CRANSWICK plc

Great British Taste

Cranswick plc Annual Report & Accounts
Year Ended 31 March 2015

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

OUR CORE MARKET IS THE UNITED KINGDOM WHERE WE PROVIDE A RANGE OF FRESH PORK, GOURMET SAUSAGES, PREMIUM COOKED MEATS, PREMIUM COOKED POULTRY, CHARCUTERIE, TRADITIONAL HAND-CURED, AIR-DRIED BACON, GOURMET PASTRY PRODUCTS AND SANDWICHES THROUGH RETAIL, FOODSERVICE AND MANUFACTURING CHANNELS.

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.

REVENUE £M

+0.8%

2015	1,003.3
2014	994.9
2013	875.2

ADJUSTED PROFIT BEFORE TAX £M

+10.6%

2015	57.8
2014	52.2
2013	49.1

ADJUSTED EARNINGS PER SHARE P

+9.5%

2015	92.1
2014	84.1
2013	78.7

DIVIDEND PER SHARE P

+6.3%

2015	34.0
2014	32.0
2013	30.0

FREE CASH FLOW £M

-9.4%

2015	53.5
2014	59.1
2013	49.0

NET DEBT £M

+2.0%

2015	17.3
2014	17.0
2013	20.1

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

HIGHLIGHTS

STRATEGIC REPORT

CORPORATE GOVERNANCE

FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION

For further information visit our website
CRANSWICK.PLC.UK

AT A GLANCE

OUR PRODUCT CATEGORIES

Read more about category performance on pages 12 and 13


Fresh & Added Value Pork


Sausages & Burgers


Continental Products


Traditional Air Dried Bacon & Gammon


Cooked Meats


Premium Cooked Poultry


Premium Sandwiches


Handmade Pastry

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

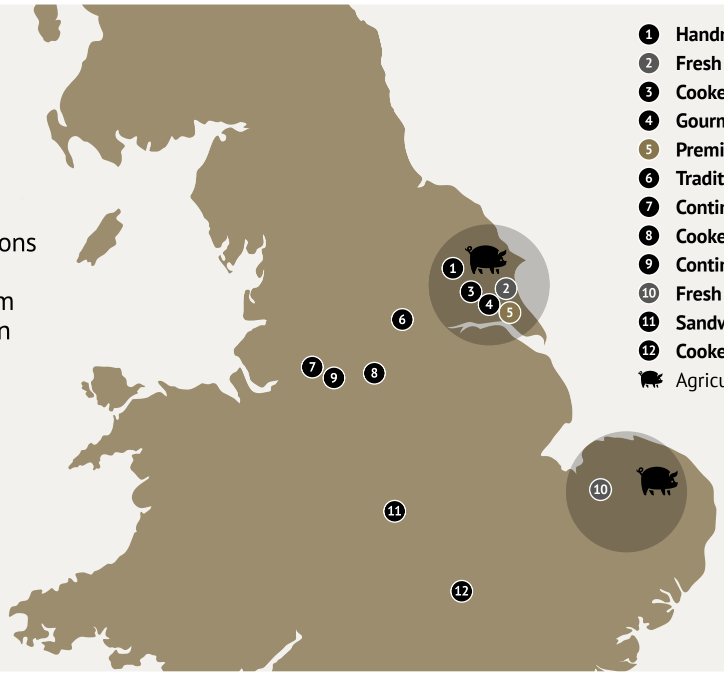
We have a portfolio of aspirational super-premium food brands. These are differentiated through product story, format, British and Mediterranean heritage and product quality. All our brands aim to capture the imagination of premium shoppers looking for new food experiences and exceptional taste.

BODEGA ANTIPASTI APPRECIATION
HEAPS SIMPLY SAUSAGES
YORKSHIRE BAKER
Woodall's THE HOME OF BRITISH CHARCUTERIE
Jack Scaife

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.

For more information on our business model see pages 20 to 25

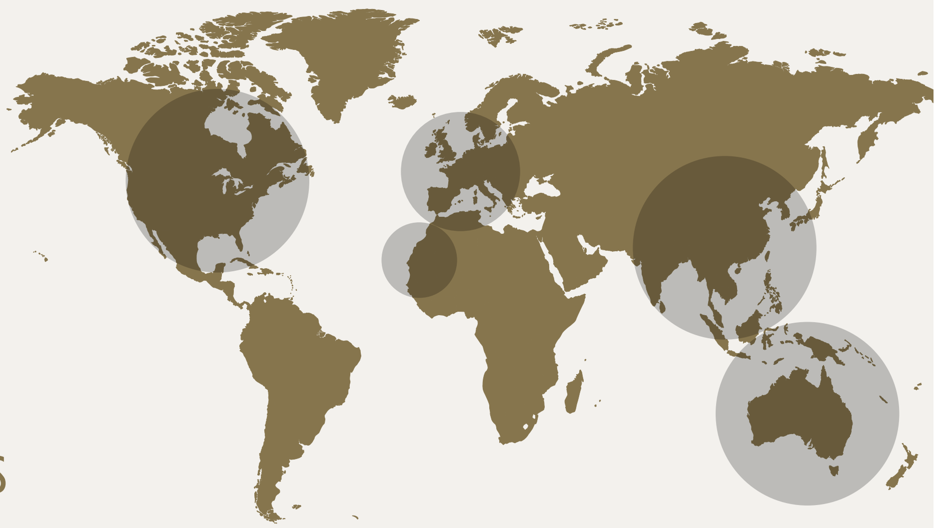


1. **Handmade Pastry** Malton
2. **Fresh Pork** Hull
3. **Cooked Meats** Hull
4. **Gourmet Sausages & Burgers** Hull
5. **Premium Cooked Poultry** Hull
6. **Traditional Bacon** Sherburn
7. **Continental Products** Manchester
8. **Cooked Meats** Barnsley
9. **Continental Products** Manchester
10. **Fresh Pork & Sausages** Norfolk
11. **Sandwiches** Atherstone
12. **Cooked Meats** Milton Keynes

Agriculture

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.

Read more about our strategy for future growth on pages 10 and 11

1970s
Establishment of the business
Animal feed and livestock

1985
Entry to the stock market

1991
Primary pork processing
Acquisition of Yorkshire Country Pork

1992
Deli cooked meats
Acquisition of FT Sutton's

1995
Gourmet sausages
Simply Sausages joint venture

1998
Gourmet sausages
Acquisition of Lazenby's

1999
Deli cooked meats
Acquisition of Pethick & Co.

2001
Continental products
Acquisition of Continental Fine Foods

2003
Premium sandwiches
Acquisition of the Sandwich Factory

2004
Dry cured, air dried bacon
Cranswick Gourmet Bacon Company joint venture

2005
Sliced cooked meats
Acquisition of Perkins Chilled Foods

2005
Exit pig rearing
Sale of livestock business

2006
Sliced cooked meats
Acquisition of Delico

2007
Exit agri-food
Sale of animal feed business

2009
Primary pork processing
Acquisition of Bowes of Norfolk

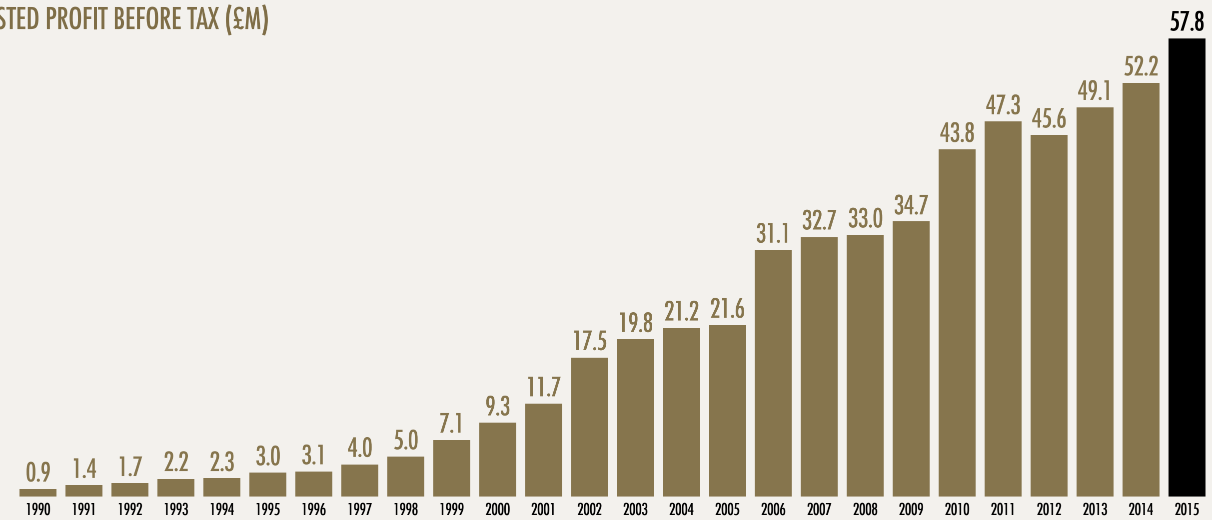
2010
Handmade pastry
Yorkshire Baker joint venture

2013
Pig breeding and rearing
Wayland and Wold Farms acquisitions

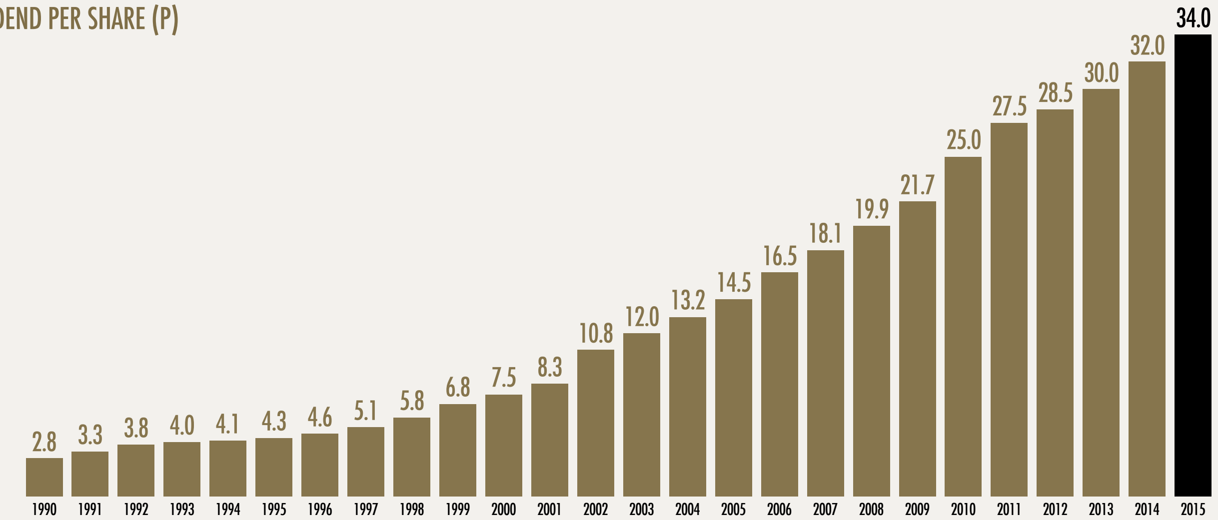
2014
Premium cooked poultry
Acquisition of Benson Park

OUR FINANCIAL PROGRESS

ADJUSTED PROFIT BEFORE TAX (£M)



DIVIDEND PER SHARE (P)



CHAIRMAN'S STATEMENT

9.5% INCREASE IN ADJUSTED EARNINGS PER SHARE

6.3% RISE IN DIVIDEND PER SHARE

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 £58.7 million.

Reported profit before taxation was £52.8 million and earnings per share were 84.1 pence. Adjusted profit before tax was £57.8 million, an increase of 10.6 per cent on the previous year. Adjusted earnings per share rose 9.5 per cent to 92.1 pence. Details of trading are covered more fully in the Operational Review.

Investments
Cranswick invested £21.1 million in its asset base during the year. This provided additional capacity, the upgrade of equipment, improved operational efficiencies and new product development resources. The principal areas of expenditure were at the Delico cooked meats facility in Milton Keynes, and the Hull and Norfolk fresh pork sites.

The strategy for the development of the business to date has been to complement organic growth with appropriate acquisitions. Benson Park is an important acquisition in meeting strategic objectives and we welcome David Park, Managing Director, and his colleagues to Cranswick and look forward to working with them to develop the business further. The business has traded in line with expectations since joining the Group and the major capital expenditure programme envisaged at the time of the acquisition has commenced with commissioning anticipated towards the end of 2015.

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.

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 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 Group's asset base and £17.7 million spent on acquisitions. Net debt at the end of the year stood at £17.3 million compared to £17.0 million a year earlier.

Dividend
The Board 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 10.6 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. Shareholders will again have the option to receive the dividend by way of scrip issue.

Corporate Governance
The Board is mindful of the UK Corporate Governance Code and embraces this as part of its culture. A statement relating to compliance with the Code is included within the Corporate Governance Statement on page 46.

Environmental initiatives
Managing and reducing the impact that the business has on the environment is an integral part of the Company's activities and has been the focus of attention for some years under a dedicated project team. Areas covered include waste, water, energy, packaging and carbon footprint and for the second successive year the Group was successful in winning the industry's 'Environmental Initiative of The Year' award.

Staff
The Group operates on a decentralised basis across product categories supported by business-wide collaboration in key areas. The Board considers this to be the most appropriate format for the Company and acknowledges that the continued success of Cranswick would not be possible without talented and motivated management teams supported by skilful and enthusiastic colleagues at each site. On behalf of the Board I thank all our colleagues for their commitment and contribution.

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.

Martin Davey

Martin Davey
Chairman
18 May 2015

GOVERNANCE HIGHLIGHTS

Leadership
The Board directs, develops and oversees implementation of the Group's strategy and monitors its operating performance. It is collectively responsible to Shareholders for the long term success of the Company.

Effectiveness
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.

Accountability
The Board 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.

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.

For more information on governance see pages 43 to 71

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, quiches 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

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.

OUR STRATEGY

OUR OVERALL STRATEGIC AIM IS TO CREATE LONG TERM VALUE FOR OUR SHAREHOLDERS, CUSTOMERS AND OTHER STAKEHOLDERS.

Adam Couch
Chief Executive
18 May 2015

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

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

PROGRESS

UK CONSOLIDATION
- New business wins
- New products launched
- New customers added
- Ongoing capital investment

UK DIVERSIFICATION
- Acquisition of Benson Park
- Strong growth in premium pastry
- Focus on 'food to go' and convenience channels
- Investment in British charcuterie range

DEVELOPING AN INTERNATIONAL BUSINESS
- Rapid growth in exports to the Far East
- Dedicated business development resource in China
- More countries targeted
- Opportunities for premium products being developed

KPIs

UNDERLYING REVENUE GROWTH
-0.3%

2015	-0.3
2014	12.0
2013	5.3

ADJUSTED GROUP OPERATING MARGIN
5.8%

2015	5.8
2014	5.4
2013	5.7

RETURN ON CAPITAL EMPLOYED
17.0%

2015	17.0
2014	16.8
2013	17.2

ADJUSTED GROSS PROFIT MARGIN
12.4%

2015	12.4
2014	11.8
2013	12.2

FREE CASH FLOW
£53.5M

2015	53.5
2014	59.1
2013	49.0

RISKS

The principal risks and uncertainties, all of which may affect our growth strategy, are set out on pages 32 and 33.

OPERATIONAL REVIEW

0.4% IMPROVEMENT IN ADJUSTED OPERATING MARGIN

THE MARKETS IN WHICH CRANSWICK OPERATES CONTINUE TO BE COMPETITIVE, BUT WE REMAIN FOCUSED ON DELIVERING INNOVATIVE PRODUCTS OF THE HIGHEST QUALITY AND EXCEPTIONAL SERVICE LEVELS TO OUR CUSTOMERS.

Adjusted Group operating profit increased by 10.1 per cent to £58.7 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 margin at 5.8 per cent of sales was 0.4 per cent ahead of the previous financial year, reflecting an unstinting 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.

Pig herd

Following the substantial investment in the Group's pig breeding and rearing activities during the previous financial year, the business this year has focused on improving the quality of the herd and the performance of the breeding, rearing and finishing units. There is now capacity to provide more than 20 per cent of the Group's overall British pig requirements and there will be ongoing investment to improve productivity and efficiencies.

Export trade

Exports to non-European markets were 23 per cent ahead of the prior year, as the business continues to make positive progress in developing its export trade. The business is now exporting to a number of countries in the Far East and has recently sent shipments to West Africa and Australia. One-third of the tonnage being processed through the Group's two primary processing facilities is being shipped overseas each week.

Cranswick now has a dedicated business development manager based in Shanghai and is working with the China British Business Council to expand its knowledge of the Chinese market.

Exports to Europe were lower than the prior year as more product was sold into the UK market where prices were more attractive.

Infrastructure investment

A further £21 million was invested in the Group's infrastructure during the year to increase capacity, improve operating efficiencies and improve the quality of its asset base. This brings our total investment over the last five years to £137 million, resulting in the business having some of the most efficient and well-invested production facilities in the UK food manufacturing sector.

Cranswick has performed positively during a period in which the UK grocery market has remained highly competitive. The business continues to focus on delivering high quality premium products which deliver real value to the UK consumer. This focus on quality and value is underpinned by a constant drive to innovate and bring new, exciting and relevant products to market. The ongoing growth and development of the Company is underpinned by the continued efforts of the highly skilled and committed people across the business.

Cranswick remains highly cash-generative allowing for attractive returns to Shareholders, continued investment in the Group's infrastructure and complementary acquisitions. Cranswick's facilities are amongst the very best in the industry and ongoing investment, both in these assets and the teams which make them run so effectively, will support the Group's future successful development.

