalents</td>
<td>(9,558)</td>
<td>3,082</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>36</td>
<td>8,251</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of year</strong></td>
<td>(2,307)</td>
<td>8,251</td>
</tr>
</tbody>
</table>
## GROUP STATEMENT OF CHANGES IN EQUITY
### FOR THE YEAR ENDED 31 MARCH 2015

<table>
<thead>
<tr>
<th>Share capital</th>
<th>Share premium</th>
<th>Share-based payments</th>
<th>Hedging reserve</th>
<th>Retained earnings</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>At 31 March 2011</td>
<td>4,853</td>
<td>61,603</td>
<td>6,765</td>
<td>(4)</td>
<td>200,447</td>
</tr>
<tr>
<td>Profit for the year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share-based payments</td>
<td></td>
<td>1,014</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scrip dividend</td>
<td>19</td>
<td>2,184</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share options exercised (proceeds)</td>
<td>24</td>
<td>386</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td></td>
<td></td>
<td></td>
<td>(1,207)</td>
<td></td>
</tr>
<tr>
<td>Deferred tax related to changes in equity</td>
<td></td>
<td></td>
<td></td>
<td>(268)</td>
<td></td>
</tr>
<tr>
<td>Corporation tax related to changes in equity</td>
<td></td>
<td></td>
<td></td>
<td>323</td>
<td></td>
</tr>
<tr>
<td>At 31 March 2014</td>
<td>4,896</td>
<td>64,173</td>
<td>7,779</td>
<td>(15)</td>
<td>225,878</td>
</tr>
<tr>
<td>Profit for the year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share-based payments</td>
<td></td>
<td>2,463</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scrip dividend</td>
<td>5</td>
<td>640</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share options exercised (proceeds)</td>
<td>25</td>
<td>876</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td></td>
<td></td>
<td></td>
<td>(1,207)</td>
<td></td>
</tr>
<tr>
<td>Deferred tax related to changes in equity</td>
<td></td>
<td></td>
<td></td>
<td>(14,903)</td>
<td></td>
</tr>
<tr>
<td>At 31 March 2015</td>
<td>4,926</td>
<td>65,689</td>
<td>10,242</td>
<td>(169)</td>
<td>251,685</td>
</tr>
</tbody>
</table>

**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 is relative 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.
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 consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2015. Control is achieved when the Group has exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

• power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
• exposure, or right, to variable returns from its involvement with the investee; and
• the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 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 these estimates.

In the process of applying the Group’s accounting policies, management has made the following judgements, apart from those involving estimates, 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 51 – 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 24 – fair values on acquisition
• Biological assets
  Note 15 – assumptions in relation to mortality
• 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:

International Accounting Standards (IAS/IFRS)

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

IAS 7 (revised)
Separate Financial Statements
1 January 2014

IAS 28 (revised)
Investment in Associates
1 January 2014

IAS 32 (revised)
Financial Instruments: Presentation
1 January 2014

IAS 56 (revised)
Impairment of Assets
1 January 2014

IAS 59 (revised)
Financial Instruments: Recognition and Measurement
1 January 2014

The application of these 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 are in the process of assessing the impact on the Group’s and Company’s financial statements. The standards not applied are as follows:

International Accounting Standards (IAS/IFRS)

Annual Improvements to IFRSs 2010-2012 Cycle
1 January 2014

Annual Improvements to IFRSs 2011-2013 Cycle
1 January 2014

IFRS 9
Financial Instruments: Classification and Measurement
1 January 2016

IFRS 10
Consolidated Financial Statements (amendment) – application of consolidation exemption
1 January 2016

IFRS 11
Joint Arrangements (amendment)
1 January 2016

IFRS 12
Disclosures of Interests in Other Entities (amendment)
1 January 2016

IFRS 14
Regulatory Deferral Accounts
1 January 2016

IFRS 15
Revenue from Contracts with Customers
1 January 2016

IAS 1
Presentation of Financial Statements (amendment)
1 January 2016

IAS 19
Employee Benefits (amendment)
1 January 2016

IAS 27
Separate Financial Statements (amendment)
1 January 2016

IAS 28
Investment in Associates (amendment)
1 January 2016

IAS 38
Intangible Assets (amendment)
1 January 2016

IAS 41
Agriculture (amendment)
1 January 2016

* 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.

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.

Sales related discounts and similar allowances comprise:

• Long term discounts and rebates – which are sales incentives to customers to encourage them to purchase increased volumes and are related to total volumes purchased and sales growths.
• Short term promotional discounts – which are directly related to promotions run by customers.

For sales related discounts that must be earned, management make estimates related to customer performance, sales volume and agreed terms, to determine total amounts earned and to be recorded in deductions from revenue.

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 amortisation of acquired customer relationship intangibles in the current year and release of contingent consideration in the prior period). These additional non-GAAP measures 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.

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:

1) 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
2) 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.
NOTES TO THE ACCOUNTS CONTINUED

2. Accounting policies continued

Taxes
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.

1) 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, any capitalising cost is charged to the income statement.

2) 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, appropriated or 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 over their expected useful lives of five years, with amortisation charged through administrative 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 depraciable 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.

Accounting for leases
1) 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.

2) 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
1) 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.

2) 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.
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 vesting period.

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.

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 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.

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 (allotment 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 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 where 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.
4. Group operating profit continued

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

<table>
<thead>
<tr>
<th></th>
<th>2015 £’000</th>
<th>2014 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation of property, plant and equipment</td>
<td>18,349</td>
<td>17,811</td>
</tr>
<tr>
<td>Amortisation of customer relationship intangible assets</td>
<td>671</td>
<td>159</td>
</tr>
<tr>
<td>Release of government grants</td>
<td>(74)</td>
<td>(85)</td>
</tr>
<tr>
<td>Operating lease payments – minimum lease payments</td>
<td>5,070</td>
<td>5,126</td>
</tr>
<tr>
<td>Net foreign currency differences</td>
<td>(232)</td>
<td>(42)</td>
</tr>
<tr>
<td>Cost of inventories recognised as an expense</td>
<td>600,269</td>
<td>657,307</td>
</tr>
<tr>
<td>Increase in provision for inventories</td>
<td>120</td>
<td>526</td>
</tr>
<tr>
<td>Research and development expenditure</td>
<td>1,810</td>
<td>1,989</td>
</tr>
</tbody>
</table>

5. Employees

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff costs:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>119,077</td>
<td>107,090</td>
</tr>
<tr>
<td>Social security costs</td>
<td>10,640</td>
<td>9,668</td>
</tr>
<tr>
<td>Other pension costs</td>
<td>2,106</td>
<td>1,460</td>
</tr>
<tr>
<td></td>
<td>151,823</td>
<td>118,118</td>
</tr>
</tbody>
</table>

Included within wages and salaries is a total expense for share-based payments of £2,463,000 (2014: £1,014,000) 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:

<table>
<thead>
<tr>
<th></th>
<th>2015 Number</th>
<th>2014 Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>4,272</td>
<td>4,110</td>
</tr>
<tr>
<td>Selling and distribution</td>
<td>298</td>
<td>280</td>
</tr>
<tr>
<td>Administration</td>
<td>238</td>
<td>257</td>
</tr>
<tr>
<td></td>
<td>4,808</td>
<td>4,627</td>
</tr>
</tbody>
</table>

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 Directors’ Remuneration Report on pages 55 to 67. The employee costs shown on page 90 include the following remuneration in respect of Directors of the Company:

<table>
<thead>
<tr>
<th></th>
<th>2015 £’000</th>
<th>2014 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group and Company</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Directors’ remuneration</td>
<td>4,808</td>
<td>3,720</td>
</tr>
<tr>
<td>Pension contribution</td>
<td>73</td>
<td>158</td>
</tr>
<tr>
<td></td>
<td>4,881</td>
<td>3,858</td>
</tr>
</tbody>
</table>

Aggregate gains made by Directors on exercise of share options | 805 | 1,270 |

Number of Directors receiving pension contributions under money purchase schemes | 2 | 5 |

