CRANSWICK plc
Great British Taste

Cranswick plc Annual Report & Accounts
Year Ended 31 March 2016

CRANSWICK PLC IS A LEADING AND INNOVATIVE BRITISH SUPPLIER OF PREMIUM, FRESH AND ADDED VALUE FOOD PRODUCTS WITH ANNUAL REVENUES IN EXCESS 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, FOOD SERVICE AND MANUFACTURING CHANNELS

COMMITTED TO TASTE

We are committed to delivering outstanding food experiences every time

PAGE 8

BRITISH HERITAGE

We produce exceptional food by securing the supply chain from farm to fork

PAGE 17

AUTHENTICALLY MADE

We use artisanal skills to make great tasting food for everyone to enjoy

PAGE 23

ENTREPRENEURIAL SPIRIT

We encourage a culture that allows innovative, commercially focused ideas to flourish

PAGE 34

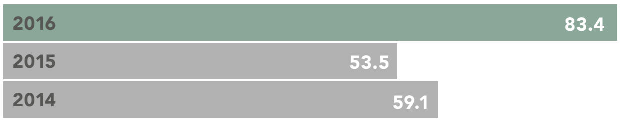
REVENUE £M
+6.6%

ADJUSTED PROFIT BEFORE TAX £M
+13.7%

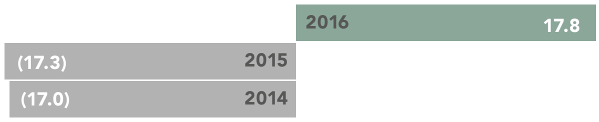
ADJUSTED EARNINGS PER SHARE P
+13.7%

DIVIDEND PER SHARE P
+10.3%

FREE CASH FLOW £M
+55.8%



NET FUNDS/(DEBT) £M
+£35.1M



STRONG COMMERCIAL GROWTH AND CONTINUED STRATEGIC PROGRESS

- Underlying volume growth up 10 per cent
- Record pig numbers processed
- Export sales volumes to Far East up 32 per cent
- Full and successful integration of Benson Park
- £34 million investment in asset base to support future growth
- Acquisition of Crown Chicken post year end

HIGHLIGHTS

STRATEGIC REPORT

CORPORATE GOVERNANCE

FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION

For further information visit our website:

CRANSWICK.PLC.UK

AT A GLANCE

OUR PRODUCTS & LOCATIONS

2 10 Fresh & Added Value Pork

6 13 Traditional Air-Dried Bacon & Gammon

WE HAVE DEVELOPED THROUGH A COMBINATION OF TARGETED ACQUISITIONS AND SUBSEQUENT ORGANIC GROWTH, AND NOW SERVE OUR CUSTOMERS FROM FIFTEEN STATE-OF-THE-ART PRODUCTION FACILITIES ACROSS THE UK.

7 9 Continental Products

11 Premium Sandwiches

3 8 12 Cooked Meats

5 Premium Cooked Poultry

4 10 Sausages & Burgers

1 Handmade Pastry

OUR KEY CUSTOMERS

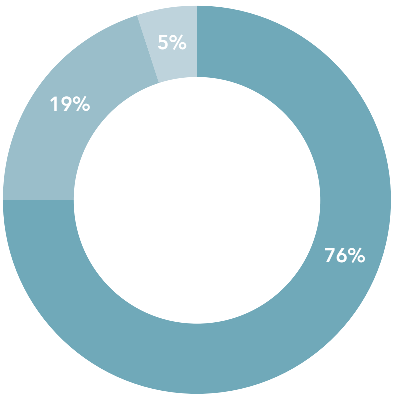
AROUND THREE QUARTERS OF OUR REVENUES COME FROM OUR RETAIL CUSTOMERS, PRIMARILY THROUGH RETAILER OWN-LABEL PRODUCTS AND PARTICULARLY WITHIN PREMIUM AND SUPER-PREMIUM CATEGORIES.

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.

We continue to grow our presence in the food service sector and we have a clear targeted strategy which enables us to build strong business relationships in this fast developing market.

Export sales generate approximately 5 per cent of revenues, with Far Eastern markets being particularly important.

CUSTOMER PROFILE % OF GROUP REVENUE



- UK Retail
- UK Food Service and Manufacturing
- Export

Read more about our markets on pages 20 and 21

UNDERLYING VOLUME GROWTH

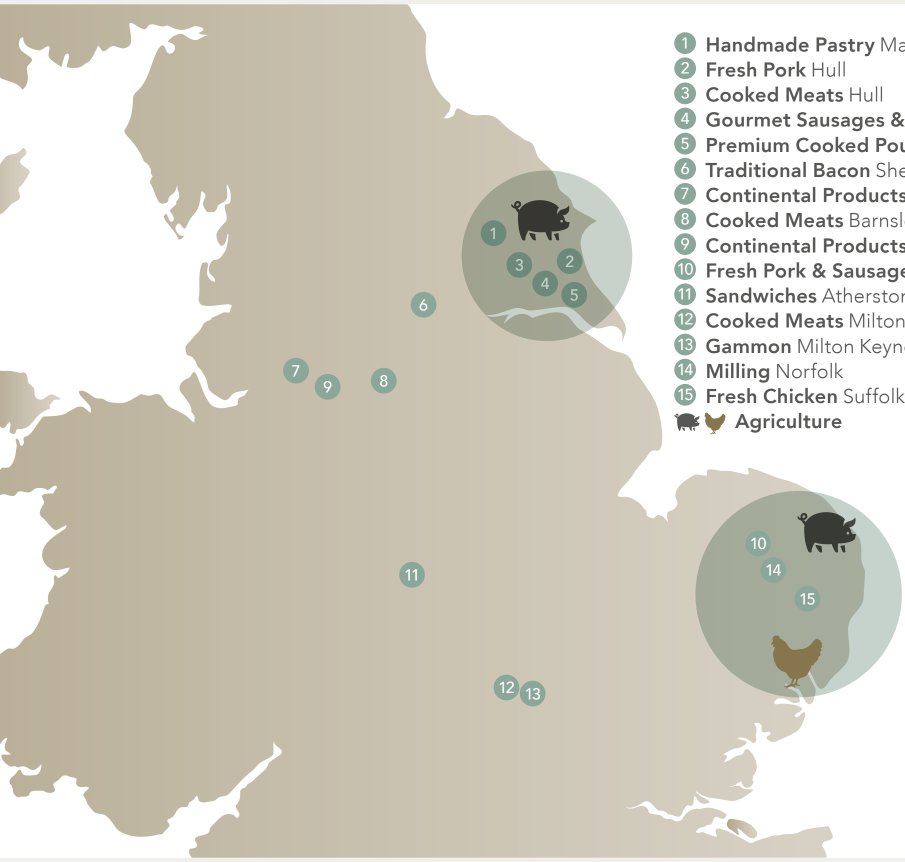
10%

INCREASE IN VOLUMES SHIPPED TO THE FAR EAST

32%

LIKE FOR LIKE COOKED POULTRY REVENUE GROWTH

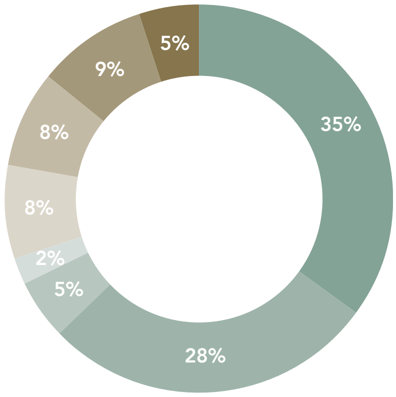
24%



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
13. **Gammon** Milton Keynes
14. **Milling** Norfolk
15. **Fresh Chicken** Suffolk

Agriculture

CATEGORY PROFILE
% OF GROUP REVENUE



Fresh Pork
Cooked Meats
Cooked Poultry
Pastry
Sausages and Burgers
Bacon and Gammon
Continental Products
Sandwiches

Read more about category performance on page 25

ACQUISITION OF CROWN CHICKEN

IN APRIL 2016 WE ACQUIRED CROWN CHICKEN FOR NET CASH CONSIDERATION OF £39.3 MILLION.

Crown is a leading integrated poultry producer based in East Anglia. It breeds, rears and processes fresh chicken for supply into a broad customer base across grocery retail, food service, wholesale and manufacturing channels. Crown also has a well invested and efficient milling operation which satisfies all of the business' own feed requirements as well as supplying feed to other pig and poultry producers in East Anglia.

The acquisition further develops our presence in the poultry sector, building on the successful acquisition of premium cooked poultry business Benson Park, in October 2014.