Adam Couch
Chief Executive
18 May 2015

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

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 first half of the year allied 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.

PASTRY (+72 PER CENT)

Pastry sales were well ahead of the prior year, continuing the positive development since this category was introduced. The rapid growth of the business initially added complexity and cost resulting in the return from the investment being below initial expectations; however the performance of the Malton facility improved markedly during the second half. During the year several new products were listed with this category's lead customer and further products will shortly be launched for the coming spring/summer season. Good progress was made during the year in broadening the customer base for these products through food service, forecourt and food to go channels, including some existing customers of the Group's sandwich business.

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 Delico 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.

CONTINENTAL PRODUCTS (+8 PER CENT)

Sales of continental products increased by 8 per cent reflecting the UK consumer's growing taste for speciality 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 Guinness Circle site in Manchester to provide capability and capacity to support future development of this fast growing category.

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 tier 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 both in volume and value terms. The price differential between the premium and standard tiers is relatively modest which makes trading up an attractive option for consumers.

SANDWICHES (+15 PER CENT)

Sandwich sales grew by 15 per cent, driven partly 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

10.6% INCREASE IN ADJUSTED PROFIT BEFORE TAX

£54.4M CASH GENERATED FROM OPERATIONS

Revenue and operating profit

	2015 £'m	2014 £'m	Change
Revenue	**1,003.3**	994.9	+0.8%
Adjusted operating profit	**58.7**	53.3	+10.1%
Adjusted operating margin	**5.8%**	5.4%	+0.4%

Revenue
Reported revenue at £1,003.3 million increased by 0.8 per cent with volumes 3 per cent higher. Underlying revenue* was in line with the prior year with growth across most product categories offset by lower fresh pork sales. Underlying volume growth was countered by lower input prices being passed on to the Group's customers, particularly in the final quarter of the year. Export sales to key non-European markets increased by 23 per cent.

Adjusted Group operating profit
Adjusted Group operating profit of £58.7 million, including the post-acquisition contribution from Benson Park, increased by 10.1 per cent. Adjusted Group operating margin at 5.8 per cent of sales was 0.4 per cent higher than last year's level, reflecting lower input costs, operating efficiency improvements and the benefit of product innovation. Operating margin in the second half of the year improved to 6.2 per cent from 5.4 per cent reported at the interim stage.

	2015 £'m	2014 £'m	Change
Adjusted Group operating profit	**58.7**	53.3	+10.1%
Release of contingent consideration	**–**	1.1	
Amortisation of acquired intangibles	**(0.7)**	–	
Net IAS 41 valuation movement	**(4.3)**	1.4	
Group operating profit	**53.7**	55.8	-3.7%

Finance costs
Net financing costs at £0.9 million were £0.1 million lower than last year, reflecting lower average bank borrowings and improved terms following the extension of the Group's banking facilities at the end of the previous financial year. Interest cover was 59.6 times compared to 54.4 times a year earlier.

Adjusted profit before tax
Adjusted profit before tax at £57.8 million increased by 10.6 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: 23 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 £1.0 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 49,071,000 (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 payable to the previous owners of Kingston Foods. Statutory profit before tax fell by 3.5 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 of which related to Benson Park. Net debt at £17.3 million was in line with the prior year end 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.

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.

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.

The Group also operates a defined benefit pension scheme which has been closed to further benefit accrual since 2004. The scheme deficit at 31 March 2015 was £5.6 million (2014: £6.5 million). Cash contributed to the scheme during the year, as part of the programme to reduce the deficit, was £1.3 million. The present value of funded obligations was £30.2 million and the fair value of plan assets was £24.6 million.

J M Bottomley

Mark Bottomley
Finance Director
18 May 2015

* Excluding the contribution from the Benson Park acquisition in the current year and sales from the pig breeding, rearing and trading activities in both the current and comparative financial years.

£137M INVESTED IN OUR FACILITIES OVER THE LAST 5 YEARS

17.0% RETURN ON CAPITAL EMPLOYED

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.

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

MAXIMISING INVESTMENT VALUE

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.

MARKET OVERVIEW

SIGNIFICANT OPPORTUNITIES IN OUR CORE MARKETS

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 both 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 topline 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 growing out of home market is now worth over £80 billion.

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.

CHANNELS TO MARKET

DELIVERING NEW FOOD EXPERIENCES TO AN EXPANDING MARKET

RETAIL

The retail sector remains challenging with deflation evident across the industry. Over 75 per cent of Group revenue is from our retail customer base and we have relationships with all of the major UK food retailers providing a balanced revenue stream. We have strengthened our core trading partnerships with long term trading agreements and achieved listings with new premium retail customers over the last twelve months which reinforces the breadth of our retail customer base. The Group's focus on innovation and new product development continues to provide differentiation for our retail customers.

FOOD TO GO

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.

MANUFACTURING

As well as building our relationships directly with retailers, we work with other food processors to provide great 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.

CONVENIENCE & ONLINE

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 offers to ensure they are tailored to the growing trend of online shopping.

FOOD SERVICE

The trend for eating out of home is forecast to continue to grow as disposable income rises. Sales in the food service sector continue to perform strongly and we have a clear targeted strategy which enables us to build strong trading relationships. Our emphasis is on adding value and creating a point of difference in product quality for food service operators and our team of chefs continue to work with our customers on menu development to ensure innovative solutions are available.

EXPORT

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 STRATEGY AND BUSINESS MODEL

LONG TERM VALUE FOR OUR SHAREHOLDERS, CUSTOMERS AND STAKEHOLDERS

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.

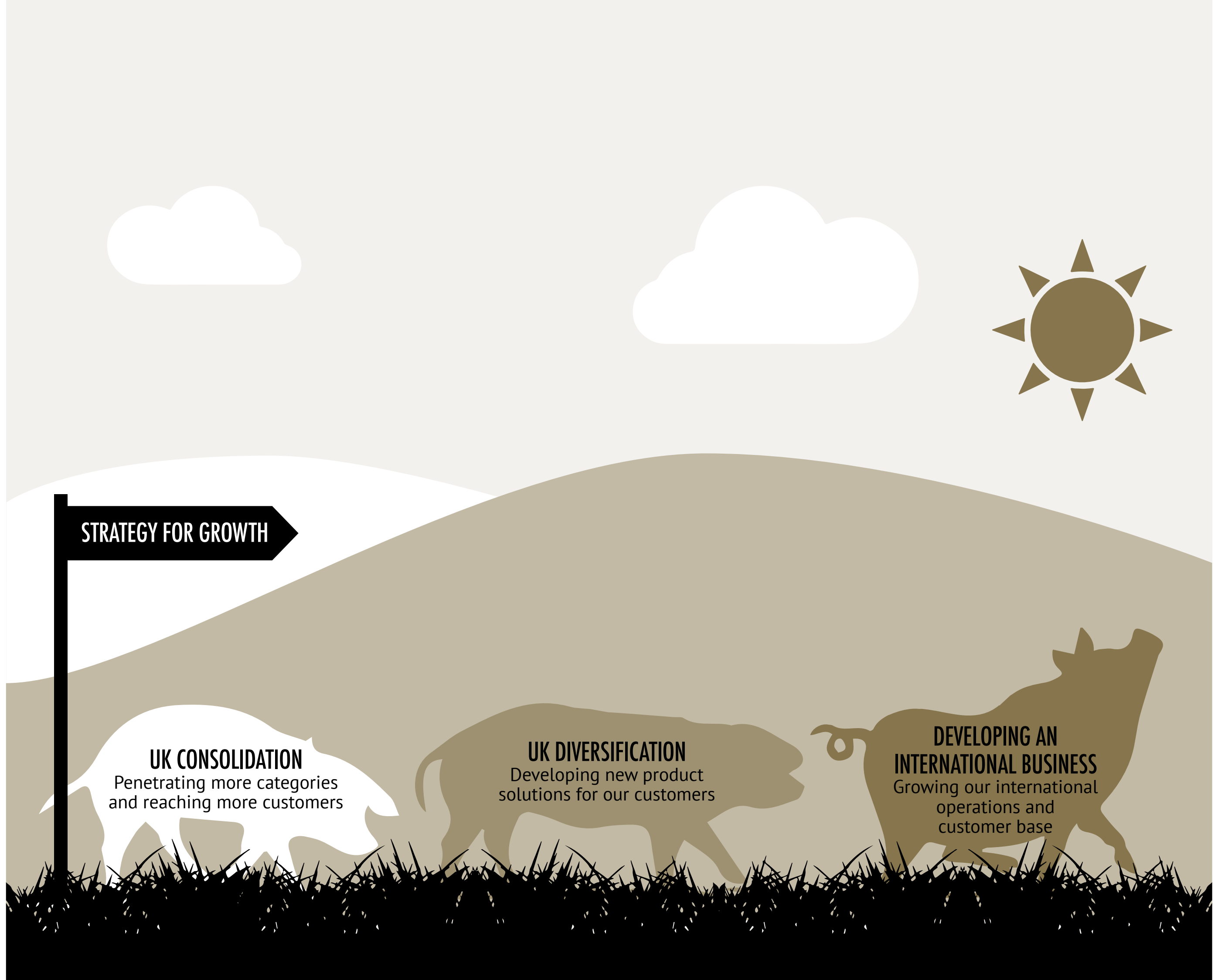
We also own our own pig breeding and rearing operations which are capable of supplying more than 20 per cent of our British pig requirements. This gives us even greater supply chain transparency, security and efficiency. For further information on our supply chain model, see pages 24 and 25.

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.

A ROADMAP TO SUCCESS

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.

EVERYDAY GREAT FOOD EXPERIENCES FOR TODAY'S CONSUMER



DELIVERED THROUGH A COMBINATION OF ORGANIC INITIATIVES AND TARGETED ACQUISITIONS

OUR STRATEGY AND BUSINESS MODEL CONTINUED

DIFFERENTIATORS

THE WAY WE DO THINGS

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
- Competitive
- Sustainable

QUALITY | VALUE | INNOVATION | PEOPLE

CRANSWICK plc
Great British Taste

QUALITY PRODUCTS

DELIGHTING CUSTOMERS

- Upscaling artisan
- Compete in standard tier
- New markets and products
- Develop brands

LEAN PROCESSING

DEMANDING VALUE

- Flat empowered management
- Operational efficiency
- Elimination of waste – time, resource and energy
- Continuous improvement

STRATEGIC PRIORITIES

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

SIX PRIORITIES

MARKET PENETRATION	NEWNESS & INNOVATION	CHANNEL DEVELOPMENT	SUPPLY CHAIN	INTERNATIONAL	BRANDS
Gain market share in existing categories/tiers Moving into adjacent tiers Adding new customers Developing adjacent categories	Develop new and innovative products that give our customers a real point of difference	Sell products through multiple channels Retail, food service, manufacturing, wholesale, convenience, food on the move and online	Ensure a robust supply chain with focus on security, integrity, integration, differentiation, alignment and low cost sourcing	Grow European and worldwide markets for traded, primary, added value and branded products	Develop new and existing brands to further differentiate our premium tier products

ENABLERS

NUMBER 1 TEAM	INFRASTRUCTURE	TECHNICAL & AGRICULTURE	SUSTAINABILITY
Succession planning Continuous training Employee engagement Graduate scheme	World class facilities Unique process Capacity headroom Group benchmarking	Sourcing integration and integrity British and welfare Quality culture Technical innovation	Environmental initiatives Local sourcing Responsible procurement Efficiency

VALUE CREATION

ALL ACTIVITIES LEAD TO ENHANCED STAKEHOLDER VALUE

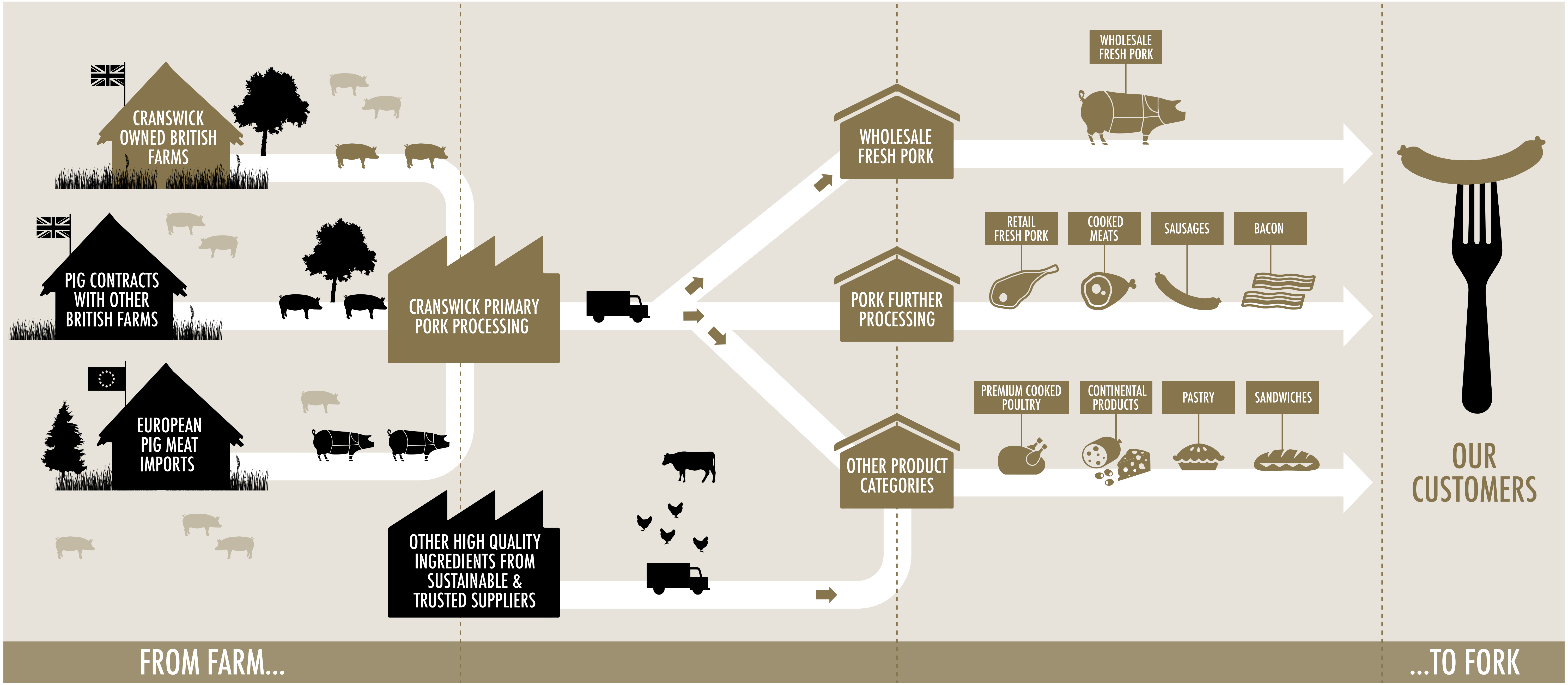
OUR STRATEGY AND BUSINESS MODEL CONTINUED

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

SUPPLY CHAIN MODEL

SUSTAINABILITY AND TRACEABILITY ARE AT THE CORE OF WHAT WE DO



DRIVERS FOR GROWTH

Using artisan methods to delight customers
Working alongside Colin Woodall, we have developed a range of British charcuterie products, which use a blend of traditional, British flavours and authentic curing methods to create unique, high quality products. This range is launching with a leading UK grocery retailer and has been well received by chefs and consumers at food festivals and trade shows.

Understanding customer needs
Category and consumer insight is fundamental to our ability to understand and anticipate the changing requirements of the UK consumer. We invest heavily in market research and concept development to deliver innovative product and packaging solutions. As a result of research which showed some consumers find pork difficult to cook, we developed a ready to roast packaging solution, making our products easier to prepare, more versatile and more appealing to a wider consumer base.

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

DELIVERING PRODUCT INNOVATION

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

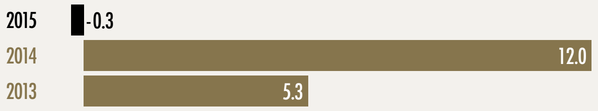
ADJUSTED GROSS MARGIN
12.4%

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.

Read more about performance on pages 12 to 15

UNDERLYING REVENUE GROWTH
-0.3%



Definition
Underlying revenue growth is defined as the year on year increase in sales revenue excluding the contribution from acquisitions and sales from the pig breeding, rearing and trading activities.

Comments
Underlying revenue fell 0.3 per cent with growth across most product categories offset by lower fresh pork sales. Underlying volume growth was offset by lower input prices being passed on to customers, particularly in the final quarter of the year.

Read more about performance on pages 12 to 15

ADJUSTED GROUP OPERATING MARGIN
5.8%

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.

Read more about performance on pages 12 to 15

RETURN ON CAPITAL EMPLOYED
17.0%

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.

Read more about performance on pages 12 to 15

FREE CASH FLOW
£53.5M

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.

Read more about performance on pages 12 to 15

NON-FINANCIAL

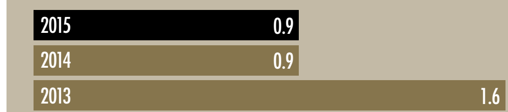
TOTAL ACCIDENT RATIO
8.5/1,000 EMPLOYEES

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.

Read more about performance on pages 39 and 40

RIDDOR ACCIDENT RATIO
0.9/1,000 EMPLOYEES



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.