6. Finance revenue and costs

<table>
<thead>
<tr>
<th></th>
<th>2015 £’000</th>
<th>2014 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Finance revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance revenue from loans receivable</td>
<td>–</td>
<td>26</td>
</tr>
<tr>
<td>Other interest receivable</td>
<td>–</td>
<td>6</td>
</tr>
<tr>
<td>Total finance revenue</td>
<td>32</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2015 £’000</th>
<th>2014 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Finance costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank interest paid and similar charges</td>
<td>747</td>
<td>899</td>
</tr>
<tr>
<td>Total interest expense for financial liabilities not at fair value through profit or loss</td>
<td>747</td>
<td>899</td>
</tr>
<tr>
<td>Net finance cost on defined benefit pension deficit (Note 25)</td>
<td>108</td>
<td>122</td>
</tr>
<tr>
<td>Finance charge payable under finance leases and hire purchase contracts</td>
<td>–</td>
<td>17</td>
</tr>
<tr>
<td>Movement in discount on provisions and financial liabilities</td>
<td>46</td>
<td>15</td>
</tr>
<tr>
<td>Other interest payable</td>
<td>–</td>
<td>4</td>
</tr>
<tr>
<td>Total finance costs</td>
<td>901</td>
<td>1,057</td>
</tr>
</tbody>
</table>

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

7. Taxation

<table>
<thead>
<tr>
<th></th>
<th>2015 £’000</th>
<th>2014 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total current tax</strong></td>
<td>12,729</td>
<td>12,597</td>
</tr>
</tbody>
</table>

Deferred tax:

<table>
<thead>
<tr>
<th></th>
<th>2015 £’000</th>
<th>2014 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Origination and reversal of temporary differences</td>
<td>(1,329)</td>
<td>321</td>
</tr>
<tr>
<td>Deferred tax rate change</td>
<td>73</td>
<td>(994)</td>
</tr>
<tr>
<td>Adjustments in respect of prior years</td>
<td>112</td>
<td>(568)</td>
</tr>
<tr>
<td>Total deferred tax</td>
<td>(1,145)</td>
<td>(1,047)</td>
</tr>
</tbody>
</table>

Tax on profit on ordinary activities | 11,584 | 11,550 |
7. Taxation continued

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

<table>
<thead>
<tr>
<th></th>
<th>2015 £'000</th>
<th>2014 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recognised in Group statement of comprehensive income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax on revaluation of cash flow hedges</td>
<td>(38)</td>
<td>(3)</td>
</tr>
<tr>
<td>Deferred tax on actuarial loss on defined benefit pension scheme</td>
<td>(61)</td>
<td>(735)</td>
</tr>
<tr>
<td>Recognised in Group statement of changes in equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax on share-based payments</td>
<td>(437)</td>
<td>(246)</td>
</tr>
<tr>
<td>Corporation tax credit on share options exercised</td>
<td>(319)</td>
<td>(323)</td>
</tr>
<tr>
<td>Total tax credit recognised directly in equity</td>
<td>(855)</td>
<td>(1,307)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Temporary differences associated with Group investments</th>
<th>2015 £'000</th>
<th>2014 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recognised in Group statement of comprehensive income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disallowed expenses</td>
<td>466</td>
<td>374</td>
</tr>
<tr>
<td>Deferred tax rate change</td>
<td>72</td>
<td>(994)</td>
</tr>
<tr>
<td>Share-based payment deduction</td>
<td>–</td>
<td>201</td>
</tr>
<tr>
<td>Adjustments in respect of prior years</td>
<td>(10)</td>
<td>(625)</td>
</tr>
<tr>
<td>Total tax charge for the year</td>
<td>11,550</td>
<td>12,594</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Deferred tax in the income statement</th>
<th>2015 £'000</th>
<th>2014 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accelerated capital allowances</td>
<td>(175)</td>
<td>(1,946)</td>
</tr>
<tr>
<td>Biological assets</td>
<td>(849)</td>
<td>288</td>
</tr>
<tr>
<td>Customer relationships intangibles</td>
<td>(134)</td>
<td>–</td>
</tr>
<tr>
<td>Other temporary differences</td>
<td>18</td>
<td>(132)</td>
</tr>
<tr>
<td>Share-based payments</td>
<td>(248)</td>
<td>542</td>
</tr>
<tr>
<td>Deferred tax on defined benefit pension scheme</td>
<td>243</td>
<td>205</td>
</tr>
<tr>
<td>Deferred tax credit</td>
<td>(1,145)</td>
<td>(1,047)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Deferred tax asset in the balance sheet</th>
<th>2015 £'000</th>
<th>2014 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accelerated capital allowances</td>
<td>(33)</td>
<td>(26)</td>
</tr>
<tr>
<td>Other temporary differences</td>
<td>(16)</td>
<td>(17)</td>
</tr>
<tr>
<td>Share-based payments</td>
<td>(804)</td>
<td>(497)</td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>(853)</td>
<td>(540)</td>
</tr>
</tbody>
</table>

8. Profit attributable to members

Of the profit attributable to members, the sum of £13,749,000 (2014: £17,344,000) has been dealt with in the accounts of Cranswick plc.

9. Equity dividends

<table>
<thead>
<tr>
<th>Dividends</th>
<th>2015 £'000</th>
<th>2014 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed for approval of Shareholders at the Annual General Meeting on 27 July 2015:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Final dividend for 2015 – 23.4p (2014: 22.0p)</td>
<td>11,526</td>
<td>10,772</td>
</tr>
<tr>
<td>Declared and paid during the year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Final dividend for 2014 – 22.0p per share (2013: 20.6p)</td>
<td>10,792</td>
<td>10,025</td>
</tr>
<tr>
<td>Interim dividend for 2015 – 10.6p per share (2014: 10.0p)</td>
<td>5,203</td>
<td>4,878</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>15,995</td>
<td>14,903</td>
</tr>
</tbody>
</table>

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 £41,252,000 (2014: £43,201,000) 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:

<table>
<thead>
<tr>
<th></th>
<th>2015 Thousands</th>
<th>2014 Thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic weighted average number of shares</td>
<td>49,071</td>
<td>48,734</td>
</tr>
<tr>
<td>Dilutive potential ordinary shares – share options</td>
<td>151</td>
<td>191</td>
</tr>
<tr>
<td>Total</td>
<td>49,222</td>
<td>48,925</td>
</tr>
</tbody>
</table>
10. Earnings per share

Adjusted earnings per share

The Directors consider it appropriate to present an adjusted measure of earnings per share on the face of the income statement which excludes certain non-cash items to provide a more meaningful measure of the underlying performance of the business. These items include the amortisation of customer relationship intangible assets which became significant for the first time during the year ended 31 March 2015 following the acquisition of Benson Park Limited (Note 14), gains and losses from the IAS 41 valuation movement on biological assets due to the volatility of pig prices (Note 15) and in the prior year the release of contingent consideration in relation to the acquisition of Kingston Foods Limited in 2012 (Note 14).

Adjusted earnings per share are calculated using the weighted average number of shares for both basic and diluted amounts as detailed on page 93.

Adjusted profit for the year is derived as follows:

<table>
<thead>
<tr>
<th></th>
<th>2015 £'000</th>
<th>2014 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the year</td>
<td>41,252</td>
<td>43,207</td>
</tr>
<tr>
<td>Release of contingent consideration</td>
<td>-</td>
<td>(2,086)</td>
</tr>
<tr>
<td>Amortisation of customer relationship intangible assets</td>
<td>671</td>
<td>-</td>
</tr>
<tr>
<td>Tax on amortisation of customer relationship intangible assets</td>
<td>(134)</td>
<td>-</td>
</tr>
<tr>
<td>Net IAS 41 valuation movement on biological assets</td>
<td>4,245 (1,441)</td>
<td>4,245</td>
</tr>
<tr>
<td>Tax on net IAS 41 valuation movement on biological assets</td>
<td>(849)</td>
<td>288</td>
</tr>
<tr>
<td><strong>Adjusted profit for the year</strong></td>
<td><strong>45,185</strong></td>
<td><strong>40,968</strong></td>
</tr>
</tbody>
</table>