Read more about expanding our offer on page 13

CROWN REVENUE[1]

£84M

BIRDS PROCESSED PER WEEK ('000)

500

CROWN EMPLOYEES

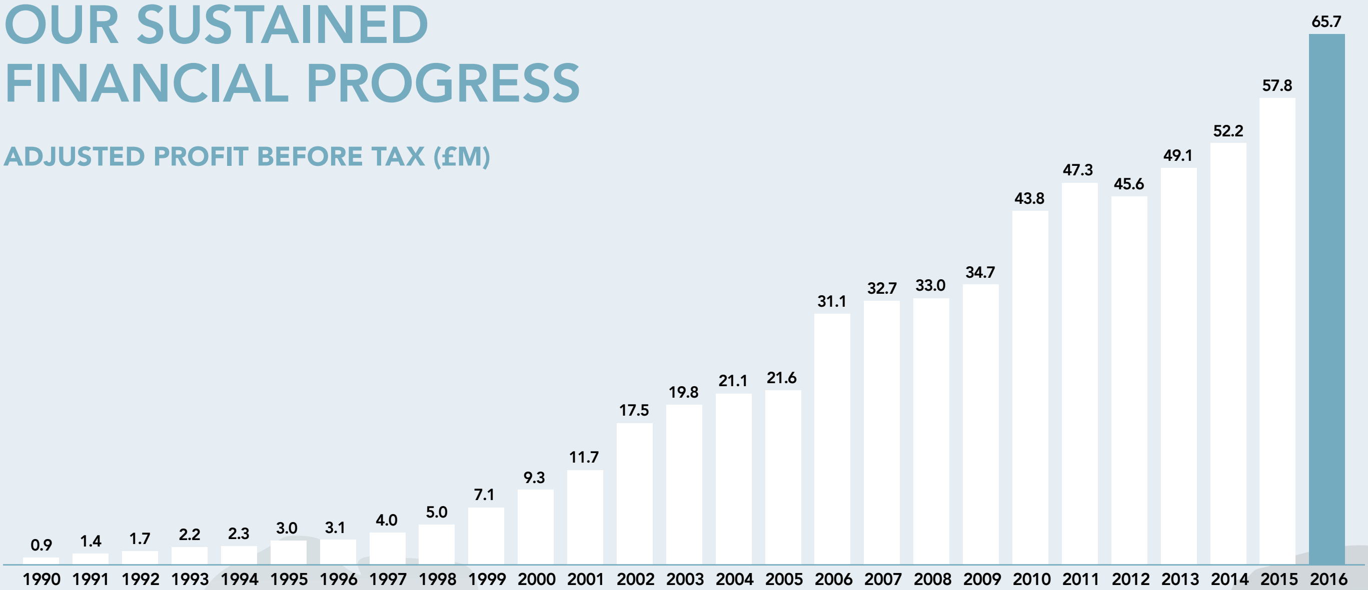
400

[1]Unaudited management accounts for the year ended 31 December 2015.

OUR HISTORY

OUR SUSTAINED FINANCIAL PROGRESS

ADJUSTED PROFIT BEFORE TAX (£M)



OUR GROWTH AND DEVELOPMENT

Cranswick was formed by farmers in the early 1970s to produce pig feed. In the late 1980s the Board embarked on a strategy to broaden the base of the Group's activities, developing beyond primary pork processing into added-value pork products and then into other related food categories. Today Cranswick is a leading and innovative British supplier of premium, fresh and added value food products with annual revenues in excess of £1 billion, and operates from fifteen well-invested, highly efficient production facilities in the UK, employing over 8,000 people.

1970s
Establishment of the business

1985
Entry to the stock market

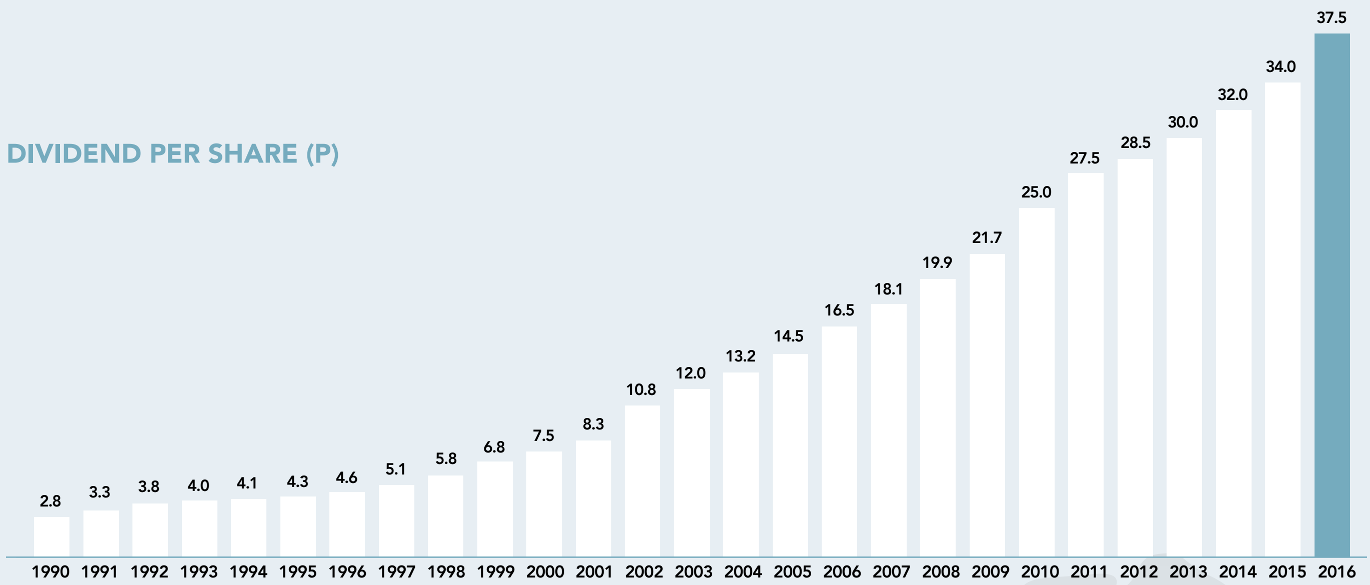
1991
Primary pork processing

1992
Cooked meats

1995
Gourmet sausages

2001
Continental products

DIVIDEND PER SHARE (P)



Read more about our growth strategy on page 13

2003
Premium sandwiches

2004
Hand-cured, air-dried bacon

2010
Handmade pastry

2013
Pig breeding and rearing

2014
Premium cooked poultry

2016
Chicken breeding, rearing and processing; animal feed

CHAIRMAN'S STATEMENT

THE PAST YEAR HAS BEEN ONE OF STRONG COMMERCIAL GROWTH AND CONTINUED STRATEGIC DEVELOPMENT FOR CRANSWICK

The focus of the business remains unchanged. Working closely with the Company's customer base Cranswick's target is to deliver quality food at affordable prices for today's consumer. This has enabled sales, which exceeded £1 billion for the first time a year ago, to progress further.

Allied to this business focus is the Board's strategy to broaden the protein base and customer profile of the business. 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, was complemented by the acquisition last month of CCL Holdings ('Crown') and its subsidiary Crown Chicken. Crown is a leading integrated poultry producer supplying a broad customer base across grocery retail, food service, wholesale and manufacturing channels.

The Board considers that Cranswick now has a base from which to move forward and develop a strong presence in the poultry sector over the longer term.

RESULTS

Full year sales volumes were 12 per cent higher than the previous year. Sales revenues were 7 per cent ahead at £1.07 billion as the Group's customers and UK consumers continued to benefit from lower pork prices. Strong sales growth was seen across most categories including poultry from Benson Park, which is now fully integrated into the Group. Export volumes grew strongly particularly those for non-European markets. Adjusted operating profit rose 12.8 per cent to £66.2 million reflecting the additional volumes, a full year contribution from Benson Park compared to five months previously and operational efficiencies generated by previous investments.

Reported profit before taxation was £58.7 million and earnings per share were 91.5 pence. Adjusted profit before tax was £65.7 million, an increase of 13.7 per cent on the previous year. Adjusted earnings per share also rose 13.7 per cent to 104.7 pence. Details of trading are covered more fully in the Operating Review on page 24.

INVESTMENTS

Cranswick invested £34 million in its asset base during the year. This provided for additional capacity, the upgrading of equipment, improved operational efficiencies and increased resource in product innovation. Principal areas of investment were in fresh pork and cooked meats, including Benson Park.

In addition, there are a number of projects either underway or planned in the near term as the Board seeks to increase capacity and enhance the quality and efficiency of the Group's production facilities.

The strategy for the development of Cranswick to date has been to complement organic growth with appropriate acquisitions. The acquisition of Crown fits with this model and we welcome Nigel Armes and Matthew Ward, Mill and Agriculture Directors respectively, and their colleagues to Cranswick. We look forward to working with them to develop the business further.

CASH FLOW

Cranswick's borrowings are conservatively structured. The Company's £120 million unsecured banking facility provides generous headroom and is in place through to July 2018. Strong cash generation from operating activities resulted in a net funds position at the end of the year of £17.8 million compared to borrowings of £17.3 million a year earlier. Subsequent to the year end the Company moved from a net funds position into net debt with the acquisition of Crown. Further details are provided in the Financial Review on page 26.

DIVIDEND

The Board is proposing to increase the final dividend by 10.7 per cent to 25.9 pence per share. Together with the interim dividend, which was raised by 9.4 per cent to 11.6 pence per share, this makes a total dividend for the year of 37.5 pence per share. This is an increase of 10.3 per cent on the 34.0 pence per share paid last year.

The final dividend, if approved by Shareholders, will be paid on 2 September 2016 to Shareholders on the register at the close of business on 1 July 2016. Shares will go ex-dividend on 30 June 2016. 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 48.

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. The Group has been the recipient of the industry's 'Environmental Initiative of The Year' award.

Read more about corporate social responsibility on pages 36 to 43

COLLEAGUES

Cranswick operates on a decentralised basis across product categories supported by group-wide collaboration in key areas.