Read more about performance on pages 39 and 40

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

BOARD

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

AUDIT COMMITTEE

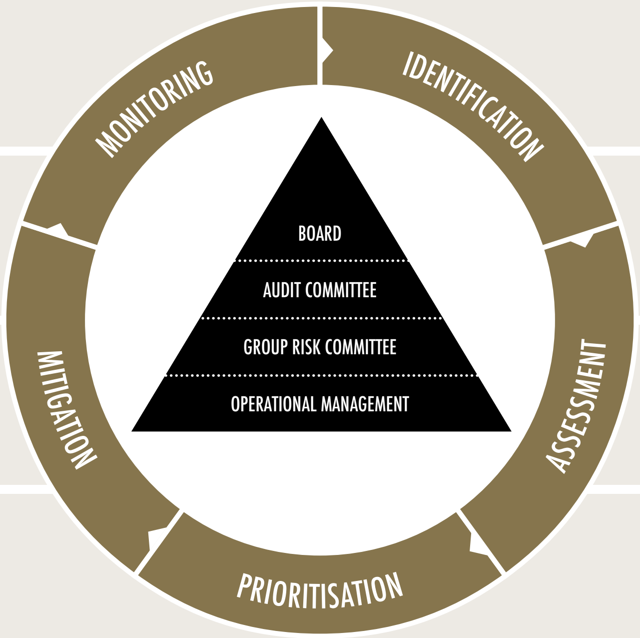
Reviews the systems of internal control that are in place and provides assurance to the Board that the processes of risk management and internal control are operating effectively.

GROUP RISK COMMITTEE

Provides oversight and advice to the Audit Committee and Board in relation to current and future risk exposures and risk strategies.

OPERATIONAL MANAGEMENT

Operate site level risk management processes to ensure that risks are adequately identified and controlled.



PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Net risk after mitigation

Low risk · Medium risk · High risk

Increasing · Unchanged · Decreasing

Strategic risks	Impact	Mitigation
CONSUMER DEMAND	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.	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.
COMPETITOR ACTIVITY	The Group trades in highly competitive markets which tend to operate without long term contracts. Product innovation and changing consumer trends provide a constant challenge to the future success of the Group and its ability to compete effectively.	The Group 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.

Commercial risks	Impact	Mitigation
RELIANCE ON KEY CUSTOMERS	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.	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.
PIG MEAT – PRICING AND AVAILABILITY OF SUPPLY	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.	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.

Financial risks	Impact	Mitigation
INTEREST RATE, CURRENCY, LIQUIDITY AND CREDIT RISKS	The Group is exposed to interest rate risk on borrowings and to foreign currency risk on purchases particularly of charcuterie products from the European Union. In addition, the Group needs continued access to funding for both current business and future growth.	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.
BUSINESS ACQUISITIONS	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.	Rigorous due diligence reviews are carried out in advance of any new business acquisition, using internal and specialised external resources where required.

Operational risks	Impact	Mitigation
BUSINESS CONTINUITY	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.	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.
RECRUITMENT AND RETENTION OF WORKFORCE	The success of the Group is dependent on attracting and retaining quality, skilled and experienced labour, staff and senior management.	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.
HEALTH AND SAFETY	A breach of health and safety legislation may lead to reputational damage and regulatory penalties, including restrictions on operations, damages or fines.	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.
DISEASE AND INFECTION WITHIN PIG HERD/ POULTRY FLOCK	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.	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.
FOOD SCARES/ PRODUCT CONTAMINATION	The Group is subject to the risks of product and/or raw material contamination and potential health related industry-wide food scares and issues. Such incidents may lead to product recall costs, reputational damage and regulatory penalties.	The 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.

DRIVERS FOR GROWTH

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

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.

CORPORATE SOCIAL RESPONSIBILITY

33% REDUCTION IN WASTE TO LANDFILL

3% DECREASE IN LIKE-FOR-LIKE RELATIVE CARBON FOOTPRINT

CRANSWICK TAKES ITS ETHICAL RESPONSIBILITIES TOWARDS ITS EMPLOYEES, CUSTOMERS, SHAREHOLDERS, SUPPLIERS, PRODUCERS AND THE ENVIRONMENT VERY SERIOUSLY.

We consider Corporate Social Responsibility from our Stakeholders' perspective in terms of: customers and 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 defines 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 technical and commercial decisions;
- promote technical innovation, product quality and compliance across our business;
- drive Research and Development (R&D) innovation through excellence in food science and food sector technology;
- engage with industry stakeholders to 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 other 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 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 we are pleased to report that over 90 per cent of these audits were completed to the 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 technical compliance 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 (BMPA) 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 farm. Compliance integrity is challenged 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 members of 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 LAZENBY SITE IN HULL. I WAS DEEPLY IMPRESSED WITH THE KNOWLEDGE, PROFESSIONALISM AND ETHOS OF THE ENTIRE TEAM I MET. A HUGE AMOUNT OF TIME, EFFORT AND RESOURCES HAVE BEEN DEDICATED INTO DELIVERING 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 BMPA 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 speciation 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.

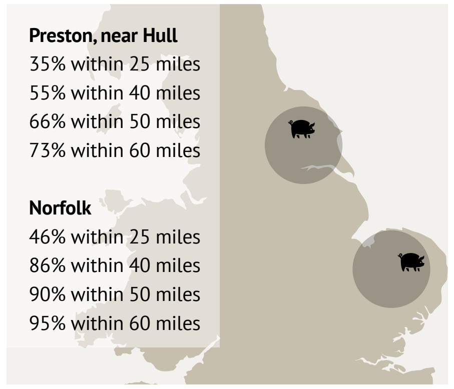
Ethical standards

We monitor ethical standards with our sites undergoing unannounced SEDEX Members Ethical Trade Audits (SMETA) every other year; these are supported by our own ethical verification audits. We have recently become AB members of SEDEX (Supplier Ethical Data Exchange) and will require our top 100 suppliers to register with SEDEX and make their ethical data visible 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 BMPA 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 BMPA 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 Wayland and Wold 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 RSPCA Freedom Foods welfare standard. The balance of those processed are reared indoors in full compliance with the Red Tractor/BMPA Quality Assured Pork (BQAP) 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.

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 Coller 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 animal welfare standards and we were graded in tier 2 which is industry leading for the pork processing sector.

To download a copy of the report please visit the Info Centre at www.bbfaw.com and click on the 2014 report.

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

- collaborating with Bishop Burton Agricultural College on animal behaviour and welfare;
- researching links between animal feed and pork eating quality; and
- developing industry best practice guidance on the use of antibiotics.

To ensure we remain at the forefront of pig health and welfare developments we have Company representation on the BMPA Pig Meat Committee, Red Tractor Welfare Committee, the Pig Health & Welfare working group and the Real Welfare Committee.

Our commitment to quality, resource, traceability and the resulting high level of compliance is reassuring to our stakeholders. We are committed to the highest possible standards of technical management, food safety, traceability and the provenance of the raw materials we use and the products we produce; with ongoing investment in our sites, people and processes we are well equipped to deal with future challenges.

People
We are committed to introducing, developing and maintaining the key systems and processes required to underpin the effective delivery of our Group-wide employment strategy.

We have enhanced our Human Resources (HR) strategy this year and it has been incorporated into our CSR and overall strategic plan to underpin our vision and purpose. We aspire for our people to be the best and we are committed to inspiring and developing a multi-skilled and motivated workforce. The HR strategy includes CSR initiatives for attracting and retaining talented individuals who have key skills which are vital to delivery of our long term business goals.

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 we 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 programme 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 32 apprenticeships in place, in 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 Cranswick are part of the team developing the Trailblazer Apprenticeships, working 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.

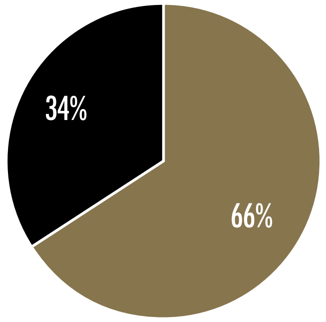
Graduate development
A number of students have been sponsored through their final year at university with a secured role with us when they have completed their education. This year, three students from Harper Adams University worked in our Technical and New Product Development (NPD) teams. We believe the Cranswick 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

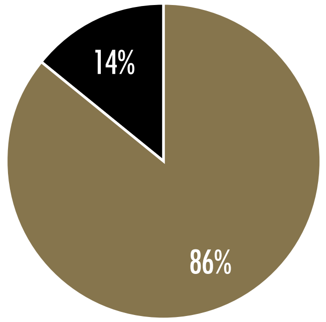
Following the recruitment of a Group Learning and Development Manager in July 2014, we introduced a structured and comprehensive suite of management training programmes.

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.

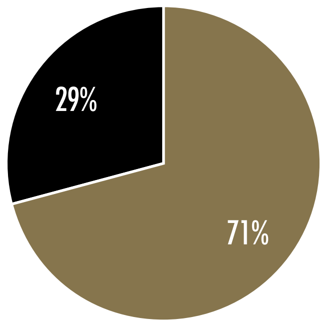
TOTAL EMPLOYEES



MAIN BOARD



SENIOR MANAGERS AND EXECUTIVES



Experience is provided in production, technical, NPD, sales, marketing and finance alongside a specially designed training programme that encourages self-awareness and effectiveness.

This year we received over 200 applications for our graduate programme and we hope to offer roles to six individuals. Our graduates are key people in the first stage of our 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, sharing 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, Internal Social Systems Auditor 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 labour providers. Performance is judged against the Gangmasters (Licensing) Act 2004, the Ethical Trading Initiative and retailer expectations. We continue to focus on ensuring that ethical standards are being maintained throughout our supply chain.

Equality and diversity
Encouraging the principles of equality and diversity are key to the successful and inclusive culture that 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 principles to roll these out to all middle and senior management teams. All employment decisions, including recruitment and internal promotions, are based on merit, qualification and abilities and are not influenced or affected by an employee's race, colour, nationality, religion, sex, marital status, family status, sexual orientation, disability or age.

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

Health & 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.

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 (CEE) 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 task trained to safe systems of work for any equipment or task they work on. This training is documented and signed off by the employee and the trainer. We have suitable systems for communicating Health & Safety and training for our non-English speaking workforce.

All our sites have achieved British Standard 18001: Occupational Health & Safety Management Systems. Benson Park, a poultry processing site in Hull, acquired in 2014, has been integrated into the Group Health & Safety management programme.

CORPORATE SOCIAL RESPONSIBILITY CONTINUED

Health & Safety continued

Audits

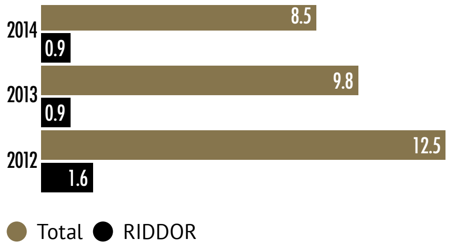
Annual internal Health & Safety audits are carried out to measure the Health & Safety standards at each site to confirm that each site achieves the required standard and to provide an action plan for the following twelve months. In 2015 we will continue to improve Health & Safety standards and reduce 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 Manager.

ACCIDENTS PER 1,000 EMPLOYEES

Calendar year to 31 December



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.

As we grow, 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 opportunity 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 (ESOS) 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 (CO_2e), is an aggregated total of the individual site figures. It includes all site energy, f-gas usage, Company and privately owned transport, air travel and waste. It is calculated using DEFRA's guidelines and a standard set of conversion factors for Company reporting.

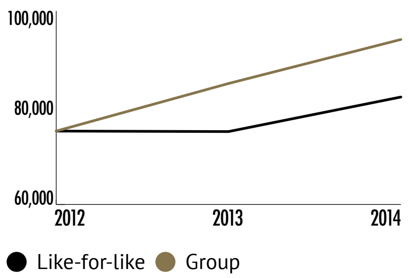
We have been measuring our carbon footprint since 2008 and have made good progress in reducing both our absolute and relative carbon footprints, exceeding the initial target of 20 per cent reduction by 2010. We have rebased our targets, from the 2010 baseline, to further reduce our carbon footprint 30 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 84,844 tonnes of CO_2e in 2013 to 94,088 tonnes in this reporting year (up 10.9 per cent). The relative carbon footprint increase by 7.4 per cent to 0.248 tonnes CO_2e 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 82,198 tonnes of CO_2e (compared to 75,059 tonnes of CO_2e 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 of CO_2e.

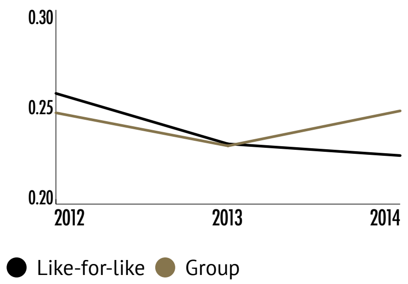
ABSOLUTE CARBON FOOTPRINT (TONNES CO_2E)

Calendar year to 31 December



RELATIVE CARBON FOOTPRINT (TONNES CO_2E PER TONNE SALES)

Calendar year to 31 December



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

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

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

Energy

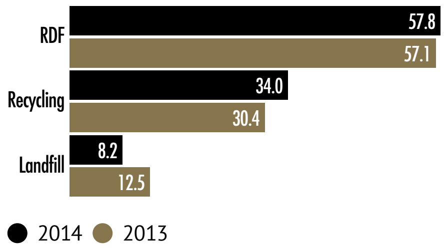
Despite the fall in worldwide oil prices which has reduced the cost of energy by 2.3 per cent, our energy consumption increased by 3.5 per cent during the year reflecting more accurate reporting, site extensions and increased production. Our sites within the Group are continually challenged to conduct 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)

Calendar year to 31 December



WASTE TO LANDFILL (TONNES)

Calendar year to 31 December

Water

Water use across the Group has fallen in absolute terms by 7.7 per cent during this period whilst the usage per tonne of product has also dropped by 10.7 per cent. Compared to our base year of 2008, our water use per tonne of product has dropped by 24.5 per cent, comfortably exceeding our commitment to the FHC2020.

WATER USE PER TONNE OF PRODUCT

Calendar year to 31 December

-10.7%

TOTAL WATER (CUBIC METRES)

Calendar year to 31 December

-7.7%

Community

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 a 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

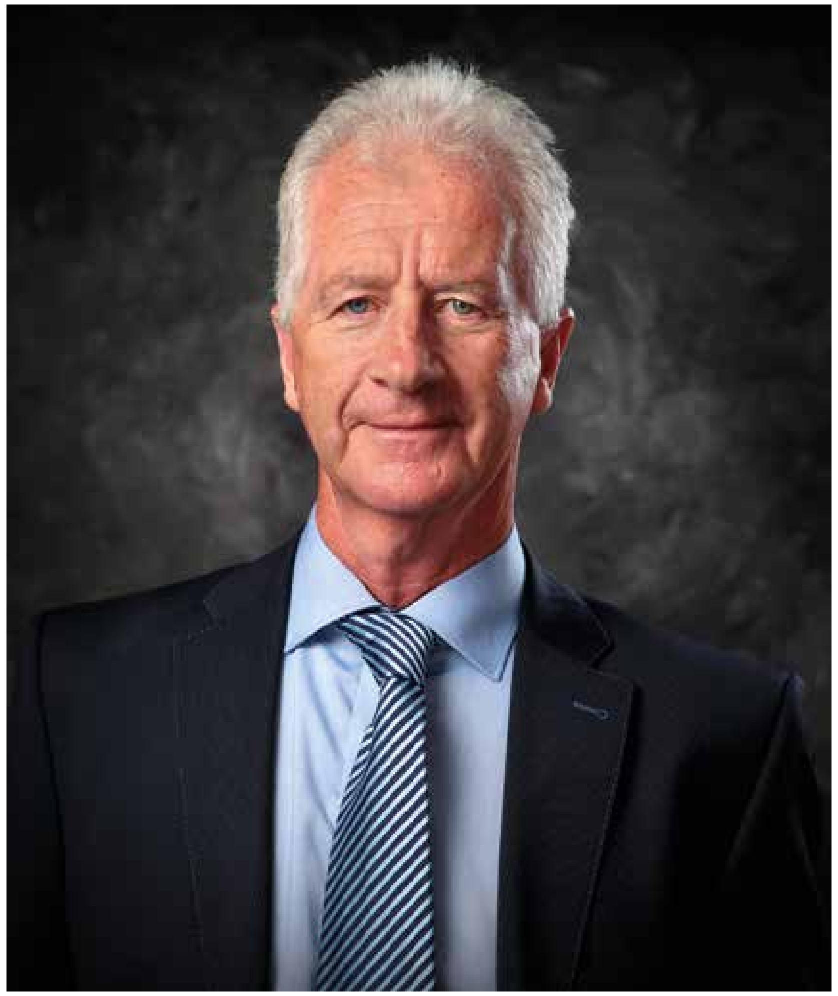
We are committed in the long term to operate our businesses according to a strong set of environmental and sustainable values and ethical practices.

On behalf of the Board

J M Bottomley

Mark Bottomley
Finance Director
18 May 2015

CHAIRMAN'S INTRODUCTION TO CORPORATE GOVERNANCE



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.

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

Martin Davey
Chairman
18 May 2015

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

MARTIN DAVEY
Chairman

Biography
Martin, who is a chartered accountant, has been with Cranswick for the past 30 years, joining the Company as Finance Director in 1985. He led Cranswick's entry onto the Stock Exchange in 1985 and was appointed Chief Executive in 1988. He became Chairman in 2004 and has continued in this role on a part-time basis from 1 September 2013. He is also Chair of the Nomination Committee.

Committee Membership
Nomination Committee

ADAM COUCH
Chief Executive

Biography
Adam has over 24 years' experience in the food industry joining the operational side of the Fresh Pork business of Cranswick in 1991. He was appointed to the Board as Managing Director of the Fresh Pork business in 2003 and then became Chief Operating Officer in 2011. He was appointed to the role of Chief Executive in August 2012. Adam was also a committee member of the British Pig Executive between 2005 and 2013.

MARK BOTTOMLEY
Finance Director

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

JIM BRISBY
Commercial Director

Biography
Jim joined Cranswick 19 years ago as a sales and marketing executive. In 2004 he was appointed Sales and Marketing Director of Cranswick Country Foods plc, a major subsidiary of Cranswick, and he has been an integral member of the team that has grown the business over the years. He was appointed Sales and Marketing Director in 2010 and Commercial Director in 2014.