11. Intangible assets

<table>
<thead>
<tr>
<th></th>
<th>Goodwill £'000</th>
<th>Customer relationships £'000</th>
<th>Total £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>133,251</td>
<td>795</td>
<td>134,046</td>
</tr>
<tr>
<td>On acquisition (Note 14)</td>
<td>1,691</td>
<td>-</td>
<td>1,691</td>
</tr>
<tr>
<td>At 31 March 2014</td>
<td>134,942</td>
<td>795</td>
<td>135,737</td>
</tr>
<tr>
<td>On acquisition (Note 14)</td>
<td>9,656</td>
<td>6,183</td>
<td>15,841</td>
</tr>
<tr>
<td>At 31 March 2015</td>
<td>144,598</td>
<td>6,980</td>
<td>151,578</td>
</tr>
</tbody>
</table>

Amortisation and impairment

<table>
<thead>
<tr>
<th></th>
<th>Goodwill £'000</th>
<th>Customer relationships £'000</th>
<th>Total £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 31 March 2013</td>
<td>4,924</td>
<td>119</td>
<td>5,043</td>
</tr>
<tr>
<td>Amortisation</td>
<td>-</td>
<td>119</td>
<td>-</td>
</tr>
<tr>
<td>At 31 March 2014</td>
<td>4,924</td>
<td>278</td>
<td>5,202</td>
</tr>
<tr>
<td>Amortisation</td>
<td>-</td>
<td>671</td>
<td>-</td>
</tr>
<tr>
<td>At 31 March 2015</td>
<td>4,924</td>
<td>949</td>
<td>5,873</td>
</tr>
</tbody>
</table>

Net book value

<table>
<thead>
<tr>
<th></th>
<th>Goodwill £'000</th>
<th>Customer relationships £'000</th>
<th>Total £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 31 March 2013</td>
<td>128,327</td>
<td>676</td>
<td>129,003</td>
</tr>
<tr>
<td>At 31 March 2014</td>
<td>150,018</td>
<td>517</td>
<td>150,535</td>
</tr>
<tr>
<td>At 31 March 2015</td>
<td>159,674</td>
<td>6,031</td>
<td>165,705</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Cash-generating unit</th>
<th>2015 £'000</th>
<th>2014 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fresh pork</td>
<td>12,231</td>
<td>12,231</td>
</tr>
<tr>
<td>Livestock</td>
<td>1,691</td>
<td>1,691</td>
</tr>
<tr>
<td>Cooked meats</td>
<td>90,167</td>
<td>90,167</td>
</tr>
<tr>
<td>Sandwiches</td>
<td>11,602</td>
<td>11,602</td>
</tr>
<tr>
<td>Continental Fine Foods</td>
<td>10,968</td>
<td>10,968</td>
</tr>
<tr>
<td>Premium cooked poultry</td>
<td>9,259</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>1,756</td>
<td>3,359</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>139,674</strong></td>
<td><strong>130,018</strong></td>
</tr>
</tbody>
</table>

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 6.5 per cent has been used (2014: 7.4 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 share 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
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.
12. Property, plant and equipment

<table>
<thead>
<tr>
<th>Group</th>
<th>Freehold land and buildings £’000</th>
<th>Leasehold improvements £’000</th>
<th>Plant, equipment and vehicles £’000</th>
<th>Assets in the course of construction £’000</th>
<th>Total £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 March 2013</td>
<td>80,036</td>
<td>1,110</td>
<td>160,266</td>
<td>5,957</td>
<td>249,269</td>
</tr>
<tr>
<td>Additions</td>
<td>5,287</td>
<td>65</td>
<td>12,416</td>
<td>5,095</td>
<td>22,899</td>
</tr>
<tr>
<td>On acquisition</td>
<td>2,633</td>
<td>–</td>
<td>1,630</td>
<td>–</td>
<td>4,263</td>
</tr>
<tr>
<td>Transfers between categories</td>
<td>4,459</td>
<td>–</td>
<td>653</td>
<td>(5,112)</td>
<td>–</td>
</tr>
<tr>
<td>Disposals</td>
<td>(2,242)</td>
<td>(2,841)</td>
<td>–</td>
<td>(5,083)</td>
<td></td>
</tr>
<tr>
<td>At 31 March 2014</td>
<td>90,173</td>
<td>1,711</td>
<td>172,024</td>
<td>5,940</td>
<td>271,308</td>
</tr>
<tr>
<td>Additions</td>
<td>2,730</td>
<td>123</td>
<td>18,691</td>
<td>1,776</td>
<td>23,320</td>
</tr>
<tr>
<td>On acquisition</td>
<td>5,758</td>
<td>–</td>
<td>1,573</td>
<td>–</td>
<td>4,931</td>
</tr>
<tr>
<td>Transfers between categories</td>
<td>3,472</td>
<td>–</td>
<td>2,898</td>
<td>(6,370)</td>
<td>–</td>
</tr>
<tr>
<td>Disposals</td>
<td>(58)</td>
<td>(2,690)</td>
<td>–</td>
<td>(2,748)</td>
<td></td>
</tr>
<tr>
<td>At 31 March 2015</td>
<td>100,075</td>
<td>3,294</td>
<td>192,096</td>
<td>1,346</td>
<td>296,811</td>
</tr>
</tbody>
</table>

**Depreciation**

| At 31 March 2013 | 11,901                           | 1,710                        | 88,272                              | –                                          | 101,883     |
| Change for the year | 1,766                          | 187                          | 15,878                              | –                                          | 17,811      |
| Relating to disposals | (2,242)                       | (2,742)                      | –                                   | (4,984)                                    |             |
| At 31 March 2014 | 11,425                           | 1,897                        | 101,408                             | –                                          | 114,730     |
| Change for the year | 1,973                          | 201                          | 16,175                              | –                                          | 18,349      |
| Relating to disposals | –                             | (2,355)                      | –                                   | (2,355)                                    |             |
| At 31 March 2015 | 13,398                           | 2,098                        | 115,228                             | –                                          | 130,724     |

**Net book amounts**

| 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     |
| At 31 March 2015 | 86,677                           | 1,196                        | 76,268                              | 1,346                                      | 166,087     |

Included in freehold land and buildings is land with a cost of £82,670,000 (2014: £7,927,000) which is not depreciated relating to the Group and £509,000 (2014: £509,000) relating to the Company.

Cost includes £1,082,000 (2014: £1,082,000) in respect of capitalised interest. No interest was capitalised during the year (2014: £56,000). The rate used to determine the amount of borrowing costs eligible for capitalisation in the prior year was 1.75 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.
FAIR VALUES

17,895

Net assets acquired:

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

Principal activity of Benson Park Limited is the production of premium British cooked poultry. The acquisition moves the Group into a new protein sector and further broadens its product range and customer base.

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

- **Customer relationships**: £6,185
- **Property, plant and equipment**: £4,931
- **Inventories**: £2,196
- **Trade receivables**: £6,224
- **Bank and cash balances**: £2,308
- **Trade payables**: (£5,013)
- **Government grants**: (£465)
- **Corporation tax liability**: (£373)
- **Deferred tax liability**: (£1,339)
- **Finance lease obligations**: (£155)
- **Total consideration**: £23,772

From the date of acquisition to 31 March 2015, the external revenues of Benson Park Limited were £18.1 million and the company contributed a net profit after tax of £0.2 million.

**Yorkshire Baker**

On 2 April 2014, the Group acquired the goodwill associated with the Yorkshire Baker business in exchange for certain property, plant and equipment and 10 per cent of the issued share capital of Cranswick Gourmet Pastry Company Limited. Goodwill of £397,000 was recognised on acquisition representing 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 the assembled workforce. Transaction costs were nil. There is a put and call option in place over the 10 per cent shareholding, exercisable at fixed points over the next three years. The value paid for the shares will be based on the results of Cranswick Gourmet Pastry Company Limited during that period. Contingent consideration of £0.4 million has been recognised in relation to the option.