The Human Resource function is especially important when operating such a format and its strategy has been enhanced in recent years and incorporated into the overall strategic plan. All colleagues are viewed as critical stakeholders in the business and there is commitment to implementing a training and development strategy that delivers workforce capabilities, skills and competencies through the Company's apprenticeship scheme, development programmes and training courses.

The Board appreciates the progress that is being made and acknowledges that the Company's continued success 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

The business has made significant progress both commercially and strategically over the past year.

There are strong customer relationships, a broadening product portfolio and growing export channels. Aligned with well-invested and efficient production facilities, skilled management teams and a strong balance sheet this gives the Board confidence that Cranswick is well positioned to meet the challenges that may arise and to continue its successful long-term development.

Martin Davey
Chairman
24 May 2016

INCREASE IN DIVIDEND PER SHARE

10.3%

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 45 to 75

COMMITTED TO TASTE

FROM THE FARM TO THE FACTORY TO THE SUPERMARKET SHELF, OUR PEOPLE ARE COMMITTED TO DELIVERING OUTSTANDING FOOD EXPERIENCES EVERY TIME

COLIN WOODALL IS AN EIGHTH GENERATION CURER AND CHARCUTERIE EXPERT WHO WORKS WITH CRANSWICK TO GUIDE AND OVERSEE THE PRODUCT RANGE THAT BEARS HIS FAMILY NAME, WOODALL'S.

"My family business, Woodall's, was established in 1828 in Waberthwaite, Cumbria by Hannah Woodall, my five times great grandmother. I have now been working with Cranswick for nearly eight years and we are building a brand that represents the best in traditional, British charcuterie. We continue to use recipes which have been passed through eight generations of my family, including Cumberland Sausage, Air-Dried Bacon, Salami and Fully Air-Dried Hams. The products continue to be prepared in the traditional artisan way, delivering the same great British taste as they have done for nearly two centuries."

During the year we completed a purpose built, state-of-the-art facility at our Manchester site to expand our Woodall's British charcuterie range.

COLIN WOODALL
CURER AND CHARCUTERIE EXPERT AT CRANSWICK

WOODALL'S PREMIUM BRITISH CHARCUTERIE PLATTER

Cumbrian Royale and Black Combe Hams, Smoked Pancetta and Cumberland Salami

NEW PRODUCTS LAUNCHED DURING THE YEAR

1,790

GREAT TASTE AWARDS WON BY WOODALL'S BRITISH CHARCUTERIE AIR-DRIED HAMS IN 2015

03

CHIEF EXECUTIVE'S INTRODUCTION TO OUR STRATEGY

OUR PURPOSE IS TO DELIVER GREAT TASTING FOOD FOR OUR CUSTOMERS AND CONSUMERS, AND IN SO DOING CREATE LONG-TERM VALUE FOR ALL OUR STAKEHOLDERS

Adam Couch
Chief Executive
24 May 2016

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 all our customers. This will be supported by 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. I am pleased to report that we have made good progress against each of these strands of our growth strategy during the year under review.

Our organic growth drivers continue to be complemented by targeted acquisitions. The acquisition of Benson Park in October 2014 and our more recent purchase of Crown Chicken both serve to highlight the progress we are making against our strategic objective of developing a meaningful and sustainable presence in the UK poultry sector.

OUR VALUES

Our growth strategy and business model are underpinned by our four guiding principles: Quality, Value, Innovation and People. Our vision is to provide high quality food, which is sustainably and ethically produced. We remain focused on developing innovative, great tasting food for our customers. Producing high quality food which is great value for the consumer has been central to our success so far and will continue to be at the core of our future development. Substantial ongoing investment in our production facilities, in ethical and sustainable supply chains and in our people at all levels of the business provides the foundation for our successful long-term growth and development.

Over the following pages we provide further details of our strategy and the strategic pillars which support it, the key performance indicators we use to monitor our performance and the principal risks and uncertainties we face in delivering our strategy. We then provide a market overview, and the plans that are in place to develop our business going forward. Finally we provide an evaluation of the Group's progress and performance in the Operating and Financial Reviews.

STRATEGIC OVERVIEW

OUR PURPOSE

Everyday great food experiences, authentically made, for today's consumer

OUR DIFFERENTIATORS

- Committed To Taste See page 8
- British Heritage See page 17
- Authentically Made See page 23
- Entrepreneurial Spirit See page 34

OUR GUIDING PRINCIPLES

Read more on page 12

- QUALITY
- VALUE
- INNOVATION
- PEOPLE

OUR STRATEGIC PILLARS

Read more on page 13

- Quality Products
- Operational Efficiency
- Sales Growth
- Sustainability

WHAT WE DELIVER

Great British Taste

OUR BUSINESS MODEL

The markets in which we operate are competitive both in terms of pricing from fellow suppliers and the retail environment in general. Despite this, we have 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 supply a range of pre-sliced, pre-packaged charcuterie products for sale to these same customers, together with pre-packed sandwiches predominantly for food service outlets.

We also supply artisan pastry products into both retail and 'food to go' channels from our purpose-built facility in Malton, North Yorkshire.

The recent acquisition of Benson Park has added premium cooked poultry to our product portfolio and also supports our focus on the fast growing 'food to go' sector. In April 2016 we acquired Crown Chicken, a leading integrated poultry producer. These acquisitions represent important progress in developing a meaningful presence in the poultry sector over the longer term.

We operate from fifteen highly efficient, well-invested food production facilities across the UK. Continued investment ensures that these facilities have sufficient capacity headroom to meet our growth aspirations, that they operate as efficiently as possible and provide a safe and secure working environment for our workforce.

Supply chain security and integrity is a crucial component of our business model. Robust technical audit 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 supply approximately 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 18 and 19.

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

OUR GUIDING PRINCIPLES

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.

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.

INNOVATION

Innovation lies at the heart of our business, with dedicated teams exploring consumer trends and food innovation opportunities across the globe. We constantly research and test new recipes and ideas, allowing us to deliver unique product offerings to our customers. Innovation within the supply chain is also a key differentiator, with significant investment made in breeding systems, and feed and genetic research to improve product quality and breeding efficiency.

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. Our ability to work closely with our customers allows us to constantly develop new products for the changing retail environment.

OUR STRATEGIC PILLARS

QUALITY PRODUCTS

The production of high quality products, which are safely produced in technically and legally compliant facilities, underpins everything we do.

See Corporate Social Responsibility on pages 36 to 43

OPERATIONAL EFFICIENCY

Continued investment ensures that our factories are some of the most efficient food production facilities in the UK.

See Operating Review on pages 24 and 25

SALES GROWTH

Our long-term sales growth strategy is to consolidate existing market positions, develop new products and channels, and grow our international operations and customer base. Organic growth initiatives are complemented by targeted acquisitions.

See below

SUSTAINABILITY

We invest heavily to secure our supply chains and provide career opportunities to our employees, and these investments provide confidence that we have a sustainable business in the longer term.

See our Supply Chain Model on pages 18 and 19 and CSR on pages 36 to 43

OUR SALES GROWTH STRATEGY

DRIVING THE CORE

Consolidation of existing market positions

Around three quarters of our revenues come from our retail customers. In recent years, provenance and food quality have become increasingly important for the retail sector. For many years we have invested heavily in our production facilities to ensure that they are some of the most efficient and safe in the UK food manufacturing sector, and this, together with increased focus on our supply chains, underpins our core category growth and supports the development of sustainable long-term contracts with our key retail customers.

EXPANDING OUR OFFER

Developing new products and channels in our core UK markets

We continue to differentiate through our focus on developing innovative premium products. 6.1 per cent of revenues in the current year are attributable to new product launches. The hugely successful Agriculture and Horticulture Development Board (AHDB) pulled pork campaigns in the last year also highlight the way in which innovative and focused marketing can deliver positive results.

The recent acquisition of Benson Park has further diversified our product and customer range and also supported the development of our growth in the 'food to go' sector. Benson Park has made an important contribution to our growth since acquisition, and we see further significant growth opportunities following the capital expenditure which doubled the site's capacity during the current year. Building on this, the Crown Chicken acquisition in April 2016 has further diversified our offering as well as securing our chicken supply chain.

SEEKING NEW OPPORTUNITIES

Growing our international operations and customer base

We continue to develop our export business to maximise the value of our products. The Far East is a particularly important market for us. We have a dedicated business development manager based in Shanghai, and over the last year volumes shipped to the Far East have increased by 32 per cent. Overall around 27 per cent of the tonnage produced by the Group's two primary processing facilities is exported.

The majority of ribs processed are exported to the US, where prices for this cut of meat are highest. We have US Department of Agriculture (USDA) accreditation to ship ribs from our Hull primary processing facility and are investing heavily in our Norfolk facility with a view to achieving the same accreditation for that site.

We will continue to expand our international footprint by developing our products and offering a broader product range.

STRATEGIC PROGRESS

Strategic Pillars

See page 13 for Our Strategic Pillars

Progress During The Year

See pages 24 to 27 for Operating and Financial Reviews

QUALITY PRODUCTS

See Corporate Social Responsibility on pages 36 to 43

- Our facilities have continued to undergo exacting technical audits carried out by independent auditing bodies, customers, government authorities and our own compliance teams to ensure great quality food.
- We have also increased the number of supply chain audits carried out by our technical teams to assure the safety, traceability, quality and provenance of our raw materials.