NON-EXECUTIVE DIRECTORS

MARK RECKITT
Non-Executive Director

Biography
Mark joined Cranswick as a Non-Executive Director on 1 May 2014. Mark is a chartered accountant and is Chair of the Audit Committee. He was Group Strategy Director of Smiths Group plc from February 2011 to April 2014, and was additionally Divisional President, Smiths Interconnect from October 2012 to April 2014. Prior to joining Smiths, Mark was interim Managing Director of Green & Black's Chocolate and before that he held a number of finance and strategy roles at Cadbury plc before being appointed its Chief Strategy Officer from 2004 to 2010. Mark is also a Non-Executive Director of JD Wetherspoon plc, where he is Chair of the Audit Committee and a member of the Remuneration and Nomination Committees.

Committee Membership
Nomination Committee
Audit Committee
Remuneration Committee

STEVEN ESOM
Non-Executive Director

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

Committee Membership
Nomination Committee
Audit Committee
Remuneration Committee

KATE ALLUM
Non-Executive Director

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

Committee Membership
Nomination Committee
Audit Committee
Remuneration Committee

GROUP DIRECTORS

PIG REARING
Charles Bowes
Glenn Dams

FRESH PORK
John Fletcher
Stuart Kelman
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 Landsborough
Simon Ravenscroft

FOOD CENTRAL
Chris Aldersley
Andrew Caines
Marcus Hoggarth
Graeme Watson
Malcolm Windeatt

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	Chief Executive Officer
• Chairing 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.	• 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	**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. • Ensuring the Company complies with all governance matters. • Appointment and removal is determined by the Board.

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	Governance and risk
• 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.	• 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	**People and succession**
• 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.	• 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.

HIGHLIGHTS
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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:

	Board		Audit Committee		Remuneration Committee		Nomination Committee	
Board members (During 2014-15)	Number of possible meetings attended	Actual meetings attended	Number of possible meetings attended	Actual meetings attended	Number of possible meetings attended	Actual meetings attended	Number of possible meetings attended	Actual meetings attended
Executive Directors								
Martin Davey	8	8	–	–	–	–	1	1
Adam Couch	8	8	–	–	–	–	–	–
Mark Bottomley	8	8	–	–	–	–	–	–
Jim Brisby[1]	8	7	–	–	–	–	–	–
Non-Executive Directors								
Steven Esom	8	8	4	4	6	6	1	1
Kate Allum	8	8	4	4	6	6	1	1
Mark Reckitt[2]	6	6	3	3	6	6	1	1
Former Directors								
Bernard Hoggarth[3]	2	2	–	–	–	–	–	–
John Worby[4]	2	2	2	2	2	2	–	–

Footnotes:
1. Jim Brisby 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.
3. Bernard Hoggarth retired from the Board on 31 July 2014.
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 from external advisers who provide detailed analysis of executive remuneration in comparable companies. Details of the Committee's current remuneration policies are given in the Remuneration Committee Report on pages 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 Windeatt

Malcolm Windeatt
Company Secretary
18 May 2015

AUDIT COMMITTEE REPORT

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 accounting treatment and disclosure of the Benson Park Limited acquisition;
- 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 2017, 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 Company 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 Company'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 reappointment 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.

AUDIT COMMITTEE REPORT CONTINUED

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 estimates 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.

Financial reporting area	Judgement and assurance considered
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 underpinning 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 light 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 auditor's reports to the Audit Committee, the Committee agreed with management's judgement.
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 allocation 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.

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 auditor's 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 on meeting the plan objectives at each of its meetings during the year. The internal audit approach takes into account the overall Group risk framework, as well as risks specific to individual operations. The plan set out at the beginning of the current year was achieved. Internal Audit findings together with responses from management were considered by the Audit Committee and where necessary challenged. The Audit Committee also reviewed progress by management in addressing the issues identified on a timely basis. The Audit Committee 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 retender 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 EU regulation.

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

Effectiveness of the external audit process

During the year, the Committee 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 perceptiveness of work performed on key accounting and audit judgements and the content of its audit reports, whilst 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:

Non-audit fees	£'000
Tax advisory services	16
Other services	32
Total Non-Audit Fees	**48**
Total Audit Fees	**190**
Ratio of Non-Audit Fees to Audit Fees	**0.25:1**

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:

i) The Auditors provided limited tax advice. Their audit objectivity and independence was safeguarded through the use of a separate tax partner.
ii) 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

NOMINATION COMMITTEE REPORT

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

The Nomination Committee is chaired by Martin Davey and includes the Non-Executive Directors Steven Esom, Kate Allum, Mark Reckitt from 1 May 2014 and John Worby until 31 July 2014.

Role of the Committee

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

Activities of the Committee

The Committee met on one occasion in the year ended 31 March 2015 to consider the following matters:

- the structure, size, composition and diversity of both the Board and its Committees;
- succession planning for the Group and senior executives;
- the diversity policy for the Group; and
- the Committee's Terms of Reference to ensure they reflect the Committee's remit.

The Boards commitment to succession planning and diversity can be demonstrated by the report in the Corporate Social Responsibility statement on pages 36 to 41, where we highlight the training taking place in the Group from an apprenticeship scheme to graduate development and then through to managerial progression including a seminar on 'Breaking into the Boardroom' which was specifically aimed at women within the business.

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

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 whole 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 of a Chief Operating Officer who will sit below Board level but above the other senior executives.

Board changes

As detailed in last year's annual report both Bernard Hoggarth and John Worby retired from the Board after the Annual General Meeting in July 2014 and Mark Reckitt joined the Board, after a process which included using an independent external search consultancy, on the 1 May 2014.

Re-election

All current Directors will be standing for re-election at the Annual General Meeting.

The Board has set out in the Notice of Annual General Meeting its reasons for supporting the re-election of the Directors at the forthcoming Annual General Meeting. Their biographical details on pages 44 and 45 demonstrate the range of experience and skills which each brings to the benefit of the Company.

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

On behalf of the Board

Martin Davey

Martin Davey
Chair of the Nomination Committee
18 May 2015

REMUNERATION COMMITTEE REPORT
LETTER FROM THE CHAIR OF THE REMUNERATION COMMITTEE

Dear Shareholders,

On behalf of the Board I am pleased to present the Remuneration Committee's annual report on Directors' remuneration for the year ended 31 March 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, Cranswick 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 6.3 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 Hoggarth and John Worby retired from the Board after the Annual General Meeting (AGM) in July 2014.

Up to the date of his retirement, Bernard Hoggarth 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 Hoggarth are set out in the table on page 63.

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, 27.2 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 set of 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 Cranswick's 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:

Director	Award	Rationale
Adam Couch	4.8% to £590,000	Increased work load due to the Chairman's reduction in time commitment.
Jim Brisby	14% to £390,000	Change in role from Sales and Marketing Director to Commercial Director, following the retirement of Bernard Hoggarth in July 2014. Responsibility has now increased to include all commercial activities across the Group.
Mark Bottomley	2.6% to £390,000	
Martin Davey	2.6%	With a reduction in time commitment his salary was agreed at £300,000.

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.

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 sure 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 one, which aims to properly reward performance in line with the Company's business objectives and growth and delivery of enhanced Shareholder value.

On behalf of the Board

Steven Esom
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 2015, 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:

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

REMUNERATION POLICY REPORT CONTINUED

Element of pay	Purpose and link to strategy	Operation	Performance metrics	Maximum entitlement
Annual bonus	To incentivise Executive Directors and senior executives linked to the performance of the business, on an annual basis, based on key financial metrics.	The majority of the annual bonus is based on achievement of targets aligned to the Group's annual financial performance as set and assessed by the Committee each year. A small part of the bonus relates to the achievement of a target profit performance for the first half of the year, where a fixed sum is paid, with the remaining element based on the Group's annual financial performance. The bonus targets are reviewed every year and changes take effect from 1 April with interim payments being made in November and final payments in June the following year, provided targets are achieved. The total bonus is capped at 150 per cent of basic salary and is non-pensionable. There is a claw back and malus arrangement in place should the need arise, for misstatement, performance error and misconduct by a participant.	Details of the performance targets set for the year under review and performance against them are provided in the Annual Report on Remuneration. There is a sliding scale of targets set around financial performance.	The threshold amount payable is 20 per cent rising to a maximum payable of 150 per cent of base salary.
Share-based awards	A Save As You Earn (SAYE) share scheme is available to all eligible employees.	Subject to approval by the Board of awards to be made SAYE options are made available to eligible staff, including Executive Directors, with the full 20 per cent discount being given to the relevant share price at the time. Employees can save up to £500 per month in this scheme.	N/A	The maximum that can be saved is limited to £500 per month which is consistent with prevailing HMRC limits.
	Long term incentive (LTIP) awards are available to ensure that executives and senior management are involved in the longer term success of the Group.	The LTIP awards may take the form of nil-cost share options or conditional awards which are granted by the Remuneration Committee and normally vest after three years on the achievement of demanding targets aligned to total shareholder return (TSR) and earnings per share (EPS). The full details of which are set out in the Annual Report of Remuneration. Executive Directors are required to hold the share award for a further two years after vesting. There is a claw back and malus arrangement in place should the need arise, for misstatement, performance error and misconduct by a participant.	The LTIP award during the year will have a three-year performance period commencing on 1 April of that year and ending three years later on 31 March.	For Executive Directors the value of the normal maximum entitlement per annum is equivalent to 150 per cent of base salary. In exceptional circumstances this can be increased to 200 per cent of base salary. 50 per cent of the award is based on EPS and 50 per cent on TSR and if both achieve the minimum performance then 27.5 per cent of the award will vest, rising to 100 per cent of the award vesting for the maximum performance.

Element of pay	Purpose and link to strategy	Operation	Performance metrics	Maximum entitlement
Fees payable to Non-Executive Directors	To pay fees in line with those paid by other UK listed companies of comparable size.	Fees are reviewed periodically and take into account market rates. Additional payments may be paid to the Senior Independent Non-Executive Director and to Chairs' of Board Committees to reflect the additional responsibilities attached to these positions. Non-Executive Directors do not participate in the Group's incentive bonus arrangement, pension scheme or share-based awards.	N/A	The maximum available is subject to review of market rates every three years.

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:

Element	Change	Reason for change
LTIP opportunity	Increase in normal opportunity from 100 per cent to 150 per cent of salary.	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.
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.

Discretion

The Committee retains discretion to make any payments, notwithstanding that they are not in line with the policy set out above, where the terms of the payment were agreed 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.

REMUNERATION POLICY REPORT CONTINUED

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 awards 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 bonus earned (subject to the discretion of the Committee) – accrued and apportioned to the date of leaving;
- 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 roles;
- that their fees are reviewed annually with consideration being given to market rates and the need to attract and retain individuals with the necessary skills and experience; and
- that they do not participate in the Group's incentive bonus arrangement, pension scheme or share-based awards.

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

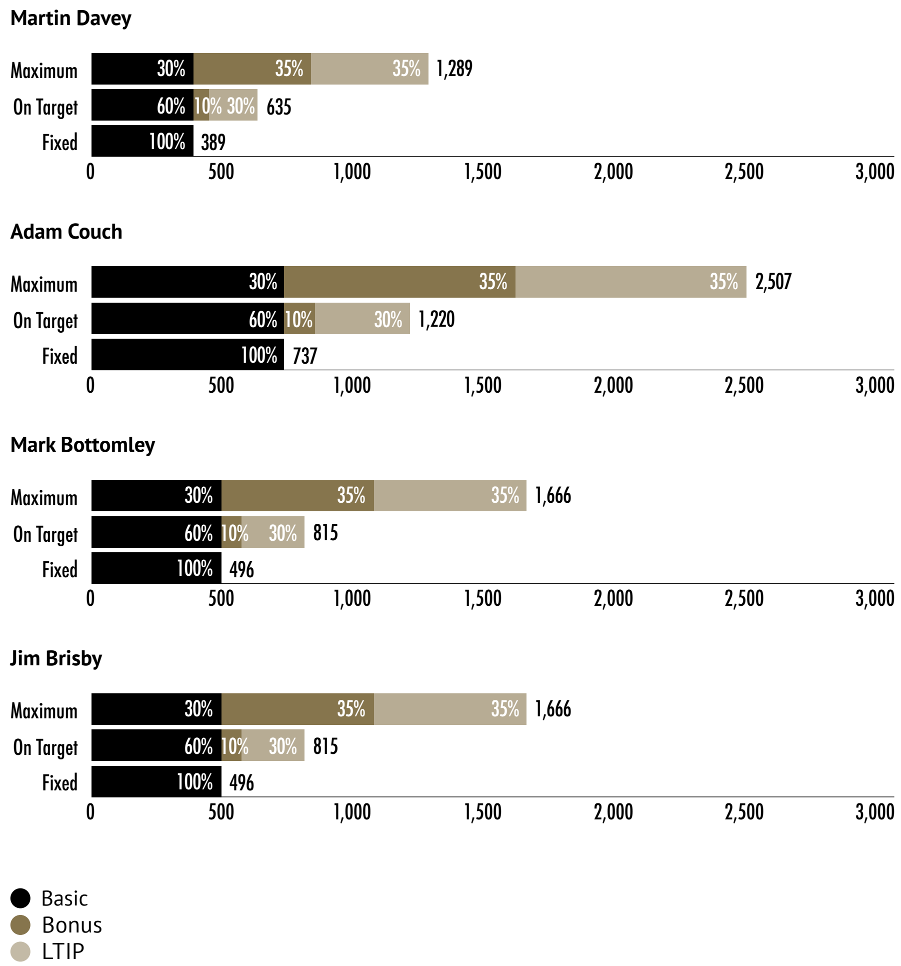
Pay and conditions across the Group

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

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

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

Reward scenario analysis (£'000)



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.

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REMUNERATION COMMITTEE REPORT CONTINUED
ANNUAL REPORT ON REMUNERATION FOR THE YEAR ENDED 31 MARCH 2015

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.

Directors' remuneration (audited)
The table below sets out the single figure remuneration details of the Directors for the reporting year:

	Salary and fees		Benefits		Bonus		LTIP		SAYE		Pension		Total	
£'000	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Executive Directors														
Mark Bottomley	379	369	28	29	569	172	537	128	–	–	76	74	**1,589**	772
Jim Brisby	341	331	28	28	511	154	483	110	–	28	68	66	**1,431**	717
Adam Couch	562	542	29	31	843	252	712	149	–	–	112	108	**2,258**	1,082
Martin Davey	377	586	29	31	565	272	712	167	13	–	75	135	**1,771**	1,191
Bernard Hoggarth*	102	300	10	28	–	139	–	167	–	–	20	60	**132**	694
	1,761	2,128	124	147	2,488	989	2,444	721	13	28	351	443	**7,181**	4,456
Non-Executive Directors														
Kate Allum	45	34	–	–	–	–	–	–	–	–	–	–	**45**	34
Steven Esom	50	50	–	–	–	–	–	–	–	–	–	–	**50**	50
Mark Reckitt#	45	–	–	–	–	–	–	–	–	–	–	–	**45**	–
John Worby*	17	51	–	–	–	–	–	–	–	–	–	–	**17**	51
Payment to past Directors														
Patrick Farnsworth*	–	16	–	–	–	–	–	–	–	–	–	–	**–**	16
	157	151	–	–	–	–	–	–	–	–	–	–	**157**	151
Total emoluments	**1,918**	**2,279**	**124**	**147**	**2,488**	**989**	**2,444**	**721**	**13**	**28**	**351**	**443**	**7,338**	**4,607**

* Until retirement.
\# From appointment.

As reported last year the Executive Directors had pay awards in the year of 2.7 per cent which was in line with the annualised increase in the Retail Prices Index (RPI) as at 28 February 2014.

Martin Davey has also reduced his working hours as Chairman and his salary has therefore been adjusted accordingly.

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

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

Long Term Incentive Plan
The Remuneration Committee awards nil-cost options under the LTIP scheme in order to ensure that Executive Directors and senior management are involved in the longer term success of the Group. Options can only be exercised if certain performance criteria are achieved by the Group as follows:
- 50 per cent of each award is subject to an earnings per share (EPS) target measured against average annual increases in the retail price index (RPI) over a three-year period. The EPS target allows 25 per cent of the shares subject to the target to vest at an average annual outperformance above RPI of 3 per cent and 100 per cent of the shares to vest at an average annual outperformance of 7 per cent with outperformance between 3 and 7 per cent rewarded pro-rata.
- 50 per cent are aligned to a total shareholder return (TSR) target measured against a comparable group of companies over a three-year period. The TSR target allowed 30 per cent of the shares subject to the target to vest at the 50th percentile and 100 per cent at the 75th percentile with performance between the 50th and 75th percentiles rewarded pro-rata.

The comparison companies used besides Cranswick are: Associated British Foods plc, AG BARR plc, Britvic plc, Carrs Milling Industries plc, Dairy Crest Group plc, Devro plc, Greencore Group plc, Hilton Food Group plc, Kerry Group plc, McBride plc, Premier Foods plc, and Tate and Lyle plc.

The Remuneration Committee, which decides whether performance conditions have been met, considers EPS and TSR to be the most appropriate measures of the long term performance of the Group.

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.

	Date of grant	Options granted	Vesting performance	Shares awarded	Average share price	Value of shares
Mark Bottomley	1 June 2012	44,600	87.1%	38,869	1,382p	£537,170
Jim Brisby	1 June 2012	40,100	87.1%	34,947	1,382p	£482,968
Adam Couch	1 June 2012	59,100	87.1%	51,505	1,382p	£711,799
Martin Davey	1 June 2012	59,100	87.1%	51,505	1,382p	£711,799

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 49.6 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 3, 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 2015 column of the table on page 62. Similarly the options exercised in 2014 by Jim Brisby 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.