**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.

Net assets acquired:

- **Property, plant and equipment**: £3,828
- **Biological assets**: £10,550
- **Inventories**: £398
- **Trade receivables**: £1,368
- **Bank and cash balances**: £2,540
- **Trade payables**: (£3,258)
- **Provisions**: (£150)
- **Finance lease obligations**: (£148)
- **Corporation tax liability**: (£148)
- **Deferred tax liability**: (£905)
- **Total consideration**: £13,475

Included within cash flows from operating activities:

- **Cash consideration paid**: £13,475
- **Cash and cash equivalents acquired**: £2,308

Included within cash flows from investing activities:

- **Property, plant and equipment**: £3,467
- **Biological assets**: £3,131
- **Inventories**: £62
- **Trade receivables**: £1,368
- **Bank and cash balances**: £2,540
- **Trade payables**: (£3,258)
- **Provisions**: (£150)
- **Finance lease obligations**: (£603)
- **Corporation tax liability**: (£821)
- **Deferred tax liability**: £12,120

Included within net cash from operating activities:

- **Cash**: £13,475
- **Net cash outflow arising on acquisition**: £17,895

From the date of acquisition to 31 March 2015, the external revenues of Benson Park Limited were £18.1 million and the Company contributed a net profit after tax of £1.1 million to the Group if Benson Park Limited had been acquired at the beginning of the year; the Group’s profit after tax for the year would have been £42.8 million and revenues would have been £1,026.6 million.

In the prior year, from the date of acquisition to 31 March 2014, 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 £0.1 million to the Group. If the Wayland Farms Limited combination had taken place at the beginning of the prior year, the Group’s profit after tax for the prior year would have been unchanged at £43.2 million and revenues would have been £995.6 million.

In the prior year, from the date of acquisition to 31 March 2014, the external revenues of Wayland Farms Limited were £5.0 million 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 considered it impracticable to assess the impact of Wayland Farms Limited on the revenues and profit after tax of the Group for the prior year had the combination taken place at the beginning of that period.
HIGHLIGHTS

Company

Past due date in the following periods:

Current biological assets

11,197

Reconciliation of carrying amounts of livestock:

Group and externally (classified as current 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.

15. Biological assets

from acquisition.

In the prior year £1,086,000 of contingent consideration relating to the Kingston Foods Limited acquisition in June 2012 was released to the income statement being the full amount accrued, which reflected the Directors' expectations of the performance of the business over the three-year period from acquisition.

Kingston Foods contingent consideration

In the prior year £1,086,000 of contingent consideration relating to the Kingston Foods Limited acquisition in June 2012 was released to the income statement being the full amount accrued, which reflected the Directors' expectations of the performance of the business over the three-year period from acquisition.

Additional information:

Group

Quantities at year end:

Breeding sows (Bearer biological assets)

Boars

Pigs (Consumable biological assets)

Number of pigs produced in the year

16. Inventories

Group

Raw materials

Finished goods and goods for resale

17. Trade and other receivables

Group

Trade receivables

Of which: Not due

Past due date in the following periods:

Group

2015

2014

Less than 30 days

Between 30 and 60 days

More than 60 days

2015

2014

Financial assets:

Trade receivables

Amounts owed by Group undertakings

Other receivables

Non-financial assets:

Prepayments and accrued income

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:

Trade receivables are non-interest-bearing and are generally on 30 to 60 day terms and are shown net of any provision for impairment. As at 31 March 2015, trade receivables at nominal value of £613,000 (2014: £583,000) 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.

* 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).

The main assumption used in relation to the valuation is mortality which has been based on historical data for each category of pig.

Notes to the accounts continued
17. Trade and other receivables continued
Movements in the provision for impairment of receivables were as follows:

<table>
<thead>
<tr>
<th>Group</th>
<th>£’000</th>
<th>£’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bad debt provision</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 March 2013</td>
<td>631</td>
<td></td>
</tr>
<tr>
<td>Provided in year</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Utilised</td>
<td>(6)</td>
<td></td>
</tr>
<tr>
<td>Released</td>
<td>(50)</td>
<td></td>
</tr>
<tr>
<td>At 31 March 2014</td>
<td>583</td>
<td></td>
</tr>
<tr>
<td>Provided in year</td>
<td>46</td>
<td></td>
</tr>
<tr>
<td>Utilised</td>
<td>(56)</td>
<td></td>
</tr>
<tr>
<td>At 31 March 2015</td>
<td>613</td>
<td></td>
</tr>
</tbody>
</table>

There are no bad debt provisions against other receivables.

18. Financial assets

<table>
<thead>
<tr>
<th>Group</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans receivable</td>
<td>396</td>
<td>396</td>
</tr>
<tr>
<td>Impairment provision</td>
<td>(396)</td>
<td>(396)</td>
</tr>
</tbody>
</table>

Loans of £396,000 (2014: £396,000) are receivable from Dent Limited, a former 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.

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

19. Trade and other payables

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade payables</td>
<td>82,049</td>
<td>80,315</td>
<td>329</td>
<td>274</td>
<td></td>
</tr>
<tr>
<td>Amounts owed to Group undertakings</td>
<td>-</td>
<td>-</td>
<td>46,410</td>
<td>46,621</td>
<td></td>
</tr>
<tr>
<td>Other payables</td>
<td>35,608</td>
<td>28,420</td>
<td>5,621</td>
<td>4,191</td>
<td></td>
</tr>
<tr>
<td>Deferred income – Government grants</td>
<td>155</td>
<td>71</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>127,792</td>
<td>108,806</td>
<td>52,160</td>
<td>51,086</td>
<td></td>
</tr>
<tr>
<td>Non-current</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred income – Government grants</td>
<td>1,278</td>
<td>409</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,278</td>
<td>409</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

Government grants received relate to Regional Growth Fund, Rural Development Programme for England and Business Investment Scheme payments. The amounts received have been used to fund fixed asset investment with the objective of creating and safeguarding jobs at the Group’s facilities.

For the Company, amounts owed to Group undertakings reflect the net of the financial liabilities disclosed in Note 22 of £174,400,000 (2014: £153,400,000) and non-interest bearing amounts owed by the same entities to the Company.

20. Financial liabilities

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank overdrafts</td>
<td>-</td>
<td>-</td>
<td>1,808</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Finance leases and hire purchase contracts</td>
<td>-</td>
<td>309</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Forward currency contracts</td>
<td>210</td>
<td>18</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>210</td>
<td>18</td>
<td>1,808</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Non-current</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts outstanding under revolving credit facility</td>
<td>21,265</td>
<td>28,898</td>
<td>21,265</td>
<td>28,898</td>
<td></td>
</tr>
<tr>
<td>Contingent consideration (Note 14)</td>
<td>4,662</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>25,927</td>
<td>28,898</td>
<td>21,265</td>
<td>28,898</td>
<td></td>
</tr>
</tbody>
</table>

Movement on hedged items:

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Losses arising in the year</td>
<td>(210)</td>
<td>(18)</td>
</tr>
<tr>
<td>Reclassification adjustment for losses included in the income statement</td>
<td>18</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>(192)</td>
<td>(14)</td>
</tr>
</tbody>
</table>

All financial liabilities are amortised at cost, except for forward currency contracts and contingent consideration, which are carried at fair value.

Movements on hedged foreign currency contracts are reclassified through cost of sales.

Forward currency contracts are used to hedge a proportion of anticipated purchases denominated in foreign currencies and held at fair value in the balance sheet. To the extent that these forward contracts represent effective hedges, movements in fair value are taken directly to other comprehensive income and are then reclassified through the income statement in the period during which the hedged item impacts the income statement. A description of amounts and maturities is contained in Note 22.

Bank facilities

The Group negotiated an amendment and extension to its banking facilities during March 2014. The arrangement fees of £0.9 million are being amortised over the period of the facilities.

A committed bank overdraft facility of £20 million (2014: £20 million) is in place until July 2018, of which Enil (2014: Enil) was utilised at 31 March 2015. Interest is payable at a margin over base rate.

A revolving credit facility of £120 million (including the £20 million committed overdraft facility) is in place of which £22 million was utilised as at 31 March 2015 (2014: a revolving credit facility of £120 million of which £30 million was utilised). This facility expires in July 2018. Interest is payable on the revolving credit facility at a margin over LIBOR.

The maturity profile of bank loans is as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>In one year or less</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Between one year and two years</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Between two years and five years</td>
<td>22,000</td>
<td>10,000</td>
<td>22,000</td>
<td>10,000</td>
<td></td>
</tr>
<tr>
<td>Unamortised issue costs</td>
<td>(735)</td>
<td>(1,102)</td>
<td>(735)</td>
<td>(1,102)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>21,265</td>
<td>28,898</td>
<td>21,265</td>
<td>28,898</td>
<td></td>
</tr>
</tbody>
</table>

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

Lease provisions £'000
At 31 March 2014 343
Movement on discount 3
At 31 March 2015 346

Analysed as:

2015  £'000  2014  £'000
Current liabilities 196  199
Non-current liabilities 150  342
Total 346  341

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.