OPERATIONAL EFFICIENCY

See Operating Review on pages 24 and 25

- During the year the Group has invested £34 million in capital equipment to support future growth and increase efficiency.
- The Benson Park extension, which doubles capacity and improves efficiencies was completed on time and to budget during the year.
- We have also invested in operational staff training and the roll out of 'Lean' initiatives to further improve operational efficiencies within our facilities.

SALES GROWTH

See Sales Growth Strategy on page 13

- Total revenue was 6.6 per cent ahead of the prior year, driven by strong volume growth across most product categories.
- Underlying sales were 4.7 per cent higher than prior year, with corresponding volumes up 9.5 per cent as the Group's customers and UK consumers continue to see the benefit of the Group's lower input prices.

SUSTAINABILITY

See our Supply Chain Model and Corporate Social Responsibility on pages 18 and 19 and pages 36 to 43

- We have continued to invest in dedicated supply chains, which creates a point of difference for retailers and has enabled us to secure long-term supply agreements.
- We have boosted our graduate recruitment and apprenticeship schemes and have funded extensive training and development programmes at all levels across the business.

Key Performance Indicators

See pages 28 and 29 for Our KPIs

Number of BRC grade As 14 (+7.7%)

Number of supplier audits 191 (+20.1%)

Complaints per million units 24 (-29.4%)

Adjusted operating margin 6.2% (+34 bps)

Free cash flow £83.4m (+55.8%)

Return on capital employed 18.5% (+150 bps)

Underlying revenue £1,032.3m (+4.7%)

Non-EU export sales £39.7m (+22.1%)

Sales from new products £65m (6.1% of total revenue)

Relative carbon footprint 0.219 tonnes CO_2e per tonne sales (-11.7%)

Pigs travelling less than 50 miles 75% (+1.4%)

RIDDOR accidents per 100 employees 0.66 (-15.4%)

Future Plans

- Our Research and Development programme aims to enhance flavours, improve animal welfare increase efficiency and improve food safety.
- We are one of the founding members of the Centre for Excellence in Livestock, a new £70 million innovation centre, which aims to transform the productivity of the UK livestock industry.

- Upgrade of our Norfolk primary processing facility is in progress, with a focus on maximising efficiencies and achieving USDA accreditation.
- Major upgrades of our Cooked Meats sites at Hull, Barnsley and Milton Keynes are also in progress.

- We are continuing to develop products that appeal to online and convenience shoppers, such as 'grab and go' and modern single meal solutions.
- We are also increasing and improving our range of healthy eating options to meet demand in the fast growing 'food to go' sector.

- We aim to maintain our Tier 2 rating in the Business Benchmark on Farm Animal Welfare report, the highest grading awarded to any company in the pork production sector.
- We remain focused on meeting our commitment to reduce our carbon footprint by 30 per cent by 2020, with further investment in energy reduction technologies.

Principal Risks

See pages 30 to 33 for Principal Risks and Uncertainties

Food scares and product contamination

Disease and infection within pig herd/poultry flock

Business continuity

Interest rate, currency, liquidity and credit risk

Business acquisitions

Cyber security

Consumer demand

Reliance on key customers and exports

Competitor activity

Recruitment and retention of workforce

Pig meat – availability and pricing

Health and Safety

PROPORTION OF PIGS PROCESSED **TRAVELLING LESS THAN 50 MILES**

75%

PROPORTION OF TOTAL BRITISH PIGS THAT ARE **PROCESSED BY CRANSWICK**

26%

BRITISH HERITAGE

WE ARE PART OF BRITISH FARMING HERITAGE, CONTINUALLY INVESTING, INNOVATING AND BUILDING FOR THE FUTURE. OUR GOAL IS TO PRODUCE EXCEPTIONAL FOOD BY SECURING THE SUPPLY CHAIN FROM FARM TO FORK

AS ONE OF THE LARGEST PIG PRODUCERS IN THE COUNTRY, WITH FARMS ACROSS YORKSHIRE AND EAST ANGLIA, WE GUARANTEE THE QUALITY OF THE BRITISH PORK WE PRODUCE BECAUSE WE NURTURE OUR PIGS FROM BIRTH. WITH AN EMPHASIS ON ANIMAL WELFARE, SUPPLYING UNDER THE RSPCA 'FREEDOM FOOD' FARM ASSURANCE SCHEME FOR FREE RANGE, OUTDOOR BRED AND REARED PORK, WE OFFER OUR CUSTOMERS A GENUINE CONNECTION TO THE FOOD THEY BUY FROM US.

"Cranswick continues to commit to research and development on our Wayland and Wold farms. Investment has been made in farming development for indoor and outdoor breeding systems, as well as into feed and genetic research in order to improve product quality and to generate production efficiencies.

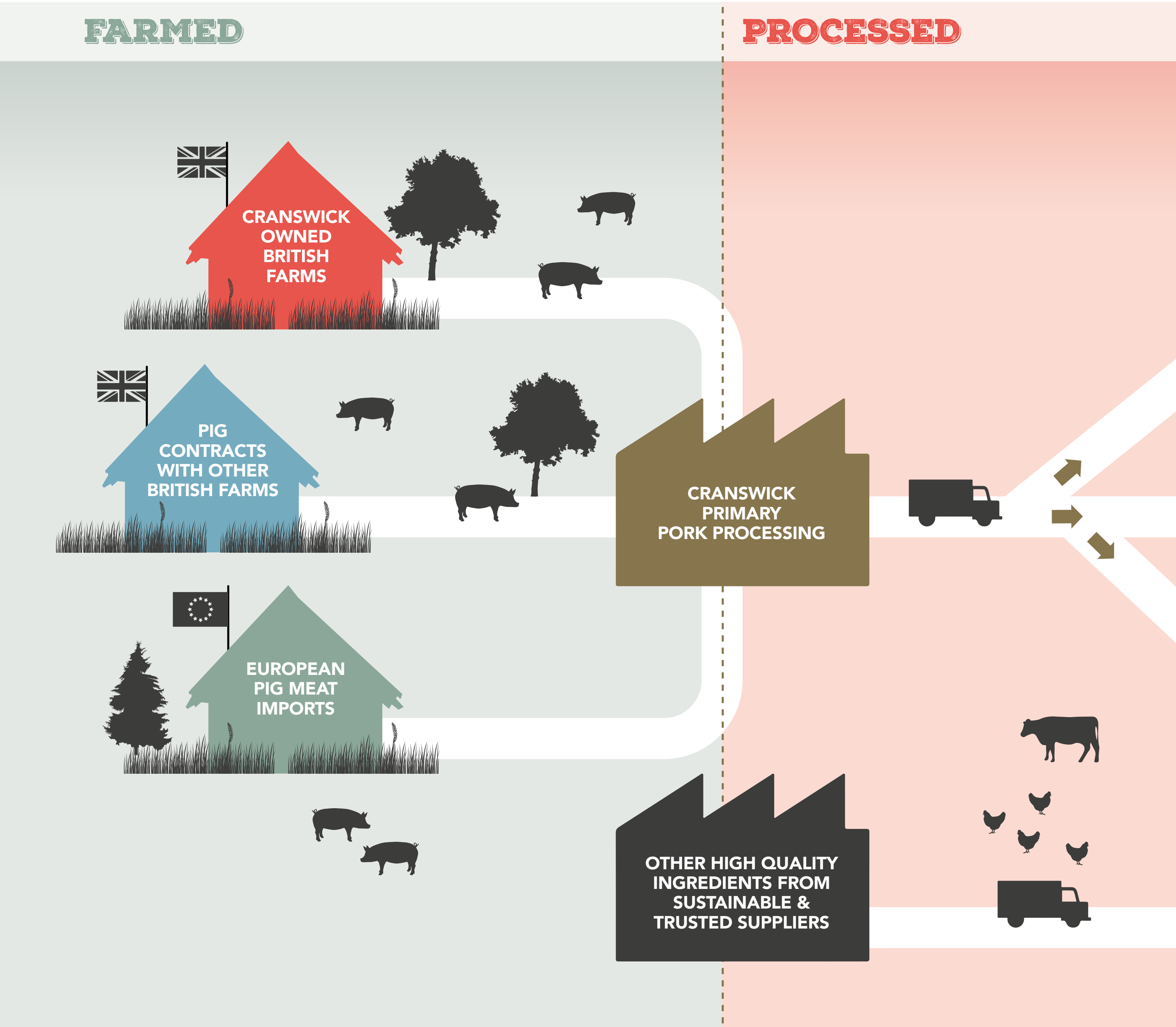
Specific farms and premium British pig breeds, such as Hampshire and Duroc, have been developed for key retail customers. These dedicated supply chains create a point of difference for our customers and have enabled us to secure long-term supply agreements."

CHARLES BOWES
DIRECTOR,
WAYLAND FARMS

OUR OUTDOOR REARED HAMPSHIRE HERITAGE BREED

The Hampshire breed is well known for its rapid growth and superior lean meat.