Annual bonus arrangement
The bonus scheme in operation is based on the achievement of Group profit targets which are set having regard to the Company's budget, historical performance and market outlook for the year. The actual 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 £52.1 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 Hoggarth, 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 Hoggarth since ceasing to be a Director:

	£'000
Bonus	153
LTIP (vesting in June 2015)	483
Total	636

Bernard has also retained a pro-rated proportion of his award made under the LTIP in 2013 which may vest in June 2016, subject to performance, over a maximum of 12,089 shares.

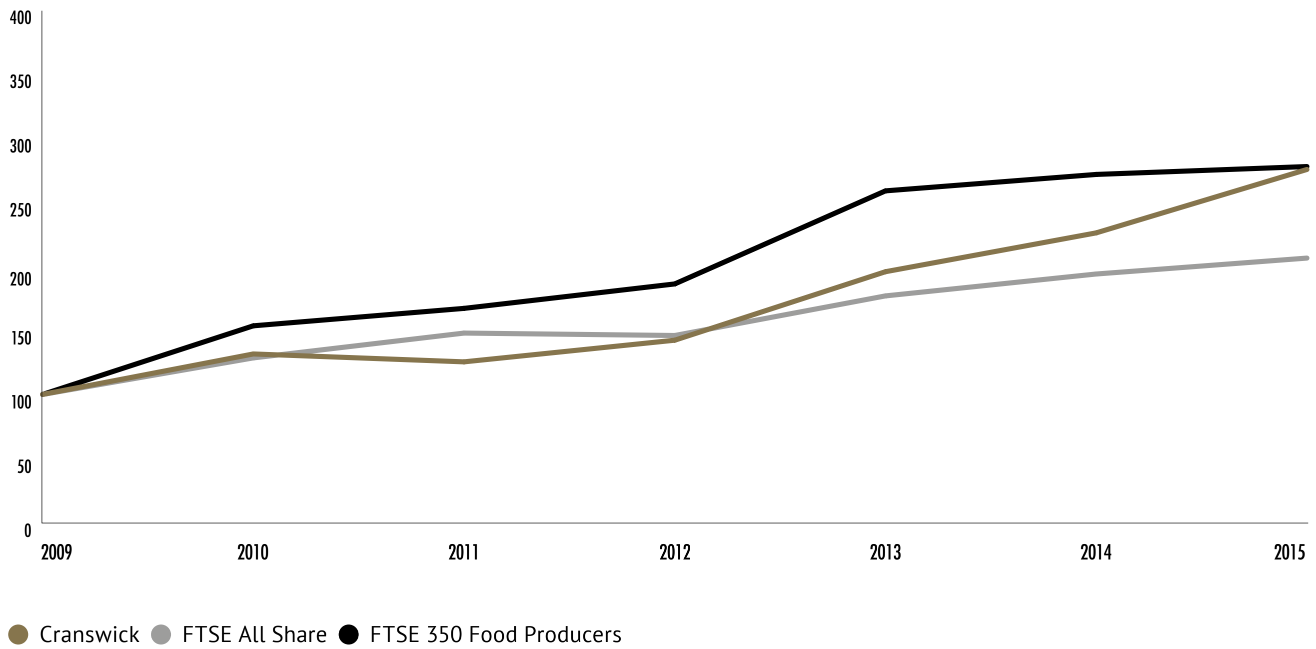
John Worby received until his retirement fees of £17,000, and this is shown on page 62.

No termination payments were made to these Directors.

ANNUAL REPORT ON REMUNERATION FOR THE YEAR ENDED 31 MARCH 2015 CONTINUED

Performance graph – Total Shareholder Return (unaudited)

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 representative benchmarks of the sector and the market as a whole for the business.



Source: Investec

The table below 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.

£'000	2010	2011	2012	2013	2014	**2015**
Base salary	464	483	508	505	542	**562**
Benefits	24	25	28	28	31	**29**
Pension	93	97	102	86	108	**112**
Bonus	705	107	453	639	252	**843**
LTIP	172	207	243	171	149	**712**
CEO total remuneration	1,458	919	1,334	1,429	1,082	**2,258**
Bonus award against maximum opportunity	97%	14%	56%	80%	31%	**100%**
LTIP vesting against maximum opportunity	85%	100%	93%	43%	25%	**87%**

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).

	Total pay	Salary	Benefits	Bonus
Chief Executive	108%	4%	-6%	345%
All other employees excluding all Board Directors	7%	6%	-2%	38%

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.

Pay against distributions	**2015 £'000**	2014 £'000	Change %
Remuneration paid to all employees*	**119,077**	107,090	11
Total dividends paid in the year	**15,995**	14,903	7

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

Share options (audited)

Details of the nil-cost LTIP options granted in the year under the LTIP are set out below:

	Date of grant	Basis of award	Number of shares	Share price at grant	Face value of shares	Vesting at minimum performance	End of performance period
Mark Bottomley	24 June 2014	100% of salary	30,600	1,277p	£390,762	27.5%	31 March 2017
Jim Brisby	24 June 2014	100% of salary	27,500	1,277p	£351,175	27.5%	31 March 2017
Adam Couch	24 June 2014	100% of salary	45,300	1,277p	£578,481	27.5%	31 March 2017
Martin Davey	24 June 2014	100% of salary	30,400	1,277p	£388,208	27.5%	31 March 2017

The awards are exercisable between 1 June 2017 and 1 June 2024, subject to performance. 50 per cent of the award depends on the performance of EPS and 50 per cent on TSR for the period from 1 April 2014 to 31 March 2017. If the minimum performance was achieved the EPS element would give 25 per cent and the TSR element would give 30 per cent, overall 27.5 per cent of the grant would vest.

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

Long Term Incentive Plan (audited)

	Year of award	At 1 April 2014 Number	Granted in the year Number	Exercised in the year Number	Lapsed In the year Number	**At 31 March 2015 Number**	Exercise price p	Market price at grant p
Mark Bottomley	2011	10,813	–	(10,813)	–	**–**	nil	785
	2012	44,600	–	–	(5,731)	**38,869**	nil	801
	2013	33,500	–	–	–	**33,500**	nil	1,127
	2014	–	30,600	–	–	**30,600**	nil	1,266
Jim Brisby	2011	9,226	–	(9,226)	–	**–**	nil	785
	2012	40,100	–	–	(5,153)	**34,947**	nil	801
	2013	30,100	–	–	–	**30,100**	nil	1,127
	2014	–	27,500	–	–	**27,500**	nil	1,266
Adam Couch	2011	12,524	–	(12,524)	–	**–**	nil	785
	2012	59,100	–	–	(7,595)	**51,505**	nil	801
	2013	49,200	–	–	–	**49,200**	nil	1,127
	2014	–	45,300	–	–	**45,300**	nil	1,266
Martin Davey	2011	14,086	–	(14,086)	–	**–**	nil	785
	2012	59,100	–	–	(7,595)	**51,505**	nil	801
	2013	53,100	–	–	–	**53,100**	nil	1,127
	2014	–	30,400	–	–	**30,400**	nil	1,266
Bernard Hoggarth	2011	14,086	–	(14,086)	–	**–**	nil	785
	2012	51,600	–	–	(16,625)	**34,975**	nil	801
	2013	27,200	–	–	(15,111)	**12,089**	nil	1,127

The performance periods run for three years from 1 April in each year and conclude on 31 March three years later and are exercisable on the attainment of certain performance criteria detailed on pages 58 and 59. The range of exercise dates are 1 June 2015 to 1 June 2024.

The LTIP, issued in 2012, which vests in June 2015, will achieve 91.1 per cent of the EPS target and 83.2 per cent of the TSR measure giving a share award of 87.1 per cent. Of the original award, as shown above, 12.9 per cent will therefore lapse except in the case of Bernard Hoggarth where 32.2 per cent lapses.

The following Directors exercised LTIP share options during the year:

	Number	Date exercised	Exercise price p	Market price p	**Notional gain £'000**
Mark Bottomley	10,813	9 June 2014	nil	1,280.77	**138**
Jim Brisby	9,226	1 December 2014	nil	1,457.50	**134**
Adam Couch	12,524	9 June 2014	nil	1,280.77	**160**
Martin Davey	14,086	9 June 2014	nil	1,280.77	**180**
Bernard Hoggarth	14,086	9 June 2014	nil	1,280.77	**180**

ANNUAL REPORT ON REMUNERATION FOR THE YEAR ENDED 31 MARCH 2015 CONTINUED

Savings related share option scheme (audited)

	Year of award	At 1 April 2014 Number	Granted in year Number	Exercised in year Number	Lapsed in year Number	**At 31 March 2015 Number**	Exercise price p	Range of exercise dates
Mark Bottomley	2011	2,590	–	–	–	**2,590**	579	1 Mar 2017 – 1 Sep 2017
	2014	–	1,276	–	–	**1,276**	1,187	1 Mar 2020 – 1 Sep 2020
Jim Brisby	2013	982	–	–	–	**982**	916	1 Mar 2017 – 1 Sep 2017
	2014	–	1,276	–	–	**1,276**	1,187	1 Mar 2020 – 1 Sep 2020
Adam Couch	2009	2,484	–	–	–	**2,484**	474	1 Mar 2016 – 1 Sep 2016
	2011	936	–	–	–	**936**	579	1 Mar 2019 – 1 Sep 2019
	2014	–	1,276	–	–	**1,276**	1,187	1 Mar 2020 – 1 Sep 2020
Martin Davey	2011	1,554	–	(1,554)	–	**–**	579	1 Mar 2015 – 1 Sep 2015
	2014	–	758	–	–	**758**	1,187	1 Mar 2018 – 1 Sep 2018

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

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

	Number	Date exercised	Exercise price p	Market price p	**Notional gain £'000**
Martin Davey	1,554	17 March 2015	579	1,407	**13**

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:

	Highest (pence)	Lowest (pence)
Options in issue throughout the year	1,499	1,173
Options issued during the year:		
– SAYE	1,447	1,310
– LTIP	1,499	1,207

Directors' interests (audited)

	LTIP (Unvested, subject to performance)	LTIP (Vested*, unexercised)	SAYE (Non-performance related)	Number of shares held	**Number of shares held as a % of base salary**	Target %
Mark Bottomley	64,100	38,869	3,866	27,367	**99**	200
Jim Brisby	57,600	34,947	2,258	58,576	**236**	200
Adam Couch	94,500	51,505	4,696	82,940	**203**	200
Martin Davey	83,500	51,505	758	200,726	**731**	200
Steven Esom	–	–	–	1,441	**–**	–
Mark Reckitt	–	–	–	1,300	**–**	–

* LTIP 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

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.

Role of the Remuneration Committee and principles of remuneration policy

The principal role of the Remuneration Committee is to determine and agree with the Board the policy for all aspects of the Executive Directors' remuneration including:

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

It also undertakes a regular review of the incentive plans to ensure that they remain appropriate to the Company's current circumstances, prospects and strategic priorities and that, in particular, the remuneration policy adopted is aligned with and based on the creation of value for Shareholders and provides appropriate incentives for management to achieve this objective without taking inappropriate business risks. The Committee also reviews and notes annually the remuneration trends across the Group and any major changes in employee benefit structures.

Activities of the Committee

The Committee met on six occasions in the year ended 31 March 2015 to consider the following matters:

- review the Executives Directors' and other senior executives' base salaries;
- set corporate and personal objectives for the year ended 31 March 2015 annual bonus arrangements for Executive Directors and senior executives;
- assess the performance against the targets set for the Executive Directors' bonus arrangements for the year ended 31 March 2014;
- approve the outturn of the performance criteria for the Long Term Incentive awards which were granted in 2011;
- approve the Long Term Incentive awards granted in 2014;
- recommend to the Board for approval the issue of the Company's Save As You Earn (SAYE) share scheme for 2014 which is available to all eligible employees;
- the benchmarking exercise against Cranswick's peer group, which was carried out by AON Hewitt, benchmarking the base salaries of the Executive Directors against market rates for review in May 2015;
- discussed a new LTIP arrangement for 2015 onwards as drafted by PricewaterhouseCoopers;
- reviewed the issue of share options to all eligible employees in accordance with the Company's SAYE scheme; and
- consideration continues to be given to the requirements of the new reporting regulations.

Advisers to the Committee

The Committee keeps itself fully informed on the developments within the industry and in the field of remuneration and seeks advice from external advisers where appropriate. AON Hewitt, which is independent and has no connection to Cranswick, has been retained by the Remuneration Committee for advice throughout the year. AON Hewitt provides no other services to the Company though it is now part of the AON Corporation group of companies which also provide insurance broking services to the Group. £8,500 was paid to AON Hewitt in the year. The Committee is satisfied that the provision of such services does not create any conflicts of interest. In addition PricewaterhouseCoopers continue to give advice to the Remuneration Committee on share option awards and other benefit schemes, for which £7,090 was paid to them in the year. PricewaterhouseCoopers are now also tax advisers to the Group. The Committee is of the opinion that such services do not create a conflict of interest. The Committee believes the advice given during the year from both AON Hewitt and PricewaterhouseCoopers has been independent, relevant and objective.

Statement of Shareholders voting (unaudited)

The resolutions to approve the 2014 Remuneration Committee Report and the Directors' Remuneration Policy were passed on a show of hands at the Company's last AGM held on 28 July 2014.

The votes cast by proxy in respect of those resolutions were:

Remuneration Committee report	Number	%
For	31,446,591	99.2
Against	252,334	0.8
Withheld	5,207,289	

Directors' Remuneration policy	Number	%
For	25,980,833	72.8
Against	9,705,867	27.2
Withheld	1,219,514	

The Committee have acknowledged the level of the vote against on the Directors' Remuneration Policy and seek to amend the policy in particular with reference to the LTIP scheme. This is discussed in more detail in the letter from the Chair on page 55.

On behalf of the Board

Steven Esom
Chair of the Remuneration Committee
18 May 2015

DIRECTORS' REPORT

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

Dividends

	2015	2014
Interim dividend per share paid on 23 January 2015	10.6p	10.0p
Final dividend per share proposed	23.4p	22.0p
Total dividend	£16.7m	£15.7m

Subject to approval at the Annual General Meeting, the final dividend will be paid in cash or scrip form on 4 September 2015 to members on the register at the close of business on 3 July 2015. The shares will go ex-dividend on 2 July 2015.

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 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

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

	At 31 March 2015	
	Number of shares	% of issued share capital
Invesco Perpetual	12,608,065	25.60
Woodford Investment Management	3,429,770	6.96
Wellington Management	2,822,923	5.73
Legal & General Investment Management	2,266,457	4.60
Fidelity Management & Research	1,824,993	3.71
Standard Life Investments	1,637,125	3.32
Jupiter Asset Management	1,534,677	3.12

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

Share capital structure

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

The Directors of Cranswick plc have received limited authority to disapply Shareholders' pre-emption rights in certain circumstances, to authorise the Company to buy back a proportion of the Company's share capital and to allow the Directors to allot shares. Further resolutions will be placed before the Annual General Meeting to be held on 27 July 2015 to renew these powers.

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

- **Allot Shares**
  This gives Directors the authority to allot authorised but unissued shares and maintains the flexibility in respect of the Company's financing arrangements. The nominal value of ordinary shares which the Directors may allot in the period up to the next Annual General Meeting, to be held on 27 July 2015, is limited to £1,632,308 which represented approximately 33 per cent of the issued 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 mentioned above, and to sell treasury shares for cash, on a pro-rata basis to existing Shareholders (but subject to any exclusion or arrangements as the Directors consider necessary or expedient in relation to fractional entitlements, any legal, regulatory or practical problems or costs under the laws or regulations of any overseas territory or the requirements of any regulatory body or stock exchange) and otherwise on a pro-rata basis up to an aggregate nominal amount of £244,846, representing 5 per cent of the Company's issued share capital as 6 June 2014. This authority will expire at the end of the Annual General Meeting to be held on 27 July 2015.

- **Allot shares and disapply pre-emption rights in connection with a rights issue**
  This authorises the Directors to allot relevant securities and empowers the Directors to allot equity securities and to sell treasury shares for cash in connection with a rights issue. This is in addition to the authority to allot shares and the disapplication of pre-emption rights contained in the authorities mentioned above. The nominal value of ordinary shares which the Directors may allot in the period up to the next Annual General Meeting, to be held on 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 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 shares are purchased. The Directors have no immediate plans to exercise the powers of the Company to purchase its own shares and undertake that the authority would only be exercised if the Directors were satisfied that a purchase would result in an increase in expected earnings per share and was in the best interests of the Company at the time. This authority will expire at the end of the Annual General Meeting to be held on 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 the capital structure, the Group may adjust the dividend payment to Shareholders, return capital to Shareholders or issue new shares. No changes were made to the objectives, policies or processes during the years ended 31 March 2014 and 31 March 2015.

The Group's capital structure is as follows:

	2015 £'m	2014 £'m
Net debt (Note 26)	17.3	17.0
Cranswick plc Shareholders' equity	332.4	302.7
Capital employed	349.7	319.7

Change of control

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

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

Long Term Incentive Plan

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

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

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

DIRECTORS' REPORT CONTINUED

Change of control continued

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

Financial instruments

Functional currency

The functional currency of all Group undertakings is Sterling.