22. Financial instruments

An explanation of the Company and Group’s financial instruments risk management strategy is set out on page 70 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 2015 and their weighted average interest rates is set out below:

As at 31 March 2015

<table>
<thead>
<tr>
<th>Group</th>
<th>Weighted average effective interest rate %</th>
<th>Total £'000</th>
<th>At floating interest rates £'000</th>
<th>1 year or less £'000</th>
<th>1-2 years £'000</th>
<th>2-3 years £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fixed interest</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Financial liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Revolving credit facility</td>
<td>1.30%</td>
<td>(22,000)</td>
<td>(22,000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Financial assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cash at bank</td>
<td>0.00%</td>
<td>3,941</td>
<td>3,941</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>18,059</td>
<td>18,059</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As at 31 March 2014

<table>
<thead>
<tr>
<th>Group</th>
<th>Weighted average effective interest rate %</th>
<th>Total £'000</th>
<th>At floating interest rates £'000</th>
<th>1 year or less £'000</th>
<th>1-2 years £'000</th>
<th>2-3 years £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fixed interest</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Financial liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Revolving credit facility</td>
<td>1.29%</td>
<td>(30,000)</td>
<td>(30,000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Finance leases and hire purchase contracts</td>
<td>5.13%</td>
<td>(309)</td>
<td>(309)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(50,309)</td>
<td>(50,309)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Financial assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cash at bank</td>
<td>0.00%</td>
<td>12,223</td>
<td>12,223</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(18,086)</td>
<td>(17,777)</td>
<td>(309)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 2015 and their weighted average interest rates is set out below:

As at 31 March 2015

<table>
<thead>
<tr>
<th>Company</th>
<th>Weighted average effective interest rate %</th>
<th>Total £'000</th>
<th>At floating interest rates £'000</th>
<th>1 year or less £'000</th>
<th>1-2 years £'000</th>
<th>2-3 years £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fixed interest</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Financial liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Amounts owed to Group undertakings</td>
<td>2.00%</td>
<td>(174,400)</td>
<td>(174,400)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bank overdraft</td>
<td>2.00%</td>
<td>(1,808)</td>
<td>(1,808)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Revolving credit facility</td>
<td>1.30%</td>
<td>(22,000)</td>
<td>(22,000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(198,208)</td>
<td>(198,208)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Financial assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cash at bank</td>
<td>0.00%</td>
<td>501</td>
<td>501</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(197,707)</td>
<td>(197,707)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As at 31 March 2014

<table>
<thead>
<tr>
<th>Company</th>
<th>Weighted average effective interest rate %</th>
<th>Total £'000</th>
<th>At floating interest rates £'000</th>
<th>1 year or less £'000</th>
<th>1-2 years £'000</th>
<th>2-3 years £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fixed interest</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Financial liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Amounts owed to Group undertakings</td>
<td>2.00%</td>
<td>(174,400)</td>
<td>(174,400)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bank overdraft</td>
<td>2.00%</td>
<td>(1,808)</td>
<td>(1,808)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Revolving credit facility</td>
<td>1.30%</td>
<td>(22,000)</td>
<td>(22,000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(198,208)</td>
<td>(198,208)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Financial assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cash at bank</td>
<td>0.00%</td>
<td>8,251</td>
<td>8,251</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(175,149)</td>
<td>(175,149)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Currency profile

The Group’s financial assets at 31 March 2015 include Sterling denominated cash balances of £2,916,000 (2014: £11,363,000), Euro £991,000 (2014: £117,000) and US Dollar £54,000 (2014: £743,000), 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.

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.
22. Financial instruments continued

Contingent consideration is measured using Level 3 of the fair value hierarchy and relates to future amounts payable on acquisitions. Amounts payable are based on agreements within purchase contracts, management expectations of the future profitability of the acquired entity and the timings of payments.

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.

<table>
<thead>
<tr>
<th>Currency</th>
<th>Amount</th>
<th>Maturities</th>
<th>Exchange rates</th>
<th>Fair value</th>
<th>£'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Euros</td>
<td>21,000,000</td>
<td>1 April 2015–15 March 2016</td>
<td>€1.36–€1.40</td>
<td>(210)</td>
<td>(210)</td>
</tr>
<tr>
<td>US Dollars</td>
<td>500,000</td>
<td>24 April 2015–29 May 2015</td>
<td>£0.66</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Euros</td>
<td>2,800,000</td>
<td>8 May 2015–31 July 2015</td>
<td>£0.72–£0.79</td>
<td>(18)</td>
<td>(18)</td>
</tr>
</tbody>
</table>

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:

(a) 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.

<table>
<thead>
<tr>
<th>Group</th>
<th>Currency</th>
<th>Amount</th>
<th>Maturities</th>
<th>Exchange rates</th>
<th>Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group</td>
<td>Euros</td>
<td>21,000,000</td>
<td>1 April 2015–15 March 2016</td>
<td>€1.36–€1.40</td>
<td>(210)</td>
</tr>
<tr>
<td>Group</td>
<td>US Dollars</td>
<td>500,000</td>
<td>24 April 2015–29 May 2015</td>
<td>£0.66</td>
<td>–</td>
</tr>
<tr>
<td>Group</td>
<td>Euros</td>
<td>2,800,000</td>
<td>8 May 2015–31 July 2015</td>
<td>£0.72–£0.79</td>
<td>(18)</td>
</tr>
</tbody>
</table>

The Group hedges a proportion of its near-term expected sales 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.

<table>
<thead>
<tr>
<th>Group</th>
<th>Currency</th>
<th>Amount</th>
<th>Maturities</th>
<th>Exchange rates</th>
<th>Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group</td>
<td>Euros</td>
<td>21,000,000</td>
<td>1 April 2015–15 March 2016</td>
<td>€1.36–€1.40</td>
<td>(210)</td>
</tr>
<tr>
<td>Group</td>
<td>US Dollars</td>
<td>500,000</td>
<td>24 April 2015–29 May 2015</td>
<td>£0.66</td>
<td>–</td>
</tr>
<tr>
<td>Group</td>
<td>Euros</td>
<td>2,800,000</td>
<td>8 May 2015–31 July 2015</td>
<td>£0.72–£0.79</td>
<td>(18)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Group</th>
<th>Currency</th>
<th>Amount</th>
<th>Maturities</th>
<th>Exchange rates</th>
<th>Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group</td>
<td>Euros</td>
<td>21,000,000</td>
<td>1 April 2015–15 March 2016</td>
<td>€1.36–€1.40</td>
<td>(210)</td>
</tr>
<tr>
<td>Group</td>
<td>US Dollars</td>
<td>500,000</td>
<td>24 April 2015–29 May 2015</td>
<td>£0.66</td>
<td>–</td>
</tr>
<tr>
<td>Group</td>
<td>Euros</td>
<td>2,800,000</td>
<td>8 May 2015–31 July 2015</td>
<td>£0.72–£0.79</td>
<td>(18)</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Date</th>
<th>Currency</th>
<th>Rate Increase/Decrease</th>
<th>Effect on profit before tax</th>
<th>£'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>Sterling</td>
<td>+100</td>
<td>(442)</td>
<td>–</td>
</tr>
<tr>
<td>2014</td>
<td>Sterling</td>
<td>–100</td>
<td>442</td>
<td>–</td>
</tr>
</tbody>
</table>

Liquidity risk

The tables below summarise the maturity profile of the Group’s financial liabilities at 31 March 2015 and 2014 based on contractual undiscounted payments.