SUSTAINABILITY AND TRACEABILITY ARE AT THE CORE OF WHAT WE DO



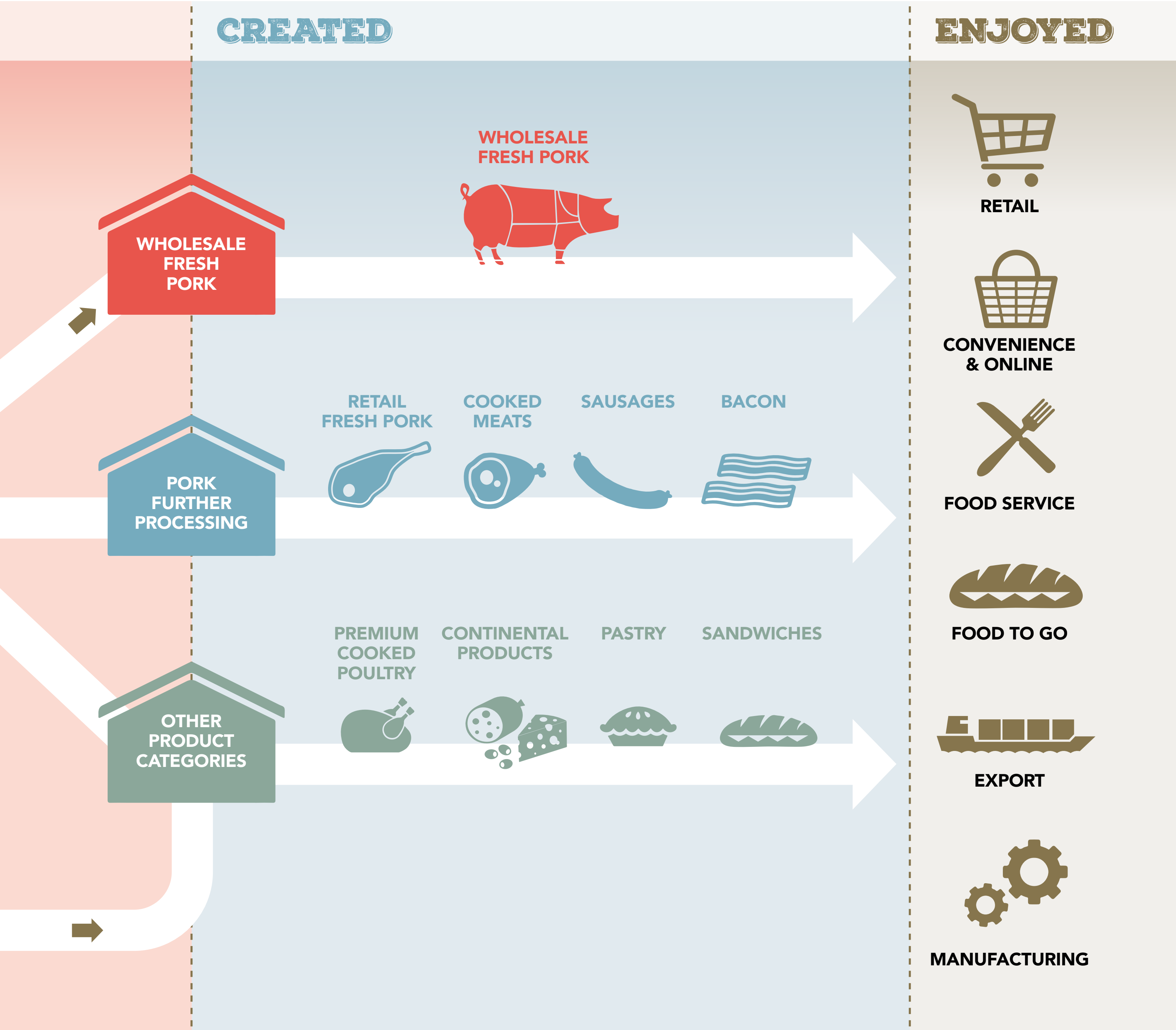
The recent acquisition of Crown Chicken provides the Group with a fully integrated farm to fork supply chain solution for its developing poultry business.

191

SUPPLY CHAIN AUDITS CARRIED OUT IN THE YEAR

20%

OF THE BRITISH PIGS WE PROCESS ARE FROM OUR OWN FARMS



MARKET OVERVIEW

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 great tasting, superior quality products of the highest integrity to meet our customers' needs.

RETAIL, CONVENIENCE AND ONLINE

TRENDS

- Increasing consumer demand for improved quality and provenance
- Lower commodity prices and a competitive environment driving price deflation
- Growth of the discount retailers leading to a very competitive retail environment
- Move away from supermarkets to more convenience and online shopping

OPPORTUNITIES

- Growth of premium retailers and premium food ranges
- Pork and poultry remain very competitively priced proteins
- Retailers seek longer term deals to secure the supply chain and differentiate through specific pig genetics
- Inspire consumers with added-value ranges appropriate for the convenience and online markets

FOOD SERVICE AND FOOD TO GO

TRENDS

- Continued expansion of 'food to go' sector
- Growth of casual dining
- Increased focus on health and modern meal solutions

OPPORTUNITIES

- Growing number of operators and formats with broadening product ranges
- Increasing demand for quality products across breakfast, lunch and dinner
- Consumers looking for new, healthier solutions

EXPORT

TRENDS

- New geographic markets opening up
- Growth of premium products in developing markets
- Demand/supply imbalance across developed markets

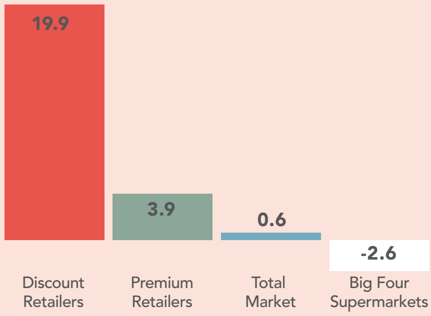
OPPORTUNITIES

- China consumes over half of all pig meat produced in the world
- British branding adds to product quality and food safety perception
- US demand for ribs continues to increase delivering price premium

RESPONSE

- Focus on super-premium and premium within our product range
- Entry into other product tiers to extend breadth of offer to retailers and consumers
- Integrated supply chains with full traceability of raw materials
- Developing products that appeal to online and convenience shoppers, such as 'grab and go' and modern single meal solutions

FRESH AND CHILLED EXPENDITURE CHANGE YOY %



Source: Kantar Worldpanel, 52 w/e 27 March 2016

RESPONSE

- Recent acquisition of Benson Park in the prior year has extended our coverage within the 'food to go' sector
- Dedicated team of chefs working with our customers to deliver innovative product solutions
- Improved range of healthy eating options within our categories

50%

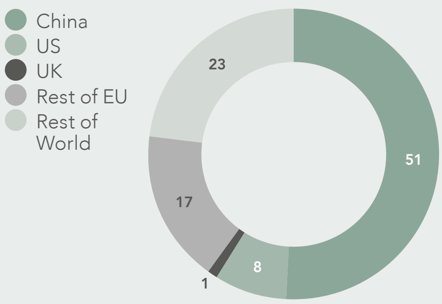
OF CALORIES WILL BE CONSUMED OUT OF HOME BY 2019 – UP FROM 35% IN 2014

Source: IGD

RESPONSE

- China office established with a dedicated business development manager
- Leveraging quality and trust in British products
- Investment in Norfolk facility to meet USDA food standards

GEOGRAPHIC CONSUMPTION OF PIG MEAT %



Source: AHDB, January 2016

SALES FROM NEW PRODUCTS

6.1%

SAUSAGES SOLD IN THE YEAR (MILLION)

>250

AUTHENTICALLY MADE

WE USE ARTISANAL SKILLS TO MAKE GREAT TASTING FOOD FOR EVERYONE TO ENJOY

MARTIN HEAP STARTED CREATING HIS GOURMET SAUSAGE RECIPES FROM HIS 'SIMPLY SAUSAGE' SHOP ON SMITHFIELD MARKET IN 1991. MARTIN'S ASPIRATION WAS TO PRODUCE, QUITE SIMPLY, THE BEST SAUSAGE YOU ARE LIKELY TO TASTE.

With the growth of sausage varieties came increased demand and four more shops, with Martin's produce becoming a strong favourite in South East England, so much so, that in 1995 Cranswick collaborated with Martin to make his premium sausages available nationwide through our major retail customers.

Cranswick is now capable of producing in excess of 800 tonnes of gourmet sausages per week, but retains the same approach to quality and innovation that Martin developed. Martin continues to work closely with us and tests and develops new and innovative recipes at his Heap's Sausages Cafe in Greenwich.

MARTIN HEAP
RESTAURANTEUR AND GOURMET SAUSAGE CHEF

OUR PREMIUM SAUSAGE RANGE

All of our sausages are made with the finest cuts of meat and the perfect balance of herbs and seasoning.

OPERATING REVIEW

CRANSWICK DELIVERED A STRONG OPERATIONAL PERFORMANCE THIS YEAR

Revenue increased by 6.6 per cent to £1,069.6 million with volumes on a comparable basis up 12 per cent. Growth was supported by the contribution from Benson Park which was acquired in the second half of the last financial year. Underlying revenue grew by 4.7 per cent, with underlying sales volumes ahead 10 per cent.

Adjusted Group operating profit increased by 12.8 per cent to £66.2 million and adjusted Group operating margin improved by 34 basis points to 6.2 per cent of revenue. The improvement in Group operating margin reflected lower pig prices, the positive contribution from Benson Park, an improved performance from the Pastry business and a tight focus on cost control and operational efficiencies across the Group.