Foreign currency risk

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

Interest rate risk

The Group's current policy is to manage its cost of borrowing using a mix of fixed and variable rate debt. Whilst fixed rate interest-bearing debt is not exposed to cash flow interest rate risk, there is no opportunity for the Group to enjoy a reduction in borrowing costs in markets where rates are falling. In addition, the fair value risk inherent in fixed rate borrowing means that the Group is exposed to unplanned costs should debt be restructured or repaid early as part of the liquidity management process. In contrast, whilst floating rate borrowings are not exposed to changes in fair value, the Group is exposed to cash flow risk as costs increase if market rates rise. The Group has reduced its borrowings significantly in recent years and at 31 March 2015 gearing had fallen to 5 per cent (2014: 6 per cent). Given this conservative debt structure the Group has not fixed the interest rate on any part of its current facility. The Board will keep this situation under constant review and will fix the interest rate on a proportion of the Group's borrowings at such time as it becomes appropriate to do so. The monitoring of interest rate risk is handled entirely at head office, based on the monthly consolidation of cash flow projections and the daily borrowings position.

Credit risk

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

Liquidity risk

The Group has historically been very cash-generative. The bank position for each site is monitored on a daily basis and capital expenditure is approved at local management meetings at which at least two members of the main Board are present and reported at the subsequent monthly main Board meeting. Major projects are approved by the main Board. Each part of the Group has access to the Group's overdraft facility and all term debt is arranged centrally. The Group renewed its bank credit facilities in March 2014. The facility is made up of a revolving credit facility of £120.0 million including a committed overdraft facility of £20.0 million. The Group manages the utilisation of the revolving credit facility through the monitoring of monthly consolidated cash flow projections and the daily borrowings position. The current facility extends the maturity of the Group's available financing to more than 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, martial 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 activities. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described above, as are the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

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

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

In September 2014 the FRC updated the UK Corporate Governance Code and whilst this report includes disclosures that reflect the 2012 edition of the Code, we have looking forward ensured that for the year ending 31 March 2016 we are operating in accordance with the 2014 edition of the Code.

Disclosure required under Listing Rule 9.8.4R

The only information that is applicable to the Company in respect of the requirements of the Listing Rule 9.8.4R is the details of the Long Term Incentive Scheme which can be located in the Remuneration Committee Report on pages 55 to 67.

Auditors

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

Directors' statement as to disclosure of information to Auditors

The Directors who were members of the Board at the time of approving the Directors' Report are listed on pages 44 and 45. Having made enquiries of fellow Directors and of the Company's Auditors, each of these Directors confirm that:

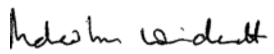
- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's Auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information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

Directors' Responsibility Statement

Each of the Directors of the Board listed on pages 44 and 45 confirms that to the best of their knowledge:

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

By order of the Board



Malcolm Windeatt
Company Secretary
18 May 2015

Company number: 1074383

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

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

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

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

On behalf of the Board

Martin Davey
Chairman
18 May 2015

Mark Bottomley
Finance Director

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's 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 Company Statement of Comprehensive Income, the Group Balance Sheet, the Company 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:

Risk	Response
Revenue recognition	
The timing of revenue recognition is relevant to the reported performance of the Group and also the recognition of rebate liabilities as discussed below. There is opportunity through management override to misstate the allocation of revenue between periods in order to influence reported results. There is also the risk of error. There is therefore a risk that revenue is materially under- or over-stated. Refer also to page 85 for the Group's Revenue accounting policy.	We understood and documented the key processes used to record revenue transactions. At certain locations we identified and performed testing over key revenue controls. At the other locations we performed detailed testing of transactions. We performed substantive analytical review of revenue in the year, comparing amounts recognised with our expectations and corroborating differences. We examined material journal entries that were posted to revenue accounts and obtained supporting evidence to ensure correctness. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRANSWICK PLC CONTINUED

Risk	Response
Rebates and similar arrangements	
The Group's pricing structure includes rebate and other similar arrangements ('rebates') with certain customers. There is a risk of misstatement to the extent that the available documentation to support individual arrangements requires the exercise of judgement when determining whether a liability exists, or when the amount of liability to be recognised is based on estimation. Refer also to page 52 (Audit Committee Report) and page 85 for the Group's Revenue accounting policy which includes the policy for rebates.	We understood and documented the procedures and controls in place over processes for recording rebate charges and liabilities. We tested the accuracy and appropriateness of rebate accrual calculations by reference to available documentation, including the terms of agreements where applicable, and other relevant supporting documents. We performed a review of year end customer rebate accruals and rebate costs in the year, by comparison to prior year and expectations. We vouched a sample of rebate payments made and credit notes issued in the year to supporting documentation. We reviewed the ageing of rebates to identify old balances that remained unclaimed and we also compared amounts paid to the amounts previously provided, in order to gain assurance over the accuracy of historic balances. We tested the completeness of amounts provided by reference to the Group's customer base. We assessed the accuracy of amounts provided by comparing to post year end payments where applicable.
Accounting for acquisitions	
The Group is acquisitive in nature. As disclosed in Note 14 to the financial statements the Group acquired a new subsidiary, Benson Park Limited, during the year. There is a risk that the accounting for acquisitions, including the allocation of the purchase price, the recognition of intangible assets and goodwill and the treatment of any contingent consideration or earn-out arrangements is not performed in accordance with IFRS 3. This acquisition gave rise to additional goodwill of £9.3m, an acquired customer intangible of £6.2m and the recognition of contingent consideration of £3.8m. Refer also to page 52 (Audit Committee Report) and page 98 (Note 14 to the Financial Statements).	For the acquisition in the period we obtained and understood the sales and purchase agreement. We ensured the appropriateness of the allocation of the purchase price, including the recognition of intangible assets. We satisfied ourselves that the only separately identifiable material intangible asset was in respect of the customer relationships acquired, and we audited the valuation of the amount recognised. We challenged the most significant assumptions used to determine the valuation, which included the discount rate, forecast revenues and margin, and customer churn. We also challenged the accounting treatment of contingent consideration to ensure that it was appropriate. We validated the calculation performed by management of the fair value of the liability with reference to the sale and purchase agreement, actual and forecast financial results.

Our application of materiality

We determined materiality for the Group to be £2.6 million (2014: £2.7 million), which is 5 per cent (2014: 5 per cent) of pre-tax profit. We used pre-tax profits as we determined this to be the most relevant measure of profitability for the Group. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Group should be 75 per cent (2014: 75 per cent) of planning materiality, namely £1.9 million (2014: £2.1 million). Our objective in adopting this approach was to ensure that total uncorrected and undetected audit differences in all accounts did not exceed our materiality level.

Audit work at individual components is undertaken based on a percentage of our total performance materiality. The performance materiality set for each component is based on the relative size of the component and our view of the risk of misstatement at that component. In the current year the range of performance materiality allocated to components was £0.2 million to £1.3 million.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.13 million (2014: £0.14 million), as well as any differences below that threshold that, in our view warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in the light of other relevant qualitative considerations.

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 Group's total revenue and 99 per cent of the Group's 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 Group's 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 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

	Notes	2015 £'000	2014 £'000
Revenue	3	**1,003,336**	994,905
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)**	–
Group operating profit	4	**53,737**	55,782
Finance revenue	6	**–**	32
Finance costs	6	**(901)**	(1,057)
Profit before tax		**52,836**	54,757
Taxation	7	**(11,584)**	(11,550)
Profit for the year		**41,252**	43,207
Earnings per share (pence)			
On profit for the year:			
Basic	10	**84.1p**	88.7p
Diluted	10	**83.8p**	88.3p
On adjusted profit for the year:			
Basic	10	**92.1p**	84.1p
Diluted	10	**91.8p**	83.7p

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

	Notes	2015 £'000	2014 £'000
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

	Notes	2015 £'000	2014 £'000
Non-current assets			
Intangible assets	11	**145,705**	130,535
Property, plant and equipment	12	**166,087**	156,578
Biological assets	15	**592**	1,174
Total non-current assets		**312,384**	288,287
Current assets			
Biological assets	15	**11,197**	13,543
Inventories	16	**49,125**	47,426
Trade and other receivables	17	**116,905**	97,775
Financial assets	18	**–**	–
Cash and short term deposits	26	**3,941**	12,223
Total current assets		**181,168**	170,967
Total assets		**493,552**	459,254
Current liabilities			
Trade and other payables	19	**(117,792)**	(108,806)
Financial liabilities	20	**(210)**	(327)
Provisions	21	**(196)**	–
Income tax payable		**(7,046)**	(6,495)
Total current liabilities		**(125,244)**	(115,628)
Non-current liabilities			
Other payables	19	**(1,278)**	(409)
Financial liabilities	20	**(25,427)**	(28,898)
Deferred tax liabilities	7	**(3,457)**	(4,737)
Provisions	21	**(150)**	(343)
Defined benefit pension scheme deficit	25	**(5,623)**	(6,528)
Total non-current liabilities		**(35,935)**	(40,915)
Total liabilities		**(161,179)**	(156,543)
Net assets		**332,373**	302,711
Equity			
Called-up share capital	23	**4,926**	4,896
Share premium account		**65,689**	64,173
Share-based payments		**10,242**	7,779
Hedging reserve		**(169)**	(15)
Retained earnings		**251,685**	225,878
Equity attributable to owners of the parent		**332,373**	302,711

On behalf of the Board

Martin Davey
Chairman
18 May 2015

Mark Bottomley
Finance Director

COMPANY BALANCE SHEET
AT 31 MARCH 2015

	Notes	2015 £'000	2014 £'000
Non-current assets			
Property, plant and equipment	12	**548**	548
Investments in subsidiary undertakings	13	**161,447**	159,970
Deferred tax assets	7	**853**	540
Total non-current assets		**162,848**	161,058
Current assets			
Trade and other receivables	17	**29,379**	26,531
Cash and short term deposits	26	**501**	8,251
Total current assets		**29,880**	34,782
Total assets		**192,728**	195,840
Current liabilities			
Trade and other payables	19	**(52,360)**	(51,086)
Financial liabilities	20	**(1,808)**	–
Income tax payable		**(513)**	(983)
Total current liabilities		**(54,681)**	(52,069)
Non-current liabilities			
Financial liabilities	20	**(21,265)**	(28,898)
Total liabilities		**(75,946)**	(80,967)
Net assets		**116,782**	114,873
Equity			
Called-up share capital	23	**4,926**	4,896
Share premium account		**65,689**	64,173
General reserve		**4,000**	4,000
Merger reserve		**1,806**	1,806
Share-based payments		**10,242**	7,779
Retained earnings		**30,119**	32,219
		116,782	114,873

On behalf of the Board

Martin Davey
Chairman
18 May 2015

Mark Bottomley
Finance Director

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

	Notes	2015 £'000	2014 £'000
Operating activities			
Profit for the year		**41,252**	43,207
Adjustments to reconcile Group profit for the year to net cash inflows from operating activities:			
Income tax expense	7	**11,584**	11,550
Net finance costs		**901**	1,025
Loss/(gain) on sale of property, plant and equipment		**149**	(100)
Depreciation of property, plant and equipment	12	**18,349**	17,831
Amortisation of intangible assets	11	**671**	159
Share-based payments		**2,463**	1,014
Difference between pension contributions paid and amounts recognised in the income statement		**(1,212)**	(1,006)
Release of government grants		**(74)**	(85)
Release of contingent consideration		**–**	(1,086)
Net IAS 41 valuation movement on biological assets		**4,245**	(1,441)
Increase in biological assets		**(1,317)**	(176)
Decrease in inventories		**491**	1,497
Increase in trade and other receivables		**(12,586)**	(3,910)
Increase in trade and other payables		**2,226**	4,702
Cash generated from operations		**67,142**	73,181
Tax paid		**(12,750)**	(13,050)
Net cash from operating activities		**54,392**	60,131
Cash flows from investing activities			
Interest received		**–**	28
Principal amounts received in relation to loans advanced		**–**	1,002
Acquisition of subsidiaries, net of cash acquired	14	**(17,692)**	(14,402)
Purchase of property, plant and equipment		**(21,144)**	(27,684)
Receipt of government grants		**542**	100
Proceeds from sale of property, plant and equipment		**244**	197
Net cash used in investing activities		**(38,050)**	(40,759)
Cash flows from financing activities			
Interest paid		**(880)**	(1,094)
Proceeds from issue of share capital		**901**	410
Proceeds from borrowings		**–**	30,000
Issue costs of long term borrowings		**(851)**	–
Repayment of borrowings		**(8,000)**	(30,500)
Dividends paid		**(15,350)**	(12,700)
Repayment of capital element of finance leases and hire purchase contracts		**(444)**	(349)
Net cash used in financing activities		**(24,624)**	(14,233)
Net (decrease)/increase in cash and cash equivalents	26	**(8,282)**	5,139
Cash and cash equivalents at beginning of year	26	**12,223**	7,084
Cash and cash equivalents at end of year	26	**3,941**	12,223

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

	Notes	2015 £'000	2014 £'000
Operating activities			
Profit for the year		**13,749**	17,344
Adjustments to reconcile Company profit for the year to net cash inflows from operating activities:			
Dividends received		**(15,350)**	(12,700)
Income tax expense		**143**	2,121
Net finance cost		**4,057**	3,654
Depreciation of property, plant and equipment	12	**26**	31
Share-based payments		**986**	256
Increase in trade and other receivables		**(2,481)**	(11,762)
Increase in trade and other payables		**2,021**	8,615
Cash generated from operations		**3,151**	7,559
Tax paid		**(780)**	(2,254)
Net cash from operating activities		**2,371**	5,305
Cash flows from investing activities			
Interest received		**–**	6
Dividends received		**15,350**	12,700
Purchase of property, plant and equipment		**(26)**	(17)
Proceeds from sale of property, plant and equipment		**–**	13
Net cash from investing activities		**15,324**	12,702
Cash flows from financing activities			
Interest paid		**(3,953)**	(3,635)
Proceeds from issue of share capital		**901**	410
Proceeds from borrowings		**–**	30,000
Issue costs of long term borrowings		**(851)**	–
Repayment of borrowings		**(8,000)**	(29,000)
Dividends paid		**(15,350)**	(12,700)
Net cash used in financing activities		**(27,253)**	(14,925)
Net (decrease)/increase in cash and cash equivalents	26	**(9,558)**	3,082
Cash and cash equivalents at beginning of year	26	**8,251**	5,169
Cash and cash equivalents at end of year	26	**(1,307)**	8,251

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015

	Share capital Note (a) £'000	Share premium Note (b) £'000	Share-based payments Note (e) £'000	Hedging reserve Note (f) £'000	Retained earnings £'000	Total equity £'000
At 31 March 2013	4,853	61,603	6,765	(4)	200,447	273,664
Profit for the year	–	–	–	–	43,207	43,207
Other comprehensive income	–	–	–	(11)	(3,442)	(3,453)
Total comprehensive income	–	–	–	(11)	39,765	39,754
Share-based payments	–	–	1,014	–	–	1,014
Scrip dividend	19	2,184	–	–	–	2,203
Share options exercised (proceeds)	24	386	–	–	–	410
Dividends	–	–	–	–	(14,903)	(14,903)
Deferred tax related to changes in equity	–	–	–	–	246	246
Corporation tax related to changes in equity	–	–	–	–	323	323
At 31 March 2014	4,896	64,173	7,779	(15)	225,878	302,711
Profit for the year	–	–	–	–	41,252	41,252
Other comprehensive income	–	–	–	(154)	(246)	(400)
Total comprehensive income	–	–	–	(154)	41,006	40,852
Share-based payments	–	–	2,463	–	–	2,463
Scrip dividend	5	640	–	–	–	645
Share options exercised (proceeds)	25	876	–	–	–	901
Dividends	–	–	–	–	(15,995)	(15,995)
Deferred tax related to changes in equity	–	–	–	–	437	437
Corporation tax related to changes in equity	–	–	–	–	359	359
At 31 March 2015	**4,926**	**65,689**	**10,242**	**(169)**	**251,685**	**332,373**

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015

	Share capital Note (a) £'000	Share premium Note (b) £'000	General reserve Note (c) £'000	Merger reserve Note (d) £'000	Share-based payments Note (e) £'000	Retained earnings £'000	Total equity £'000
At 31 March 2013	4,853	61,603	4,000	1,806	6,765	29,649	108,676
Profit for the year, being total comprehensive income	–	–	–	–	–	17,344	17,344
Share-based payments	–	–	–	–	1,014	–	1,014
Scrip dividend	19	2,184	–	–	–	–	2,203
Share options exercised (proceeds)	24	386	–	–	–	–	410
Dividends	–	–	–	–	–	(14,903)	(14,903)
Deferred tax related to changes in equity	–	–	–	–	–	129	129
At 31 March 2014	4,896	64,173	4,000	1,806	7,779	32,219	114,873
Profit for the year, being total comprehensive income	–	–	–	–	–	13,749	13,749
Share-based payments	–	–	–	–	2,463	–	2,463
Scrip dividend	5	640	–	–	–	–	645
Share options exercised (proceeds)	25	876	–	–	–	–	901
Dividends	–	–	–	–	–	(15,995)	(15,995)
Deferred tax related to changes in equity	–	–	–	–	–	146	146
At 31 March 2015	**4,926**	**65,689**	**4,000**	**1,806**	**10,242**	**30,119**	**116,782**

Notes:

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

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

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

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

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

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

NOTES TO THE ACCOUNTS

1. Authorisation of financial statements and statement of compliance with IFRSs
The Group and Company financial statements of Cranswick plc (the 'Company') for the year ended 31 March 2015 were authorised for issue by the Board of Directors on 18 May 2015 and the balance sheets were signed on the Board's behalf by Martin Davey and Mark Bottomley. Cranswick plc is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on the London Stock Exchange.