At 31 March 2015

<table>
<thead>
<tr>
<th>Group</th>
<th>Currency</th>
<th>Amount</th>
<th>Maturities</th>
<th>Exchange rates</th>
<th>Fair value</th>
<th>£'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group</td>
<td>Sterling</td>
<td>287</td>
<td>287</td>
<td>22,183</td>
<td>–</td>
<td>22,957</td>
</tr>
<tr>
<td>Group</td>
<td>Contingent consideration</td>
<td>–</td>
<td>–</td>
<td>4,352</td>
<td>–</td>
<td>4,352</td>
</tr>
<tr>
<td>Group</td>
<td>Trade and other payables</td>
<td>117,792</td>
<td>–</td>
<td>–</td>
<td>139,718</td>
<td></td>
</tr>
<tr>
<td>Group</td>
<td>Total</td>
<td>118,079</td>
<td>287</td>
<td>26,735</td>
<td>145,101</td>
<td></td>
</tr>
</tbody>
</table>

At 31 March 2014

<table>
<thead>
<tr>
<th>Group</th>
<th>Currency</th>
<th>Amount</th>
<th>Maturities</th>
<th>Exchange rates</th>
<th>Fair value</th>
<th>£'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group</td>
<td>Sterling</td>
<td>287</td>
<td>287</td>
<td>22,183</td>
<td>–</td>
<td>22,957</td>
</tr>
<tr>
<td>Group</td>
<td>Contingent consideration</td>
<td>–</td>
<td>–</td>
<td>4,352</td>
<td>–</td>
<td>4,352</td>
</tr>
<tr>
<td>Group</td>
<td>Trade and other payables</td>
<td>108,735</td>
<td>–</td>
<td>–</td>
<td>139,718</td>
<td></td>
</tr>
<tr>
<td>Group</td>
<td>Total</td>
<td>109,431</td>
<td>386</td>
<td>29,901</td>
<td>139,718</td>
<td></td>
</tr>
</tbody>
</table>

At 31 March 2015

<table>
<thead>
<tr>
<th>Company</th>
<th>Currency</th>
<th>Amount</th>
<th>Maturities</th>
<th>Exchange rates</th>
<th>Fair value</th>
<th>£'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company</td>
<td>Bank overdraft</td>
<td>1,808</td>
<td>–</td>
<td>–</td>
<td>1,808</td>
<td></td>
</tr>
<tr>
<td>Company</td>
<td>Revolving credit facility</td>
<td>287</td>
<td>287</td>
<td>22,183</td>
<td>22,957</td>
<td></td>
</tr>
<tr>
<td>Company</td>
<td>Trade and other payables</td>
<td>52,360</td>
<td>–</td>
<td>–</td>
<td>52,360</td>
<td></td>
</tr>
<tr>
<td>Company</td>
<td>Total</td>
<td>56,455</td>
<td>287</td>
<td>22,183</td>
<td>75,225</td>
<td></td>
</tr>
</tbody>
</table>

At 31 March 2014

<table>
<thead>
<tr>
<th>Company</th>
<th>Currency</th>
<th>Amount</th>
<th>Maturities</th>
<th>Exchange rates</th>
<th>Fair value</th>
<th>£'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company</td>
<td>Revolving credit facility</td>
<td>386</td>
<td>386</td>
<td>29,901</td>
<td>30,873</td>
<td></td>
</tr>
<tr>
<td>Company</td>
<td>Trade and other payables</td>
<td>51,086</td>
<td>–</td>
<td>–</td>
<td>51,086</td>
<td></td>
</tr>
<tr>
<td>Company</td>
<td>Total</td>
<td>51,472</td>
<td>386</td>
<td>29,901</td>
<td>81,759</td>
<td></td>
</tr>
</tbody>
</table>

The impact of liquidity risk on the Group is discussed in detail in the Directors' Report on page 70.
23. Called-up share capital

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

<table>
<thead>
<tr>
<th>Group and Company</th>
<th>2015 Number</th>
<th>2016 Number</th>
<th>£’000</th>
<th>2015 Number</th>
<th>2016 Number</th>
<th>£’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 April</td>
<td>48,961,889</td>
<td>48,527,532</td>
<td>4,896</td>
<td>4,853</td>
<td></td>
<td></td>
</tr>
<tr>
<td>On exercise of share options</td>
<td>243,310</td>
<td>245,021</td>
<td>35</td>
<td>24</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scrip dividends</td>
<td>48,547</td>
<td>191,336</td>
<td>5</td>
<td>19</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 March</td>
<td>49,257,746</td>
<td>48,961,889</td>
<td>4,926</td>
<td>4,896</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

On 5 September 2014, 33,687 ordinary shares were issued at £1.272 pence as a result of Shareholders exercising the scrip dividend option in lieu of the cash payment for the 2014 final dividend.

On 23 January 2015, 14,860 ordinary shares were issued at £1.447 pence as a result of Shareholders exercising the scrip dividend option in lieu of the cash payment for the 2015 interim dividend.

During the course of the year, 243,310 ordinary shares were issued to employees exercising SAYE and LTIP options at prices between nil and 956.0 pence.

Ordinary share capital of £63,851 is reserved for allotment under the Savings Related Share Options Schemes and Long Term Incentive Plans (LTIP). The options are exercisable as follows:

<table>
<thead>
<tr>
<th>Number</th>
<th>Exercise price</th>
<th>Exercise period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings related</td>
<td>55</td>
<td>665p</td>
</tr>
<tr>
<td>Savings related</td>
<td>10,855</td>
<td>474p</td>
</tr>
<tr>
<td>Savings related</td>
<td>9,902</td>
<td>594p</td>
</tr>
<tr>
<td>Savings related</td>
<td>19,013</td>
<td>693p</td>
</tr>
<tr>
<td>Savings related</td>
<td>48,125</td>
<td>579p</td>
</tr>
<tr>
<td>Savings related</td>
<td>104,233</td>
<td>629p</td>
</tr>
<tr>
<td>Savings related</td>
<td>70,845</td>
<td>916p</td>
</tr>
<tr>
<td>Savings related</td>
<td>234,533</td>
<td>1,187p</td>
</tr>
<tr>
<td>LTIP</td>
<td>977,676</td>
<td>Nil</td>
</tr>
</tbody>
</table>

On 6 September 2013, 111,212 ordinary shares were issued at £1.552 pence as a result of Shareholders exercising the scrip dividend option in lieu of the cash payment for the 2015 final dividend.

On 24 January 2014, 80,124 ordinary shares were issued at £1.151 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 prior year, 243,021 ordinary shares were issued to employees exercising SAYE and LTIP options at prices between nil and 692.0 pence.

24. Share-based payments

The Group operates two share option schemes, a Revenue approved 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 £2,463,000 (2014: £1,014,000). The Group operates two share option schemes, a Revenue approved 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 £2,463,000 (2014: £1,014,000). The Long Term Incentive Plan (LTIP) during the course of the year 285,800 options at nil cost were granted to Directors and senior executives, the share price at that time was £2.660 pence. Details of the performance criteria relating to the LTIP scheme can be found in the Directors’ Remuneration report on page 62. The maximum term of LTIP options is ten years.

<table>
<thead>
<tr>
<th>Group</th>
<th>2015 Number</th>
<th>2016 Number</th>
<th>£’000</th>
<th>2015 Number</th>
<th>2016 Number</th>
<th>£’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding as at 1 April</td>
<td>1,064,888</td>
<td>–</td>
<td>1,071,891</td>
<td>–</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Granted during the year (i)</td>
<td>285,800</td>
<td>–</td>
<td>327,100</td>
<td>–</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lapsed during the year</td>
<td>281,450</td>
<td>–</td>
<td>(152,313)</td>
<td>–</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exercised during the year (ii)</td>
<td>254,533</td>
<td>–</td>
<td>629p</td>
<td>March 2016–October 2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outstanding as at 31 March (iii)</td>
<td>517,758</td>
<td>–</td>
<td>9.56</td>
<td>446,407</td>
<td>–</td>
<td>6.61</td>
</tr>
<tr>
<td>Exercisable at 31 March</td>
<td>5,389</td>
<td>–</td>
<td>5.81</td>
<td>3,245</td>
<td>–</td>
<td>6.86</td>
</tr>
</tbody>
</table>

The weighted average fair value of options granted during the year was £11.64 (2014: £10.29). The share options granted during the year were at £9.16 per share. The share price at the date of grant was £12.66 (2014: £11.27).

The weighted average share price at the date of exercise for the options exercised was £11.25 (2014: £11.26). For the share options outstanding as at 31 March 2015, the weighted average remaining contractual life is 8.07 years (2014: 8.11 years).

The exercise price for all options outstanding at the end of the year was £9.16.