Each of our categories made a positive contribution to the Group's overall performance and we continue to invest heavily, both in our infrastructure and our people, to sustain Cranswick's growth and continue its strategic development. Our strategy of positioning Cranswick in the premium tiers of our product categories continues to underpin the success of the business. Whilst, in overall terms, volumes in the categories in which we operate are either growing slowly or in modest decline, the super-premium segments of these categories continue to materially outperform. Good examples of this trend are super-premium bacon and sausage which, according to recent market data, are showing strong volume growth whereas the overall categories are slightly down.

PIG PRICES

Pig prices remained relatively stable during the first half of the year compared to the volatility experienced in the previous three years, but then fell sharply in the second half and in particular in the final quarter of the year. The UK pig price fell 15 per cent during the year and was, on average, 17 per cent lower than last year. The differential between the UK price and its European equivalent has now narrowed to a more sustainable premium of 10 to 15 per cent reflecting the UK's unique position globally in terms of outdoor pig production.

PIG HERD

The Wayland and Wold farming businesses supply approximately 20 per cent of the Group's British pig requirements. Cranswick is the third largest pig producer in the UK and represents 6 per cent of the total UK pig herd. More than 80 per cent of the pigs produced from the two herds are bred outdoors providing a complete farm to fork solution for the premium pork ranges of the Group's two largest retail customers. Provenance and end-to-end supply chain integrity are a key differentiator enabling the Group to lock in key long-term retail relationships. Improvements in productivity and prolificacy together with lower feed costs helped to partly offset the impact of lower pig prices during the year.

EXPORT TRADE

Total export volumes grew by 23 per cent compared to the previous year. Volume growth of 32 per cent in Far Eastern markets, was complemented by 7 per cent volume growth in the US and 8 per cent growth across the rest of the world. More than 1,000 tonnes of product are being shipped to the Far East each week with Cranswick accounting for over 50 per cent of all pig meat exports from the UK to this part of the world. Further opportunities are being explored and the range of products being exported is continually being developed and broadened.

CROWN CHICKEN

The acquisition of Crown Chicken shortly after the year end is entirely consistent with one of the three core pillars of our long-term growth strategy: UK diversification. Crown is a leading player in the UK fresh poultry sector and provides a fully integrated, end-to-end poultry supply chain which is complementary with Benson Park, our premium cooked poultry business which we acquired in October 2014. Crown has a well invested feed mill which is a key supplier to our Wayland Farms operation and has best-in-class breeding, hatchery and rearing operations under the stewardship of Directors Nigel Armes and Matthew Ward, respectively. We welcome Nigel, Matthew and their colleagues to Cranswick and look forward to working with them as we grow and develop our UK poultry business.

INFRASTRUCTURE INVESTMENT

We invested a further £34 million across our asset base during the year, to increase capacity, make our facilities more efficient and enable them to offer a broader product range. We have now invested in excess of £200 million in our infrastructure over the last eight years to give us some of the most efficient and well invested production facilities in the UK food manufacturing sector. Further details of the investment programme, both completed and ongoing, are provided in the relevant sections of the category review opposite.

SUMMARY

Cranswick is committed to delivering great food experiences to the UK consumer. This commitment is underpinned by a constant focus on quality, value and a drive to innovate and bring new and exciting products to market. The ongoing growth and development of the Group is a testament to the continued efforts of the highly skilled and committed people across the business.

Adam Couch
Chief Executive
24 May 2016

CATEGORY REVIEW

FRESH PORK (+9 PER CENT)

Fresh pork sales grew by 9 per cent driven, in part, by the recovery of business with one of the Group's principal retail customers in the second half of the previous financial year. Record numbers of pigs were processed through our two facilities with numbers regularly exceeding 50,000 per week in the run up to the peak Christmas trading period. Market data for the 52 weeks to 27 March shows UK retail fresh pork sales have fallen 9 per cent year-on-year due, primarily, to the fall in UK pig prices over the same period. We are keen to see that the versatility and price competitiveness of pork compared to other meat proteins is advanced. The recent, hugely successful AHDB pulled pork advertising campaign highlights the way in which innovative and focused marketing can deliver positive results. This initiative resulted in a 19 per cent, year-on-year increase in shoulder joint sales during the campaign. The next phase of redevelopment of our Norfolk facility is now underway. This £6 million investment to replace the existing abattoir will increase capacity, improve efficiencies and will facilitate the site's push for USDA accreditation.

COOKED MEATS (-4 PER CENT)

Cooked meat sales fell 4 per cent reflecting overall category deflation and lower volumes to one retail customer. However, it is pleasing to report that volumes for this category returned to growth in the final quarter. Further substantial capital investment at the Sutton Fields facility will upgrade staff amenities and refurbish both high and low risk production areas to enable expansion into new categories with existing customers and develop further capability to supply 'slow cook' and 'food to go' ranges to manufacturing and food service customers. A major three-year capital investment programme at the Valley Park facility will refurbish the fabric of the site and upgrade chilling and storage facilities to support future growth. New slicing capacity is also being added to the Milton Keynes operation to accommodate substantial additional volume which will come on stream in the second half of the new financial year.

SAUSAGES (+1 PER CENT)

Sausage sales were 1 per cent higher supported by strong volume growth of 5 per cent. The premium sector of the market is the main driver of category growth as consumers are prepared to pay a modest premium for a step change in quality and taste. Premium beef burger volumes were 18 per cent higher year-on-year. Further capital investment, to upgrade mixing and filling equipment, is underway at the Lazenby's facility in Hull to support substantial additional business which will come on stream in the first half of the new financial year. In addition, we are investing £2 million to reinstate sausage production capability at our Norfolk facility to accommodate new 'butcher's choice' sausage business for one of our principal retail customers.

BACON (+12 PER CENT)

Bacon and gammon sales were 12 per cent ahead as continued development of the business' hand-cured, air-dried bacon was supported by strong premium gammon sales. This growth was underpinned by gaining sole supply status for premium bacon and gammons with one of the Group's lead retail customers shortly before the previous half year end. Several new products were launched with both existing and new customers in the run up to the peak Christmas trading period. The redevelopment and conversion of the former Kingston Foods site in Milton Keynes into a gammon facility was completed during the year and the facility is now targeting a new sector of the bacon and gammon market.

PREMIUM POULTRY (+24 PER CENT)

Sales of premium poultry from Benson Park grew by 24 per cent when comparing the equivalent post acquisition period in both years. New business wins during the year, both with existing and new customers, leave the business well placed moving into the new financial year. The capital investment programme which was underway when the business was acquired in October 2014, is now complete. The enlarged factory footprint and new in-line, flat-bed cooking and spiral cooling equipment was fully and successfully commissioned ahead of the peak Christmas trading period. This £9 million investment programme has substantially increased capacity and has improved operational efficiencies as well as enabling the business to offer a broader product range.

PASTRY (+31 PER CENT)

Pastry sales were 31 per cent ahead of the prior year, continuing the positive development since this category was introduced. Operational performance at the site continued the marked improvement seen in the second half of the previous financial year and the category made a positive contribution to the overall Group result. New product lines were launched which, coupled with a strong Christmas and seasonal promotional programme, helped drive top-line growth. New spring product launches with the business' principal customer leave our Pastry business well placed to deliver further growth going forward.

CONTINENTAL PRODUCTS (+11 PER CENT)

Sales of continental products increased by 11 per cent reflecting the UK consumer's strong appetite for speciality continental products including charcuterie, cheeses, pasta and olives. Category growth was supported by new product launches and new retail contracts together with a continued focus on sourcing new artisan products from across Europe. The extension of the Guinness Circle facility to produce British cured meat products was completed during the year, and will deliver a range of premium cured meats under both the Woodall's brand and retail customer own label.

SANDWICHES (+3 PER CENT)

Sandwich sales grew by 3 per cent, supported by new contract wins brought on stream part way through the first half of the last financial year. Top-line growth was supported by an improved operational performance as the business continued to strip out underperforming accounts and rationalise the product range. However, part way through the year the business received confirmation that a key account would not be extended beyond its current term which ended shortly before the year end. Whilst the loss of this contract adversely affected the final four weeks of trading in the run up to year end and is having a similar effect in the early part of the new financial year, a new substantial contract has been secured which is expected to come on stream during the early summer, leaving the outlook for the Sandwich business far more secure and stable.

FINANCIAL REVIEW

CRANSWICK HAS DELIVERED A STRONG FINANCIAL PERFORMANCE FOR THE YEAR UNDER REVIEW

Reported revenue increased by 7 per cent and adjusted profit before tax grew by 14 per cent.

REVENUE

Reported revenue at £1,069.6 million increased by 6.6 per cent, driven by strong volume growth of 12 per cent and a positive contribution from Benson Park, acquired in October 2014. Underlying revenue* was 4.7 per cent higher than the prior year, with corresponding volumes up 10 per cent, as the benefit of lower input prices continued to be passed on to the Group's customers and UK consumers. Export sales volumes to key Far Eastern markets increased by 32 per cent.

ADJUSTED GROUP OPERATING PROFIT

Adjusted Group operating profit of £66.2 million increased by 12.8 per cent. Adjusted Group operating margin at 6.2 per cent of sales was 34 basis points higher than last year's level, with the improvement underpinned by strong revenue growth and lower input costs, together with a positive contribution from Benson Park and an improved performance from the Group's Pastry business.