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

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

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

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

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 is 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 re-assesses 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 as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

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

- Share-based payments — Note 24 – measurement of share-based payments
- Goodwill — Note 11 – measurement of the recoverable amount of cash-generating units containing goodwill
- Provisions — Note 21 – judgements in relation to amounts provided
- Pensions — Note 25 – pension scheme actuarial assumptions
- Acquisitions — Note 14 – fair values on acquisition
- 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/IFRSs)		*Effective date*
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 27 (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 36 (revised)	Impairment of Assets	1 January 2014
IAS 39 (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/IFRSs)		*Effective date**
Annual Improvements to IFRSs 2010-2012 Cycle		1 July 2014
Annual Improvements to IFRSs 2011-2013 Cycle		1 July 2014
Annual Improvements to IFRSs 2012-2014 Cycle		1 January 2016
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2018
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 2017
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 2018
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. The Group has not early adopted any of the above standards.

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

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 growth.
- 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 of performance are included as the Directors believe that they provide a useful alternative measure for shareholders of the trading performance of the Group. The reconciliation between Group operating profit and adjusted Group operating profit is shown on the face of the Group income statement.

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

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

NOTES TO THE ACCOUNTS CONTINUED

2. Accounting policies continued

Taxation continued

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

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

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

Dividends

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

Business combinations

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

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

Intangible assets

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

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

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

Property, plant and equipment

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

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

Useful economic lives are principally as follows:

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

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

Capitalised borrowing costs

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

Investments

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

Accounting for leases

i) Finance leases

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

ii) Operating leases

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

Government grants and contributions

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

Inventories

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

Biological assets

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

Cash and cash equivalents

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

Financial instruments

i) Debt instruments, including bank borrowings

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

ii) Derivative financial instruments

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

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

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

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

Financial assets – Loans and receivables

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

Foreign currencies

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

NOTES TO THE ACCOUNTS CONTINUED

2. Accounting policies continued

Employee benefits

i) Pensions

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

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

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

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

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.

ii) Equity settled share-based payments

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

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

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

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

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

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

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

3. Business and geographical segments

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

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

The Group reports on one reportable segment:

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

All Group revenues are received for the provision of goods; no revenues are received from the provision of services.

Geographical segments

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

	2015 £'000	2014 £'000
UK	**986,714**	973,697
Continental Europe	**10,700**	16,519
Rest of world	**5,922**	4,689
	1,003,336	994,905

In addition to the non-UK sales disclosed above the Group also made sales to export markets through UK-based meat trading agents totalling £30,675,000 (2014: £30,078,000). Including these sales, total sales to export markets were £47,297,000 for the year (2014: £51,286,000).

Customer concentration

The Group has three customers which individually account for more than 10 per cent of the Group's total revenue. These customers account for 25 per cent, 23 per cent and 11 per cent respectively. In the prior year these same three customers accounted for 26 per cent, 24 per cent and 11 per cent respectively.

The Group's non-current assets were all located within the UK for both 2015 and 2014.

4. Group operating profit

Group operating costs comprise:

	2015 £'000	2014 £'000
Cost of sales excluding net IAS 41 valuation movement on biological assets	**878,968**	877,012
Net IAS 41 valuation movement on biological assets*	**4,245**	(1,441)
Cost of sales	**883,213**	875,571
Gross profit	***120,123***	*119,334*
Selling and distribution costs	**38,418**	35,995
Administrative expenses excluding amortisation of customer relationship intangible assets and release of contingent consideration	**27,297**	28,643
Amortisation of customer relationship intangible assets	**671**	–
Release of contingent consideration	**–**	(1,086)
Administrative expenses	**27,968**	27,557
Total operating costs	**949,599**	939,123

* 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.

4. Group operating profit continued

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

	2015 £'000	2014 £'000
Depreciation of property, plant and equipment	**18,349**	17,831
Amortisation of customer relationship intangible assets	**671**	159
Release of government grants	**(74)**	(85)
Operating lease payments – minimum lease payments	**5,070**	5,126
Net foreign currency differences	**(232)**	(42)
Cost of inventories recognised as an expense	**600,269**	637,807
Increase in provision for inventories	**120**	326
Research and development expenditure	**1,810**	1,989
Auditors' remuneration		
Fees payable to the Company's auditors in respect of the audit		
Audit of these financial statements	**35**	30
Local statutory audits of subsidiaries	**155**	145
Total audit remuneration	**190**	175
Fees payable to the Company's auditors in respect of non-audit related services		
Tax compliance services	**–**	75
Tax advisory services	**16**	46
Other services	**32**	158
Total non-audit related remuneration	**48**	279

Of the 'Other' non-audit related services £32,000 (2014: £156,000) was in respect of corporate finance services in relation to acquisitions.

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

5. Employees

Group	2015 £'000	2014 £'000
Staff costs:		
Wages and salaries	**119,077**	107,090
Social security costs	**10,640**	9,668
Other pension costs	**2,106**	1,460
	131,823	118,218

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:

Group	2015 Number	2014 Number
Production	**4,272**	4,110
Selling and distribution	**298**	280
Administration	**238**	237
	4,808	4,627

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:

Group and Company	2015 £'000	2014 £'000
Directors' remuneration	4,808	3,720
Pension contribution	73	138
	4,881	3,858
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

	2015 £'000	2014 £'000
Finance revenue		
Finance revenue from loans receivable	**–**	26
Other interest receivable	**–**	6
Total finance revenue	**–**	32
Finance costs		
Bank interest paid and similar charges	**747**	899
Total interest expense for financial liabilities not at fair value through profit or loss	**747**	899
Net finance cost on defined benefit pension deficit (Note 25)	**108**	122
Finance charge payable under finance leases and hire purchase contracts	**–**	17
Movement in discount on provisions and financial liabilities	**46**	15
Other interest payable	**–**	4
Total finance costs	**901**	1,057

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

7. Taxation

a) Analysis of tax charge in the year

Tax charge based on the profit for the year:

	2015 £'000	2014 £'000
Current income tax:		
UK corporation tax on profit for the year	**12,891**	12,854
Adjustments in respect of prior years	**(162)**	(257)
Total current tax	**12,729**	12,597
Deferred tax:		
Origination and reversal of temporary differences	**(1,329)**	315
Deferred tax rate change	**72**	(994)
Adjustments in respect of prior years	**112**	(368)
Total deferred tax	**(1,145)**	(1,047)
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:

Group	2015 £'000	2014 £'000
Recognised in Group statement of comprehensive income		
Deferred tax on revaluation of cash flow hedges	**(38)**	(3)
Deferred tax on actuarial loss on defined benefit pension scheme	**(61)**	(735)
	(99)	(738)
Recognised in Group statement of changes in equity		
Deferred tax on share-based payments	**(437)**	(246)
Corporation tax credit on share options exercised	**(359)**	(323)
	(796)	(569)
Total tax credit recognised directly in equity	**(895)**	(1,307)

Company	2015 £'000	2014 £'000
Recognised in Company statement of changes in equity		
Deferred tax credit on share-based payments	**(146)**	(129)
Total tax credit recognised directly in equity	**(146)**	(129)

b) Factors affecting tax charge for the year

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

	2015 £'000	2014 £'000
Profit on ordinary activities before tax	**52,836**	54,757
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21 per cent (2014: 23 per cent)	**11,096**	12,594
Effect of:		
Disallowed expenses	**466**	374
Deferred tax rate change	**72**	(994)
Share-based payment deduction	**–**	201
Adjustments in respect of prior years	**(50)**	(625)
Total tax charge for the year	**11,584**	11,550

c) Deferred tax

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

Group	2015 £'000	2014 £'000
Deferred tax liability in the balance sheet		
Accelerated capital allowances	**6,365**	6,438
Biological assets	**(750)**	1,037
Rollover and holdover relief	**65**	65
Other temporary differences	**(270)**	(209)
Share-based payments	**(1,973)**	(1,288)
Deferred tax on defined benefit pension scheme	**(1,124)**	(1,306)
Customer relationships intangibles	**1,144**	–
Deferred tax liability	**3,457**	4,737

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

	2015 £'000	2014 £'000
Deferred tax in the income statement		
Accelerated capital allowances	**(175)**	(1,946)
Biological assets	**(849)**	288
Customer relationships intangibles	**(134)**	–
Other temporary differences	**18**	(132)
Share-based payments	**(248)**	542
Deferred tax on defined benefit pension scheme	**243**	201
Deferred tax credit	**(1,145)**	(1,047)

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

Company	2015 £'000	2014 £'000
Deferred tax asset in the balance sheet		
Accelerated capital allowances	**(33)**	(26)
Other temporary differences	**(16)**	(17)
Share-based payments	**(804)**	(497)
Deferred tax asset	**(853)**	(540)

d) Temporary differences associated with Group investments

At 31 March 2015 a £nil tax liability has been recognised (2014: £nil) in respect of any taxes that would be payable on the unremitted earnings of certain subsidiaries, as receipt by the Group of any dividends would be exempt from UK corporation tax. There are no income tax consequences to the Group in relation to dividends paid to Shareholders.

e) Change in corporation tax rate

A reduction in the main rate of corporation tax in the UK from 21 per cent to 20 per cent from 1 April 2015 was enacted before the balance sheet date. Deferred tax is therefore provided at 20 per cent.

8. Profit attributable to members

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

9. Equity dividends

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

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: £43,207,000) 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:

	2015 Thousands	2014 Thousands
Basic weighted average number of shares	**49,071**	48,734
Dilutive potential ordinary shares – share options	**151**	191
	49,222	48,925

NOTES TO THE ACCOUNTS CONTINUED

10. Earnings per share continued

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:

	2015 £'000	2014 £'000
Profit for the year	41,252	43,207
Release of contingent consideration	–	(1,086)
Amortisation of customer relationship intangible assets	671	–
Tax on amortisation of customer relationship intangible assets	(134)	–
Net IAS 41 valuation movement on biological assets	4,245	(1,441)
Tax on net IAS 41 valuation movement on biological assets	(849)	288
Adjusted profit for the year	**45,185**	40,968

11. Intangible assets

Group	Goodwill £'000	Customer relationships £'000	Total £'000
Cost			
At 31 March 2013	133,251	795	134,046
On acquisition (Note 14)	1,691	–	1,691
At 31 March 2014	134,942	795	135,737
On acquisition (Note 14)	9,656	6,185	15,841
At 31 March 2015	144,598	6,980	151,578
Amortisation and impairment			
At 31 March 2013	4,924	119	5,043
Amortisation	–	159	159
At 31 March 2014	4,924	278	5,202
Amortisation	–	671	671
At 31 March 2015	4,924	949	5,873
Net book value			
At 31 March 2013	128,327	676	129,003
At 31 March 2014	130,018	517	130,535
At 31 March 2015	**139,674**	**6,031**	**145,705**

Impairment testing

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

Cash-generating unit	2015 £'000	2014 £'000
Fresh pork	12,231	12,231
Livestock	1,691	1,691
Cooked meats	90,167	90,167
Sandwiches	11,602	11,602
Continental Fine Foods	10,968	10,968
Premium cooked poultry	9,259	–
Other	3,756	3,359
	139,674	130,018

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

Gross margin

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

Discount rates

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

Sensitivity

Management believes that currently there is no reasonably possible change to the assumptions that would reduce the value in use below the value of the carrying amount for any of the Group's cash-generating units. Assumptions and projections are updated on an annual basis.

NOTES TO THE ACCOUNTS CONTINUED

12. Property, plant and equipment

Group	Freehold land and buildings £'000	Leasehold improvements £'000	Plant, equipment and vehicles £'000	Assets in the course of construction £'000	Total £'000
Cost					
At 31 March 2013	80,036	3,110	160,166	5,957	249,269
Additions	5,287	61	12,416	5,095	22,859
On acquisition	2,633	–	1,630	–	4,263
Transfers between categories	4,459	–	653	(5,112)	–
Disposals	(2,242)	–	(2,841)	–	(5,083)
At 31 March 2014	90,173	3,171	172,024	5,940	271,308
Additions	2,730	123	18,691	1,776	23,320
On acquisition	3,758	–	1,173	–	4,931
Transfers between categories	3,472	–	2,898	(6,370)	–
Disposals	(58)	–	(2,690)	–	(2,748)
At 31 March 2015	100,075	3,294	192,096	1,346	296,811
Depreciation					
At 31 March 2013	11,901	1,710	88,272	–	101,883
Charge for the year	1,766	187	15,878	–	17,831
Relating to disposals	(2,242)	–	(2,742)	–	(4,984)
At 31 March 2014	11,425	1,897	101,408	–	114,730
Charge 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**	**76,868**	**1,346**	**166,087**

Included in freehold land and buildings is land with a cost of £8,267,000 (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.

Company	Freehold land and buildings £'000	Plant, equipment and vehicles £'000	Total £'000
Cost			
At 31 March 2013	509	427	936
Additions	–	17	17
Disposals	–	(22)	(22)
At 31 March 2014	509	422	931
Additions	–	26	26
At 31 March 2015	509	448	957
Depreciation			
At 31 March 2013	–	361	361
Charge for the year	–	31	31
Relating to disposals	–	(9)	(9)
At 31 March 2014	–	383	383
Charge for the year	–	26	26
At 31 March 2015	–	409	409
Net book amounts			
At 31 March 2013	509	66	575
At 31 March 2014	509	39	548
At 31 March 2015	**509**	**39**	**548**

13. Investments

Company	Subsidiary undertakings £'000
Shares at cost:	
At 31 March 2013	159,212
Capital contribution relating to share options	758
At 31 March 2014	159,970
Capital contribution relating to share options	1,477
At 31 March 2015	**161,447**

The principal subsidiary undertakings during the year were:
- Cranswick Country Foods plc
- Cranswick Gourmet Pastry Company Limited (90 per cent owned by Cranswick Country Foods plc)
- Wayland Farms Limited (100 per cent owned by Cranswick Country Foods plc)
- Wold Farms Limited (100 per cent owned by Cranswick Country Foods plc)
- Cranswick Convenience Foods Limited
- Kingston Foods Limited (100 per cent owned by Cranswick Convenience Foods Limited)
- The Sandwich Factory Group Limited (registered in Scotland)
- The Sandwich Factory Holdings Limited (100 per cent owned by The Sandwich Factory Group Limited)
- Benson Park Limited (100 per cent owned by Cranswick Country Foods plc)

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

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

NOTES TO THE ACCOUNTS CONTINUED

14. Acquisitions

Benson Park Limited

On 22 October 2014, the Group acquired 100 per cent of the issued share capital of Benson Park Limited for a total consideration of £23.8 million. The 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:

	Fair value £'000
Net assets acquired:	
Customer relationships	6,185
Property, plant and equipment	4,931
Inventories	2,190
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	(135)
	14,513
Goodwill arising on acquisition	9,259
Total consideration	23,772
Satisfied by:	
Cash	20,000
Contingent consideration	3,772
	23,772
Analysis of cash flows on acquisition:	
Included within cash flows from investing activities	
Cash consideration paid	20,000
Cash and cash equivalents acquired	(2,308)
	17,692
Included within net cash from operating activities	
Transaction costs of the acquisition	203
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.

Included in the £9.3 million of goodwill recognised are certain intangible assets that cannot be individually separated from the acquiree and reliably measured due to their nature. These items include the expected value of synergies and the assembled workforce.

Transaction costs of £0.2 million have been expensed in relation to the acquisition and were included in administrative expenses.

All of the trade receivables acquired were collected in full.

Contingent consideration

The agreement includes contingent consideration payable in cash to the previous owners of Benson Park Limited based on the performance of the business over a 2.5-year period. The amount payable will be between £nil and £4.0 million dependant on the average profit before interest and tax of the business during the 2.5-year period versus an agreed target level.

The fair value of the contingent consideration on acquisition was estimated at £4.0 million, discounted to £3.8 million in the table above.

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.

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

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

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 £2.5 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 Wold Farms Limited were £nil and the company contributed a net loss after tax of £0.2 million to the Group. Due to the nature of the two transactions, with only a proportion of the trade and assets of Dent Limited being acquired, the Directors considered it impracticable to assess the impact of Wold 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.

NOTES TO THE ACCOUNTS CONTINUED

14. Acquisitions continued

2014 – Wayland Farms Limited and Wold Farms Limited continued

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

In the prior year, transaction costs of £211,000 and £121,000 were expensed in relation to Wayland Farms Limited and Wold Farms Limited respectively, and were included in administrative expenses.

All of the trade receivables acquired were collected in full.

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.

15. Biological assets

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

Reconciliation of carrying amounts of livestock:

Group	Total £'000
At 31 March 2013	–
On acquisition	13,100
Increases due to purchases	8,426
Decrease attributable to harvest	(34,743)
Decreases attributable to sales	(10,772)
Changes in fair value less estimated costs to sell	38,706
At 31 March 2014	14,717
Increases due to purchases	11,965
Decrease attributable to harvest	(54,111)
Decreases attributable to sales	(4,477)
Changes in fair value less estimated costs to sell	43,695
At 31 March 2015	**11,789**

Group	2015 £'000	2014 £'000
Non-current biological assets	**592**	1,174
Current biological assets	**11,197**	13,543
	11,789	14,717

Group	2015 £'000	2014 £'000
Net IAS 41 valuation movement on biological assets*		
Changes in fair value of biological assets	**43,695**	38,706
Biological assets transferred to cost of sales	**(47,940)**	(37,265)
	(4,245)	1,441

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

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

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

Additional information:

Group	2015 Number	2014 Number
Quantities at year end:		
Breeding sows (Bearer biological assets)	**14,861**	16,875
Boars	**346**	433
Pigs (Consumable biological assets)	**183,853**	172,526
Number of pigs produced in the year	**340,096**	320,133

16. Inventories

Group	2015 £'000	2014 £'000
Raw materials	**38,052**	34,967
Finished goods and goods for resale	**11,073**	12,459
	49,125	47,426

17. Trade and other receivables

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Financial assets:				
Trade receivables	**103,758**	84,292	**12**	–
Amounts owed by Group undertakings	**–**	–	**28,797**	26,256
Other receivables	**5,948**	5,375	**177**	23
	109,706	89,667	**28,986**	26,279
Non-financial assets:				
Prepayments and accrued income	**7,199**	8,108	**393**	252
	116,905	97,775	**29,379**	26,531

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	Of which: Not due	Past due date in the following periods:		
Group	£'000	£'000	Less than 30 days £'000	Between 30 and 60 days £'000	More than 60 days £'000
2015	**103,758**	**91,116**	**9,627**	**1,876**	**1,139**
2014	84,292	74,695	7,475	929	1,193

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.