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 3.5 or 7 years. The maximum term of SAYE options is 3.5, 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.

<table>
<thead>
<tr>
<th>Group</th>
<th>2015 Number</th>
<th>2016 Number</th>
<th>£’000</th>
<th>2015 Number</th>
<th>2016 Number</th>
<th>£’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding as at 1 April</td>
<td>446,407</td>
<td>6.61</td>
<td>468,286</td>
<td>6.98</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Granted during the year (i)</td>
<td>256,866</td>
<td>11.87</td>
<td>87,372</td>
<td>9.16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lapsed during the year</td>
<td>31,767</td>
<td>7.93</td>
<td>(30,020)</td>
<td>6.29</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exercised during the year (ii)</td>
<td>111,212</td>
<td>5.86</td>
<td>(71,231)</td>
<td>7.75</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outstanding as at 31 March (iii)</td>
<td>19,649</td>
<td>6.33</td>
<td>19,600</td>
<td>5.94</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exercisable at 31 March</td>
<td>5,389</td>
<td>5.81</td>
<td>3,245</td>
<td>6.86</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The share options granted during the year were at £11.87 (2014: £11.16), representing a 20 per cent discount on the price at the relevant date. The share price at the date of grant was £15.91 (2014: £13.06).

The weighted average share price at the date of exercise for the options exercised was £14.21 (2014: £11.26). For the share options outstanding as at 31 March 2015, the weighted average remaining contractual life is 5.12 years (2014: 5.99 years). The weighted average fair value of options granted during the year was £3.38 (2014: £3.31). The range of exercise prices for options outstanding at the end of the year was £4.74–£11.87 (2014: £4.74–£9.16).
### Notes to the Accounts Continued

#### 24. Share-based payments continued

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 2015 and 31 March 2014:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LTP</td>
<td>SAYE</td>
<td>LTP</td>
<td>SAYE</td>
<td>SAYE</td>
</tr>
<tr>
<td>Dividend yield</td>
<td>2.81%</td>
<td>2.57%</td>
<td>3.03%</td>
<td>2.88%</td>
<td></td>
</tr>
<tr>
<td>Expected share price volatility</td>
<td>31.0%</td>
<td>31.0%</td>
<td>31.0%</td>
<td>31.0%</td>
<td></td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>1.06%</td>
<td>0.74% – 1.23%</td>
<td>0.51%</td>
<td>0.92% – 1.87%</td>
<td></td>
</tr>
<tr>
<td>Expected life of option</td>
<td>3 years</td>
<td>3, 5 years</td>
<td>3 years</td>
<td>3, 5 years</td>
<td></td>
</tr>
<tr>
<td>Exercise prices</td>
<td>Exn</td>
<td>£11.87</td>
<td>Enl</td>
<td>£16</td>
<td></td>
</tr>
</tbody>
</table>

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.

#### 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.

- **Rate of compensation increase:**
  - Benefits accrued after 1 January 1997: 3.25%
  - Benefits accrued prior to 1 January 1998: 5.00%

- **Rate of price inflation**
  - Current pensioners: 3.15%
  - Future pensioners: 4.50%

- **Benefits accrued after 1 January 1998: 5.00%**

- **Benefits accrued after 1 January 1997: 3.25%**

#### d) Components of pension cost

<table>
<thead>
<tr>
<th>Amounts recognised in the income statement:</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015 £‘000</td>
</tr>
<tr>
<td>Interest cost</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
</tr>
<tr>
<td>Total pension cost recognised in the income statement</td>
</tr>
</tbody>
</table>

#### e) Change in benefit obligation

<table>
<thead>
<tr>
<th>Benefit obligation at the beginning of the year</th>
<th>£‘000</th>
<th>£‘000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>25,221</td>
<td>21,535</td>
</tr>
<tr>
<td>Interest cost</td>
<td>967</td>
<td>935</td>
</tr>
<tr>
<td>Remeasurement losses/(gains):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actuarial losses/(gains) arising from changes in financial assumptions</td>
<td>7,844</td>
<td>(766)</td>
</tr>
<tr>
<td>Actuarial gains arising from changes in demographic assumptions</td>
<td>335</td>
<td></td>
</tr>
<tr>
<td>Other experience items</td>
<td>728</td>
<td></td>
</tr>
<tr>
<td>Additional liability recognised due to minimum funding requirement</td>
<td>(3,394)</td>
<td>3,457</td>
</tr>
<tr>
<td>Benefits paid from plan</td>
<td>(419)</td>
<td>(419)</td>
</tr>
<tr>
<td>Benefit obligation at the end of the year</td>
<td>50,219</td>
<td>25,221</td>
</tr>
</tbody>
</table>

#### f) Change in plan assets

<table>
<thead>
<tr>
<th>Fair value of plan assets at the beginning of the year</th>
<th>£‘000</th>
<th>£‘000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>18,693</td>
<td>15,179</td>
</tr>
<tr>
<td>Interest income</td>
<td>859</td>
<td>813</td>
</tr>
<tr>
<td>Return on plan assets</td>
<td>4,143</td>
<td>(1,007)</td>
</tr>
<tr>
<td>Employer contributions</td>
<td>1,320</td>
<td>1,128</td>
</tr>
<tr>
<td>Benefits paid from plan</td>
<td>(419)</td>
<td>(419)</td>
</tr>
<tr>
<td>Fair value of plan assets at the end of the year</td>
<td>24,596</td>
<td>18,693</td>
</tr>
</tbody>
</table>

The mortality rates used have been taken from Base tables S1PA (CMI 2012 improvements 1.5 per cent long term rate of improvement) (2014: S1PA (CMI 2012 improvements 1.5 per cent long term rate of improvement)).

At 31 March 2015, the average duration of the scheme liabilities was 23 years (2014: 23 years). For deferred pensions the average duration was 24 years (2014: 24 years) and for pensions in payment the average duration was twelve years (2014: twelve years).

The Group’s deficit as measured under IFRIC 14 is £5,623,000 (2014: £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 £3,560,000 (2014: £3,560,000). A 0.1 per cent increase/decrease in the discount rate would give rise to a £73,000 decrease/increase (2014: £22,000 decrease/increase) in the deficit as at 31 March 2015.

A 0.1 per cent increase/decrease in the inflation assumption would give rise to a £244,000 increase/nil decrease in the deficit at 31 March 2015.

The weighted average actuarial assumptions used in the valuation of the scheme were as follows:

- **Expected life of options:**
  - 3 years: 31.0%
  - 3, 5 years: 31.0%

- **Expected share price volatility:**
  - 3 years: 31.0%
  - 3, 5 years: 31.0%

- **Risk-free interest rate:**
  - 3 years: 1.06%
  - 3, 5 years: 0.74% – 1.23%

- **Expected volatility:**
  - 3 years: 0.51%
  - 3, 5 years: 0.92% – 1.87%

- **Exercise prices:**
  - 3 years: Exn
  - 3, 5 years: £11.87
  - Enl: £16

- **Expected return on assets:**
  - 3 years: 3.03%
  - 3, 5 years: 2.88%

- **Actual return on assets:**
  - 3 years: 2.81%
  - 3, 5 years: 2.57%

- **Present value of funded obligations:**
  - 2015: £25,221
  - 2014: £21,535

- **Fair value of plan assets at the end of the year:**
  - 2015: £24,596
  - 2014: £18,693

- **Net liability recorded in the balance sheet:**
  - 2015: £6,528
  - 2014: £3,457

- **Cumulative amount of actuarial losses recognised:**
  - 2015: £6,374
  - 2014: £6,067

- **Fair value of plan assets at the end of the year:**
  - 2015: £18,693
  - 2014: £16,178

- **Fair value of plan assets:**
  - 2015: £18,693
  - 2014: £16,178
All of the plan assets have a quoted price in an active market except for cash.

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 2016 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 defined contribution pension schemes whereby contributions are made to schemes operated by major insurance companies. Contributions owing to the insurance companies at the year end, included in trade and other payables, amounted to £288,000 (2014: £238,000). Contributions during the year totalled £2,106,000 (2014: £1,460,000).