FINANCE COSTS

Net financing costs at £0.5 million were £0.4 million lower than last year, reflecting lower average bank borrowings with the Group moving into a net funds position during the second half of the year. Interest cover was 110.5 times compared to 59.6 times a year earlier.

ADJUSTED PROFIT BEFORE TAX

Adjusted profit before tax at £65.7 million increased by 13.7 per cent from £57.8 million.

TAXATION

The tax charge of £13.3 million was 22.6 per cent of profit before tax (2015: 21.9 per cent). The standard rate of UK corporation tax was 20 per cent (2015: 21 per cent). The effective tax rate was higher than the standard rate of corporation tax for both years due to disallowable expenses including the goodwill impairment charge in the current year, which is referred to in more detail below, more than offsetting a deferred tax credit resulting from future, enacted reductions in the UK corporation tax rate.

ADJUSTED EARNINGS PER SHARE

Adjusted earnings per share increased by 13.7 per cent from 92.1 pence to 104.7 pence reflecting the increase in adjusted profit before tax. The weighted average number of shares in issue was 49,601,000 (2015: 49,071,000).

ADJUSTED PROFIT MEASURES

The Group monitors performance principally through adjusted profit measures which exclude certain non-cash items including the net IAS 41 valuation charge of £1.0 million on biological assets (2015: £4.3 million), amortisation of acquired intangible assets of £1.4 million (2015: £0.7 million) and a goodwill

REVENUE AND ADJUSTED OPERATING PROFIT

	2016 £'m	2015 £'m	Change
Revenue	**1,069.6**	1,003.3	+6.6%
Adjusted Group operating profit	**66.2**	58.7	+12.8%
Adjusted Group operating margin	**6.2%**	5.8%	+34 bps

impairment charge of £4.6 million (2015: £nil). The statutory results, including these items, show an 11.0 per cent increase in profit before tax to £58.7 million (2015: £52.8 million), a 10.2 per cent increase in Group operating profit to £59.2 million (2015: £53.7 million) and an 8.8 per cent increase in earnings per share to 91.5 pence (2015: 84.1 pence).

	2016 £'m	2015 £'m	Change
Adjusted Group operating profit	**66.2**	58.7	+12.8%
Net IAS 41 valuation movement	**(1.0)**	(4.3)	
Amortisation of acquired intangibles	**(1.4)**	(0.7)	
Impairment of goodwill	**(4.6)**	–	
Group operating profit	**59.2**	53.7	+10.2%

GOODWILL IMPAIRMENT

Following a change in the customer base of the Sandwiches category, an impairment review was performed on the Sandwiches cash generating unit in the first half of the year. This resulted in the recognition of a goodwill impairment charge of £4.6 million (Note 11). In the second half of the year the Sandwiches category has performed in line with management's expectations, continuing in its efforts to win new business and further improve efficiencies, consequently no further impairment of goodwill was deemed necessary at the year end. Further details of the Sandwiches category performance are set out in the Operating Review on page 25.

CASH FLOW AND FUNDING

Cash generated from operating activities was £83.8 million (2015: £54.4 million) driven by higher Group operating profit and a working capital inflow of £9.0 million (2015: outflow of £11.2 million). As a result of the strong cash generation, the Group moved into net funds at the year end of £17.8 million (2015: net debt of £17.3 million). The Group's unsecured bank facility of £120 million extends to July 2018 and provides the business with generous headroom.

PENSIONS

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

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 2016 was £4.4 million (2015: £5.6 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 £26.7 million and the fair value of plan assets was £22.3 million.

EVENTS AFTER THE BALANCE SHEET DATE

On 8 April 2016, the Group acquired the whole of the issued share capital of CCL Holdings Limited ('Crown') and its 100 per cent owned subsidiary Crown Chicken Limited, a leading integrated poultry producer based in East Anglia, for net cash consideration of £39.3 million. Further details of the transaction are set out in Note 30.

UK REFERENDUM ON EU MEMBERSHIP

The referendum on the UK's membership of the EU on 23 June 2016 increases economic uncertainty. The Group actively monitors, and considers responses to varying EU referendum outcomes to ensure that it is well prepared for all eventualities.

SUMMARY

Cranswick has delivered a sound set of results with positive progress across all financial metrics.

Mark Bottomley
Finance Director
24 May 2016

13.7%

INCREASE IN ADJUSTED PROFIT BEFORE TAX

£83.8M

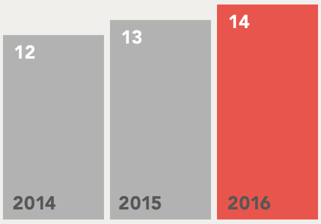
CASH GENERATED FROM OPERATIONS (£M)

* Underlying revenue excludes the contribution from Benson Park prior to the anniversary of its acquisition (22 October 2015) in the current year and sales from the pig breeding, rearing and trading activities in both the current and prior financial years.

WE MONITOR PERFORMANCE AGAINST OUR STRATEGIC OBJECTIVES THROUGH THE FOLLOWING KEY PERFORMANCE INDICATORS

QUALITY PRODUCTS

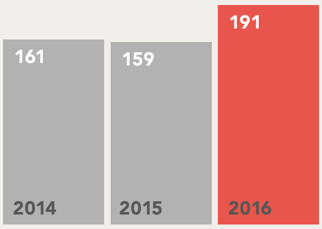
NUMBER OF BRC GRADE As
+7.7%



Definition
The number of Grade A ratings awarded during the year by the British Retail Consortium (BRC) against its Global Standard for Food Safety.

Comments
The number of Grade A ratings has increased following the Benson Park acquisition in the prior year and the Group's long-standing commitment to technical excellence.

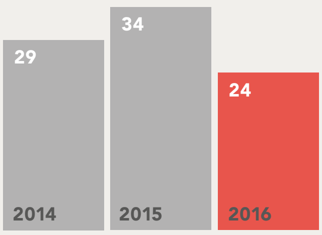
NUMBER OF SUPPLIER AUDITS
+20.1%



Definition
The number of supply chain audits carried out in the last twelve months by the Cranswick Technical Services team to ensure the safety, traceability and quality of raw materials used.

Comments
Significant effort has been made in the current year to ensure supply chain integrity.

NUMBER OF COMPLAINTS PER MILLION UNITS
-29.4%

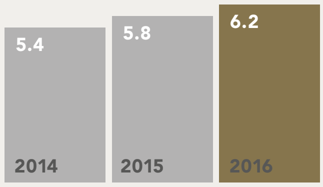


Definition
The number of units for which complaints have been made by customers per million units sold.

Comments
Our long-term commitment to quality has resulted in a sharp fall in the number of customer complaints in the current year.

OPERATIONAL EFFICIENCY

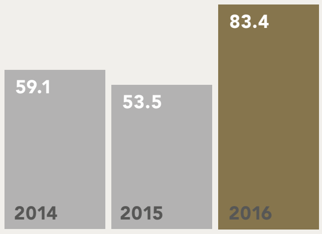
ADJUSTED OPERATING MARGIN (%)
+34 bps



Definition
Adjusted operating profit as a percentage of sales revenue.

Comments
Adjusted operating margin increased by 34 basis points to 6.2 per cent reflecting lower input prices, continued operating efficiency improvements and the positive contribution from the Benson Park acquisition.

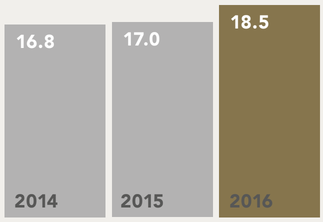
FREE CASH FLOW (£M)
+55.8%



Definition
The level of cash generated from operations less tax and net interest payable.

Comments
Higher operating profit and a working capital inflow have driven a significant increase in free cash flow, which resulted in a net funds position at the reporting date.

RETURN ON CAPITAL EMPLOYED (%)
+150 bps



Definition
Adjusted operating profit divided by the sum of the average of opening and closing net assets, net funds/(debt), pension liabilities and deferred tax.

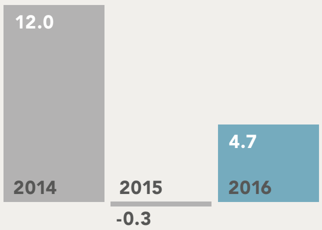
Comments
Return on capital employed improved as we continued to see the benefit of the ongoing investment in our asset base to provide additional capacity and drive efficiencies.

Read more about performance on pages 24 to 27

SALES GROWTH

UNDERLYING REVENUE GROWTH (%)

+4.7%

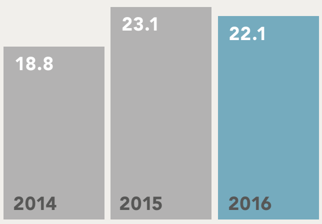


Definition
The year-on-year increase in sales revenue excluding the contribution from acquisitions and sales from the pig breeding, rearing and trading activities.

Comments
Revenue growth has been driven by strong underlying volume growth of 9.5 per cent.

NON-EU EXPORT SALES GROWTH (%)

+22.1%

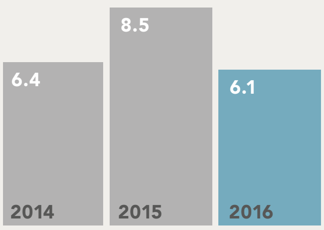


Definition
The year-on-year increase in sales made to non-EU customers including sales made to non-EU markets through UK-based meat trading agents.