17. Trade and other receivables continued

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

Group	£'000
Bad debt provision	
At 31 March 2013	631
Provided in year	8
Utilised	(6)
Released	(50)
At 31 March 2014	583
Provided in year	46
Utilised	(16)
At 31 March 2015	**613**

There are no bad debt provisions against other receivables.

18. Financial assets

Group	2015 £'000	2014 £'000
Current		
Loans receivable	**396**	396
Impairment provision	**(396)**	(396)
	–	–

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

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Current				
Trade payables	**82,049**	80,315	**329**	274
Amounts owed to Group undertakings	**–**	–	**46,410**	46,621
Other payables	**35,608**	28,420	**5,621**	4,191
Deferred income – Government grants	**135**	71	**–**	–
	117,792	108,806	**52,360**	51,086
Non-current				
Deferred income – Government grants	**1,278**	409	**–**	–
	1,278	409	**–**	–

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

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Current				
Bank overdrafts	**–**	–	**1,808**	–
Finance leases and hire purchase contracts	**–**	309	**–**	–
Forward currency contracts	**210**	18	**–**	–
	210	327	**1,808**	–
Non-current				
Amounts outstanding under revolving credit facility	**21,265**	28,898	**21,265**	28,898
Contingent consideration (Note 14)	**4,162**	–	**–**	–
	25,427	28,898	**21,265**	28,898

	Group	
	2015 £'000	2014 £'000
Movement on hedged items:		
Losses arising in the year	**(210)**	(18)
Reclassification adjustment for losses included in the income statement	**18**	4
	(192)	(14)

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 £nil (2014: £nil) 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:

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
In one year or less	**–**	–	**–**	–
Between one year and two years	**–**	–	**–**	–
Between two years and five years	**22,000**	30,000	**22,000**	30,000
	22,000	30,000	**22,000**	30,000
Unamortised issue costs	**(735)**	(1,102)	**(735)**	(1,102)
	21,265	28,898	**21,265**	28,898

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

21. Provisions

Group	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	–
Non-current liabilities	150	343
	346	343

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

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

As at 31 March 2014

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

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

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

As at 31 March 2014

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

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 £34,000 (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's 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.

	2015		2014	
Group	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Forward currency contracts	(210)	(210)	(18)	(18)
Contingent consideration	(4,162)	(4,162)	–	–

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

Hedges

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

i) Forward contracts to hedge expected future purchases

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

Group

Currency	Amount	Maturities	Exchange rates	Fair value £'000
Euros	21,000,000	1 April 2015–15 March 2016	€1.26–€1.40	(203)

ii) Forward contracts to hedge expected future sales

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.

Group

Currency	Amount	Maturities	Exchange rates	Fair value £'000
US Dollars	500,000	24 April 2015–29 May 2015	£0.66	–
Euros	2,800,000	8 May 2015–31 July 2015	£0.72–£0.79	(7)

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

The Company does not hold any forward contracts.

Interest rate risk

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

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

	Increase/ decrease in basis points	Effect on profit before tax £'000
2015		
Sterling	**+100**	**(442)**
	-100	**442**
2014		
Sterling	+100	(529)
	-100	529

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

Group	Less than 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	Total £'000
Revolving credit facility	287	287	22,383	22,957
Contingent consideration	–	–	4,352	4,352
Trade and other payables	117,792	–	–	117,792
	118,079	287	26,735	145,101

At 31 March 2014

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

At 31 March 2015

Company	Less than 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	Total £'000
Bank overdraft	1,808	–	–	1,808
Revolving credit facility	287	287	22,383	22,957
Trade and other payables	52,360	–	–	52,360
	54,455	287	22,383	77,125

At 31 March 2014

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

The impact of liquidity risk on the Group is discussed in detail in the Directors' Report on page 70.

23. Called-up share capital

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

Group and Company	2015 Number	2014 Number	2015 £'000	2014 £'000
At 1 April	48,961,889	48,527,532	4,896	4,853
On exercise of share options	245,310	243,021	25	24
Scrip dividends	48,547	191,336	5	19
At 31 March	49,255,746	48,961,889	4,926	4,896

On 5 September 2014, 33,687 ordinary shares were issued at 1,277.2 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 1,447.4 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, 245,310 ordinary shares were issued to employees exercising SAYE and LTIP options at prices between nil and 916.0 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:

	Number	Exercise price	Exercise period
Savings related	55	665p	March 2011–October 2015
Savings related	10,855	474p	March 2012–October 2016
Savings related	9,902	594p	March 2013–October 2017
Savings related	19,013	692p	March 2014–October 2018
Savings related	48,125	579p	March 2015–October 2019
Savings related	104,233	629p	March 2016–October 2018
Savings related	70,845	916p	March 2017–October 2019
Savings related	254,533	1,187p	March 2018–October 2020
LTIP	977,676	Nil	June 2015–June 2024

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

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

During the course of the 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).

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 1,266.0 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.

Group	2015 Number	2015 WAEP (£)	2014 Number	2014 WAEP (£)
Outstanding as at 1 April	1,064,888	–	1,071,891	–
Granted during the year (i)	285,800	–	317,100	–
Lapsed during the year	(281,450)	–	(152,313)	–
Exercised during the year (ii)	(91,562)	–	(171,790)	–
Outstanding as at 31 March (iii)	977,676	–	1,064,888	–
Exercisable at 31 March	–	–	–	–

Company	2015 Number	2015 WAEP (£)	2014 Number	2014 WAEP (£)
Outstanding as at 1 April	720,500	–	721,539	–
Granted during the year (i)	141,800	–	201,100	–
Lapsed during the year	(191,685)	–	(87,495)	–
Exercised during the year (ii)	(63,215)	–	(114,644)	–
Outstanding as at 31 March (iii)	607,400	–	720,500	–
Exercisable at 31 March	–	–	–	–

i) 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 £nil per share. The share price at the date of grant was £12.66 (2014: £11.27).
ii) The weighted average share price at the date of exercise for the options exercised was £13.25 (2014: £11.26).
iii) 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 £nil.

All Employee Share Option Scheme (SAYE)

All employees are entitled to a grant of options once they have been in service for two years or more. The exercise price is equal to the market price of the shares less 20 per cent on the date of the grant. The contractual life of the options is 3, 5 or 7 years. The maximum term of SAYE options is 3.5, 5.5 or 7.5 years.

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

Group	2015 Number	2015 WAEP (£)	2014 Number	2014 WAEP (£)
Outstanding as at 1 April	446,407	6.61	468,286	5.98
Granted during the year (i)	256,866	11.87	87,372	9.16
Lapsed during the year	(31,767)	7.93	(38,020)	6.29
Exercised during the year (ii)	(153,748)	5.86	(71,231)	5.75
Outstanding as at 31 March (iii)	517,758	9.36	446,407	6.61
Exercisable at 31 March	5,389	5.81	3,243	6.86

Company	2015 Number	2015 WAEP (£)	2014 Number	2014 WAEP (£)
Outstanding as at 1 April	19,649	6.33	19,600	5.94
Granted during the year (i)	15,724	11.87	2,690	9.16
Lapsed during the year	(43)	5.79	(1,504)	5.98
Exercised during the year (ii)	(7,797)	5.83	(1,137)	6.66
Outstanding as at 31 March (iii)	27,533	9.65	19,649	6.33
Exercisable at 31 March	–	–	260	6.92

i) The share options granted during the year were at £11.87 (2014: £9.16), representing a 20 per cent discount on the price at the relevant date. The share price at the date of grant was £13.85 (2014: £11.86).
ii) The weighted average share price at the date of exercise for the options exercised was £14.21 (2014: £12.72).
iii) For the share options outstanding as at 31 March 2015, the weighted average remaining contractual life is 3.12 years (2014: 3.59 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:

Group and Company	2015 LTIP	2015 SAYE	2014 LTIP	2014 SAYE
Dividend yield	2.81%	2.57%	3.03%	2.88%
Expected share price volatility	31.0%	31.0%	31.0%	31.0%
Risk-free interest rate	1.06%	0.74% – 1.23%	0.51%	0.92% – 1.87%
Expected life of option	3 years	3, 5 years	3 years	3, 5 years
Exercise prices	£nil	£11.87	£nil	£9.16

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.

a) Change in benefit obligation	2015 £'000	2014 £'000
Benefit obligation at the beginning of the year	25,221	21,535
Interest cost	967	935
Remeasurement losses/(gains):		
Actuarial losses/(gains) arising from changes in financial assumptions	7,844	(764)
Actuarial gains arising from changes in demographic assumptions	–	(251)
Other experience items	–	728
Additional liability recognised due to minimum funding requirement	(3,394)	3,457
Benefits paid from plan	(419)	(419)
Benefit obligation at the end of the year	30,219	25,221

b) Change in plan assets	2015 £'000	2014 £'000
Fair value of plan assets at the beginning of the year	18,693	18,178
Interest income	859	813
Return on plan assets	4,143	(1,007)
Employer contributions	1,320	1,128
Benefits paid from plan	(419)	(419)
Fair value of plan assets at the end of the year	24,596	18,693

c) Amounts recognised in the balance sheet	2015 £'000	2014 £'000
Present value of funded obligations	(30,219)	(25,221)
Fair value of plan assets	24,596	18,693
Net liability recorded in the balance sheet	(5,623)	(6,528)

d) Components of pension cost	2015 £'000	2014 £'000
Amounts recognised in the income statement:		
Interest cost	967	935
Expected return on plan assets	(859)	(813)
Total pension cost recognised in the income statement	108	122
Actual return on assets		
Actual return on plan assets	5,002	(194)
Amounts recognised in the Group statement of comprehensive income		
Actuarial losses immediately recognised	(307)	(4,177)
Cumulative amount of actuarial losses recognised	(6,374)	(6,067)

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

e) Principal actuarial assumptions	2015	2014
Discount rate	3.25%	4.50%
Rate of price inflation	3.25%	3.15%
Revaluation of deferred pensions:		
Benefits accrued prior to 1 January 1998	5.00%	5.00%
Benefits accrued after 1 January 1998	3.25%	3.15%
Rate of compensation increase:		
Benefits accrued prior to 1 January 1997	3.00%	3.00%
Benefits accrued after 1 January 1997	3.25%	3.15%
Future expected lifetime of pensioner at age 65:		
Current pensioners		
Male	23.0	22.9
Female	25.3	25.2
Future pensioners		
Male	25.2	25.1
Female	27.6	27.5

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 £5,560,000 (2014: £3,017,000).

A 0.1 per cent increase/decrease in the discount rate would give rise to a £13,000 decrease/£676,000 increase (2014: £17,000 decrease/£17,000 increase) in the deficit 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.

A one year increase/decrease in the life expectancy assumption would give rise to a £896,000 increase/£nil decrease in the deficit at 31 March 2015.

In the prior year, due to the divergence in the IFRIC 14 and IAS 19 liabilities the valuation was only sensitive to a reasonable change in the discount rate assumption.

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

NOTES TO THE ACCOUNTS CONTINUED

25. Pension schemes continued

f) Plan assets	**2015 Fair value of plan assets £'000**	2014 Fair value of plan assets £'000
Return seeking:		
Diversified growth funds	**12,354**	11,056
	12,354	11,056
Debt instruments:		
Corporate bonds	**2,931**	1,293
Gilts	**2,303**	1,238
Index linked bonds	**5,447**	3,369
	10,681	5,900
Other:		
Cash	**1,561**	1,737
Total	**24,596**	18,693

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 to these schemes are determined as a percentage of employees' earnings. Contributions owing to the insurance companies at the year end, included in trade and other payables, amounted to £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:

Group	At 31 March 2014 £'000	Cash flow £'000	Other non-cash changes £'000	**At 31 March 2015 £'000**
Cash and cash equivalents	12,223	(8,282)	–	**3,941**
Revolving credit	(28,898)	8,000	(367)	**(21,265)**
Finance leases and hire purchase contracts	(309)	444	(135)	**–**
Net debt	(16,984)	162	(502)	**(17,324)**

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

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

Analysis of changes in net debt:

Company	At 31 March 2014 £'000	Cash flow £'000	Other non-cash changes £'000	**At 31 March 2015 £'000**
Cash and cash equivalents	8,251	(7,750)	–	**501**
Overdrafts	–	(1,808)	–	**(1,808)**
	8,251	(9,558)	–	**(1,307)**
Revolving credit	(28,898)	8,000	(367)	**(21,265)**
Net debt	(20,647)	(1,558)	(367)	**(22,572)**

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

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 (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:

Group	**2015 £'000**	2014 £'000
Not later than one year	**4,152**	4,136
After one year but not more than five years	**5,097**	5,204
After five years	**3,143**	3,267
	12,392	12,607

The Company has no non-cancellable operating leases.

29. Related party transactions

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

Company	Services rendered to related party £'000	Interest paid to related party £'000	Dividends received from related party £'000
Related party – Subsidiaries			
2015	**12,103**	**3,125**	**15,350**
2014	17,560	2,724	12,700

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

Remuneration of key management personnel:

Group	**2015 £'000**	2014 £'000
Short term employee benefits	**5,398**	4,257
Post-employment benefits	**73**	138
Share-based payment	**1,283**	492
	6,754	4,887

SHAREHOLDER INFORMATION
FIVE YEAR STATEMENT

	2015 £'m	2014 £'m	2013 £'m	2012 £'m	2011 £'m
Turnover	**1,003.3**	994.9	875.2	820.8	758.4
Profit before tax	**52.8**	54.8	47.3	48.4	47.1
Adjusted profit before tax*	**57.8**	52.2	49.1	45.6	47.3
Earnings per share	**84.1**	88.7p	74.9p	78.6p	74.5p
Adjusted earnings per share*	**92.1**	84.1p	78.7p	72.9p	72.8p
Dividends per share	**34.0p**	32.0p	30.0p	28.5p	27.5p
Capital expenditure	**23.3**	22.9	33.2	21.7	35.9
Net debt	**(17.3)**	(17.0)	(20.1)	(21.7)	(48.3)
Net assets	**332.4**	302.7	273.7	245.9	220.9

* 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.

FINANCIAL CALENDAR

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

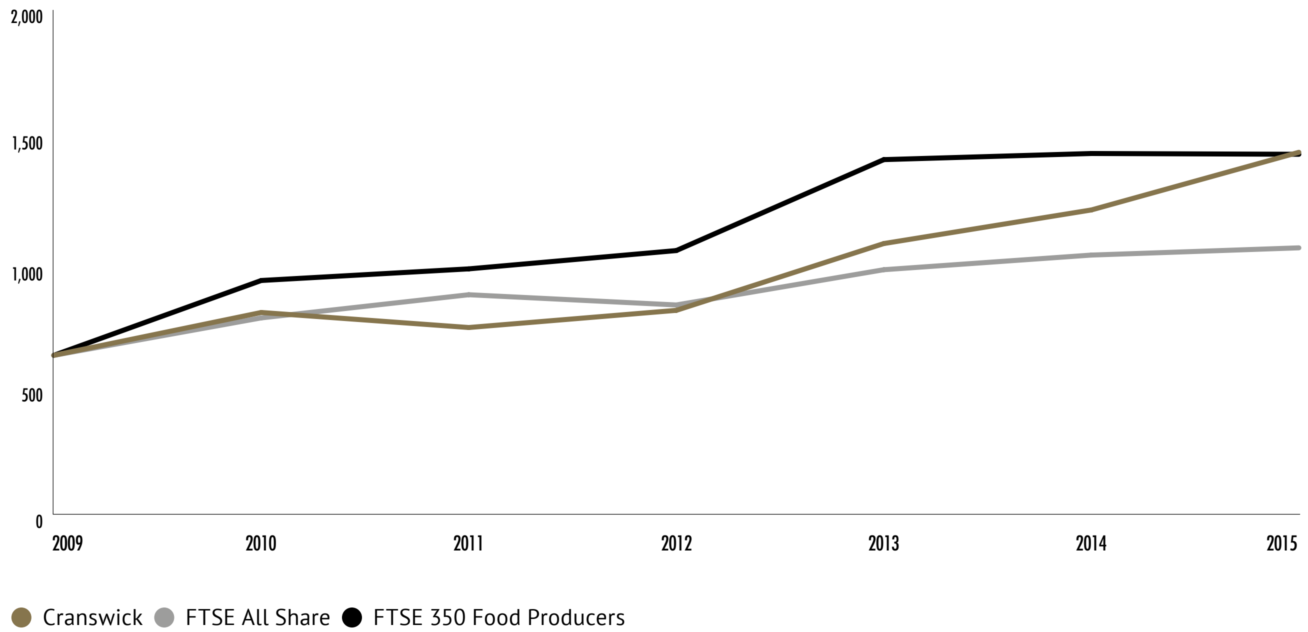
SHAREHOLDER ANALYSIS
AT 5 MAY 2015

	Number of holdings	Number of shares
Classification		
Private Shareholders	1,129	5,005,473
Corporate bodies and nominees	739	44,253,269
	1,868	49,258,742
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	3,337,616
Above 100,000	56	40,580,583
	1,868	49,258,742

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 Cranswick's share price at 5 May 2009, is shown below:



Source: Investec

HIGHLIGHTS
STRATEGIC REPORT
CORPORATE GOVERNANCE
FINANCIAL STATEMENTS
SHAREHOLDER INFORMATION

ADVISERS

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

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Cranswick plc Annual Report & Accounts 2015

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