### 26. Additional cash flow information

#### Analysis of changes in net debt:

<table>
<thead>
<tr>
<th>Description</th>
<th>2015 At 31 March</th>
<th>Cash flow £’000</th>
<th>Other non-cash changes £’000</th>
<th>2016 At 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>Revolving credit</td>
<td>(28,898)</td>
<td>8,000</td>
<td>(367)</td>
<td>(28,898)</td>
</tr>
<tr>
<td>Finance leases and hire purchase contracts</td>
<td>(509)</td>
<td>444</td>
<td>(153)</td>
<td>(509)</td>
</tr>
<tr>
<td>Net debt</td>
<td>(16,966)</td>
<td>162</td>
<td>(502)</td>
<td>(17,324)</td>
</tr>
</tbody>
</table>

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

#### Analysis of changes in cash and cash equivalents:

<table>
<thead>
<tr>
<th>Description</th>
<th>2015 At 31 March</th>
<th>Cash flow £’000</th>
<th>Other non-cash changes £’000</th>
<th>2016 At 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>Overdrafts</td>
<td>(549)</td>
<td>549</td>
<td>20</td>
<td>(549)</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>1,398</td>
<td>(1,002)</td>
<td>(396)</td>
<td>1,398</td>
</tr>
<tr>
<td>Revolving credit</td>
<td>(28,498)</td>
<td>500</td>
<td>(900)</td>
<td>(28,898)</td>
</tr>
<tr>
<td>Finance leases and hire purchase contracts</td>
<td>(55)</td>
<td>349</td>
<td>(603)</td>
<td>(55)</td>
</tr>
<tr>
<td>Net debt</td>
<td>(20,071)</td>
<td>4,986</td>
<td>(1,899)</td>
<td>(16,948)</td>
</tr>
</tbody>
</table>

27. Contingent liabilities

The Company, together with its subsidiary undertakings, has entered into a cross guarantee with Lloyds Banking Group plc, The Royal Bank of Scotland plc and Clydesdale Bank PLC (trading as Yorkshire Bank) (2014: Lloyds Banking Group plc; The Royal Bank of Scotland plc and Clydesdale Bank PLC (trading as Yorkshire Bank)) in respect of the Group’s facilities with those banks. Drawn down amounts totalled £22,000,000 as at 31 March 2015 (2014: £30,000,000).

For the Company, the amounts drawn down by other Group companies which were guaranteed by the Company at the year end totalled £nil (31 March 2014: £nil).

28. Commitments

(a) The Directors have contracted for future capital expenditure for property, plant and equipment totalling £2,858,000 (2014: £6,259,000).
(b) The Group’s future minimum rentals payable under non-cancellable operating leases are as follows:

<table>
<thead>
<tr>
<th>Group</th>
<th>2015 £’000</th>
<th>2014 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not later than one year</td>
<td>4,152</td>
<td>4,176</td>
</tr>
<tr>
<td>After one year but not more than five years</td>
<td>5,097</td>
<td>5,204</td>
</tr>
<tr>
<td>After five years</td>
<td>3,143</td>
<td>3,267</td>
</tr>
<tr>
<td></td>
<td>12,392</td>
<td>12,687</td>
</tr>
</tbody>
</table>

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:

#### Related party – Subsidiaries

<table>
<thead>
<tr>
<th>Company</th>
<th>Services rendered to related party £’000</th>
<th>Interest paid to related party £’000</th>
<th>Dividends received from related party £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Related party – Subsidiaries</td>
<td>12,105</td>
<td>5,125</td>
<td>15,350</td>
</tr>
<tr>
<td>2015</td>
<td>12,105</td>
<td>5,125</td>
<td>15,350</td>
</tr>
<tr>
<td>2014</td>
<td>17,560</td>
<td>2,724</td>
<td>12,700</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Group</th>
<th>2015 £’000</th>
<th>2014 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short term employee benefits</td>
<td>3,596</td>
<td>4,257</td>
</tr>
<tr>
<td>Post-employment benefits</td>
<td>73</td>
<td>138</td>
</tr>
<tr>
<td>Share-based payment</td>
<td>1,283</td>
<td>492</td>
</tr>
<tr>
<td></td>
<td>6,754</td>
<td>4,887</td>
</tr>
</tbody>
</table>
**SHAREHOLDER INFORMATION**

**FIVE YEAR STATEMENT**

<table>
<thead>
<tr>
<th></th>
<th>2015 £'m</th>
<th>2014 £'m</th>
<th>2013 £'m</th>
<th>2012 £'m</th>
<th>2011 £'m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>1,003.3</td>
<td>994.9</td>
<td>875.2</td>
<td>820.8</td>
<td>758.4</td>
</tr>
<tr>
<td>Profit before</td>
<td>52.8</td>
<td>54.8</td>
<td>47.3</td>
<td>48.4</td>
<td>47.1</td>
</tr>
<tr>
<td>tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted profit</td>
<td>57.8</td>
<td>52.2</td>
<td>49.1</td>
<td>45.6</td>
<td>47.3</td>
</tr>
<tr>
<td>before tax*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings per</td>
<td>84.1</td>
<td>88.7p</td>
<td>74.9p</td>
<td>78.6p</td>
<td>74.5p</td>
</tr>
<tr>
<td>share</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted earnings</td>
<td>92.1</td>
<td>84.1p</td>
<td>78.7p</td>
<td>72.9p</td>
<td>72.8p</td>
</tr>
<tr>
<td>per share*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends per</td>
<td>34.0p</td>
<td>32.0p</td>
<td>30.0p</td>
<td>28.5p</td>
<td>27.5p</td>
</tr>
<tr>
<td>share</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital</td>
<td>33.3</td>
<td>22.9</td>
<td>33.2</td>
<td>21.7</td>
<td>35.9</td>
</tr>
<tr>
<td>expenditure</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net debt</td>
<td>(17.3)</td>
<td>(17.0)</td>
<td>(20.1)</td>
<td>(21.7)</td>
<td>(48.3)</td>
</tr>
<tr>
<td>Net assets</td>
<td>332.4</td>
<td>302.7</td>
<td>273.7</td>
<td>245.9</td>
<td>220.9</td>
</tr>
</tbody>
</table>

*Adjusted profit before tax and earnings per share exclude the effects of net IAS 41 valuation movement and acquisition related amortisation in 2015, 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.

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

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

**SHAREHOLDER ANALYSIS**

**AT 5 MAY 2015**

<table>
<thead>
<tr>
<th>Classification</th>
<th>Number of holdings</th>
<th>Number of shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Shareholders</td>
<td>1,129</td>
<td>5,005,473</td>
</tr>
<tr>
<td>Corporate bodies and nominees</td>
<td>739</td>
<td>44,253,269</td>
</tr>
<tr>
<td></td>
<td>1,868</td>
<td>49,258,742</td>
</tr>
</tbody>
</table>

**Size of holding (shares)**

- 1–1,000: 1,021, 395,082
- 1,001–5,000: 499, 1,147,194
- 5,001–10,000: 114, 807,029
- 10,001–50,000: 131, 2,991,238
- 50,001–100,000: 47, 3,376,16
- Above 100,000: 56, 40,580,583

**Share price**

- Share price at 31 March 2014: 1,223p
- Share price at 31 March 2015: 1,373p
- High in the year: 1,499p
- Low in the year: 1,173p

**Share price movement**

Cranswick’s share price movement over the six year period to May 2015 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 Cranwicks share price at 5 May 2009, is shown below:

Source: Investec

**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
ADVISERS

Secretary  Malcolm Windeatt FCA

Company number  1074383

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Sutton Fields
Hull HU7 0YW

Stockbrokers  Investec Investment Banking – London
Shore Capital Stockbrokers – Liverpool

Registrars  Capita Asset Services
The Registry
54 Beckenham Road
Kent BR3 4TU

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lines are open 8.30am to 5.30pm, Monday – Friday
If calling from overseas please call
+44 208 659 3399
email: shareholderenquiries@capita.co.uk
www.capitaassetservices.com

Auditors  Ernst & Young LLP – Hull

Tax advisers  PricewaterhouseCoopers – Leeds

Solicitors  Rollits LLP – Hull

Bankers  Lloyds Banking Group plc
The Royal Bank of Scotland plc
Clydesdale Bank PLC (trading as Yorkshire Bank)

Merchant bankers  N M Rothschild & Sons – Leeds