Comments
Non-EU export sales have continued to grow strongly, reflecting ongoing robust demand for pork products in Far Eastern markets.

SALES FROM NEW PRODUCTS (%)

6.1% OF TOTAL REVENUE



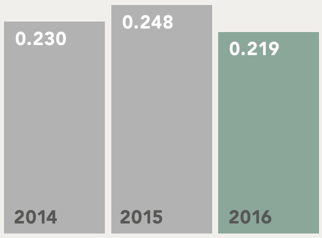
Definition
The percentage of total revenue derived from new products launched during their first six months of sale.

Comments
New product development continues to be important in maintaining strong relationships with our major retail customers, and accounted for over £65 million of sales in the current year.

SUSTAINABILITY

RELATIVE CARBON FOOTPRINT

-11.7%

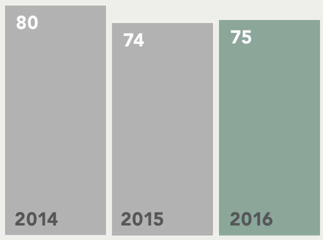


Definition
Tonnes of carbon dioxide equivalent per tonne of sales.

Comments
We have committed to reducing our carbon footprint by 30 per cent by 2020 and remain well placed to achieve our target ahead of time.

PIGS TRAVELLING LESS THAN 50 MILES (%)

+1.4%

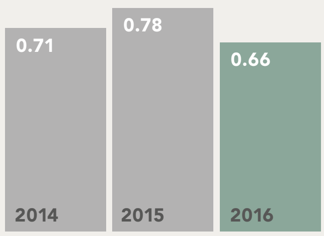


Definition
The percentage of pigs processed at our two abattoirs that have travelled less than fifty miles from the farm.

Comments
The majority of pigs processed continue to be sourced locally with resulting welfare benefits.

NUMBER OF RIDDOR ACCIDENTS PER 100 EMPLOYEES

-15.4%



Definition
The number of accidents reportable to the Health & Safety Executive per 100 employees.

Comments
The development of our behavioural safety system has resulted in a reduction in the accident rate.

PRINCIPAL RISKS AND UNCERTAINTIES

As a leading UK food producer operating in a highly competitive industry, it is critical that the Group identifies, assesses and prioritises its risks.

Following amendments to the UK Corporate Governance Code, the Group presents its Risk Management Framework and Viability Statement in line with the recommendations of the Code.

RISK MANAGEMENT FRAMEWORK

The Group has formal risk management processes in place to support the identification and management of risks across the business. These are regularly reviewed and updated for changes within the Group, the industry and the wider economy. 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 Statement on pages 48 to 52.

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 the effective management of risk. 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 senior management and chaired by the Finance Director, meets four times a year, and provides oversight and advice to the Audit Committee and Board in relation to current and future risk exposures and risk mitigation strategies.

RISK MONITORING PROCESS

The Board formally reviews the Group risk register on at least an annual basis and in addition receives a quarterly update report on the risk profile facing the Group. For the year ended 31 March 2016 the risks facing the Group are broadly consistent with the previous year, with no significant changes identified.

After the year end the Group acquired CCL Holdings ('Crown') and its subsidiary Crown Chicken. The specific risks and uncertainties facing this business will be formally assessed over the coming months, with any significant revisions to the Group's risk profile being report in the 2016/17 Interim Report.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Group are summarised on pages 32 and 33. These have been considered during the production of the Viability Statement as shown below. However, these are not intended to be an exhaustive analysis of all risks currently facing the Group.

VIABILITY STATEMENT

In accordance with provision C.2.2 of the UK Corporate Governance Code 2014, the Board has assessed the viability of the Group over a three year period, taking into account the Group's current financial position, future prospects and the potential impact of the principal risks outlined on pages 32 and 33 of the Annual Report.

The Board has determined that a three year period to March 2019 is an appropriate period over which to provide its Viability Statement. This timeframe has been specifically chosen due to the current financial and operational planning cycles of the Group, and debt finance in place with the Group's banking syndicate being reviewed over a three year timeframe.

The current £120 million revolving credit facility is committed until July 2018. The Group expects to agree a new extended facility well in advance of the expiry date. The Directors are confident that refinancing will proceed as planned and this assumption has been included within the three year forecast and sensitivity analysis.

In making this assessment of viability, the Board carried out a robust assessment of the principal risks and uncertainties facing the Group. However, the Board specifically completed a detailed sensitivity analysis on risks assessed to have the highest likelihood of occurrence or the severest impact, crystallising both individually and in combination, which could affect both profitability and liquidity. These are: a loss of a key customer; a significant decline in consumer demand; and a reduction in overseas exports.

Whilst historically the Group has achieved sustained annual revenue growth, the Group's business model is structured so that there is no reliance on one particular customer or revenue stream. Specifically the Group's largest customer currently constitutes 24 per cent of total Group revenue. Also the Group's ability to flex its cost base protects its viability in the face of unforeseen adverse trading or economic conditions.

Based on the results of this analysis, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year assessment period.

RISK MANAGEMENT FRAMEWORK

For more information see pages 48 to 52

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 mitigation strategies.

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

PRINCIPAL RISKS AND UNCERTAINTIES

The Board considers the principal risks and uncertainties facing the Group to be as follows:

Risk Area	Strategic Pillar	Description of Risk	Mitigation	Risk Rating	Risk Trend
STRATEGIC					
CONSUMER DEMAND VS		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. Consumer budgets continue to remain tight.	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 VS		The Group trades in highly competitive markets which tend to operate without long-term contracts being in place. 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					
RELIANCE ON KEY CUSTOMERS & EXPORTS VS		A significant proportion of the Group's results are generated from a small number of major customers and export sales. Loss of all or part of the Group's business with one or more of these customers or loss of export licence 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 UK and export customers to ensure service, quality, food safety and new product developments are of the highest standard.	●●●●○	↔
PIG MEAT – AVAILABILITY & PRICE		The Group is exposed to specific issues 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 own farms. These arrangements help to mitigate the risks associated with pig price volatility and supply.	●●○○○	↔
FINANCIAL					
INTEREST RATE, CURRENCY, LIQUIDITY & CREDIT RISK		The Group is exposed to interest rate risk on borrowings and to foreign currency risk specifically on purchases 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. Specifically sites have 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 all new business acquisitions, using internal and specialised external resources where required. In addition, the existing senior management teams are generally retained to provide continuity and to facilitate integration of the business into the Group.	●●○○○	↔

VS Considered in detail within Viability Statement

STRATEGIC PILLAR

- Quality Products
- Operational Efficiency
- Sales Growth
- Sustainability

NET RISK AFTER MITIGATION

- ●○○○○ Low risk
- ●●●○○ Medium risk
- ●●●●● High risk

Risk Area	Strategic Pillar	Description of Risk	Mitigation	Risk Rating	Risk Trend
OPERATIONAL					
BUSINESS CONTINUITY	Operational Efficiency	The Group faces the risk of significant incidents such as fire, flood or loss of key utilities, which could result in prolonged disruption to site manufacturing processes.	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 core product lines.	●●○○○	↔
RECRUITMENT & RETENTION OF WORKFORCE	Sustainability	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 & SAFETY	Sustainability	A breach of Health & 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 & INFECTION WITHIN PIG HERD/ POULTRY FLOCK	Quality Products	A significant infection or disease outbreak may result in the loss of supply of 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	Quality Products	The Group is subject to the risks of product and/or raw material contamination and potential health related industry-wide food scares and similar issues. Such incidents may lead to product recall costs, reputational damage and regulatory penalties. Regulation and technical guidance in this area continues to increase.	The Group ensures that all raw materials are traceable to original source and that the manufacturing, storage and distribution systems of our sites and those of our suppliers are continually monitored by experienced and well trained technical teams.	●●●●○	↑
CYBER SECURITY	Operational Efficiency	The Group is mindful of emerging risks in this area specifically given the increasing frequency and sophistication of cyber attacks. Various aspects of the Group's day-to-day operations are underpinned by a variety of IT systems. In common with other organisations the Group is susceptible to cyber attacks and/or fraudulent external email activity.	The Group has a robust IT control framework in place, which is reviewed and tested on a frequent basis by internal staff and specialist third parties. Detailed internal financial control procedures are also in place to reduce the potential risk of fraudulent payment requests being processed.	●●●○○	↑

ENTREPRENEURIAL SPIRIT

WE CONTINUALLY EXPLORE NEW OPPORTUNITIES AND ENCOURAGE A CULTURE THAT ALLOWS INNOVATIVE, COMMERCIALLY FOCUSED IDEAS TO FLOURISH

BENSON PARK WAS ESTABLISHED IN 2003 BY DAVID PARK AND COLLEAGUES TO PRODUCE CHILLED COOKED POULTRY PRODUCTS. THE BUSINESS IS LOCATED CLOSE TO OUR EXISTING FACILITIES IN HULL. CRANSWICK ACQUIRED BENSON PARK IN OCTOBER 2014.

Predominantly supplying the 'food to go' market, Benson Park also provides Cranswick with a strong and growing presence in the Quick Service Restaurant sector.

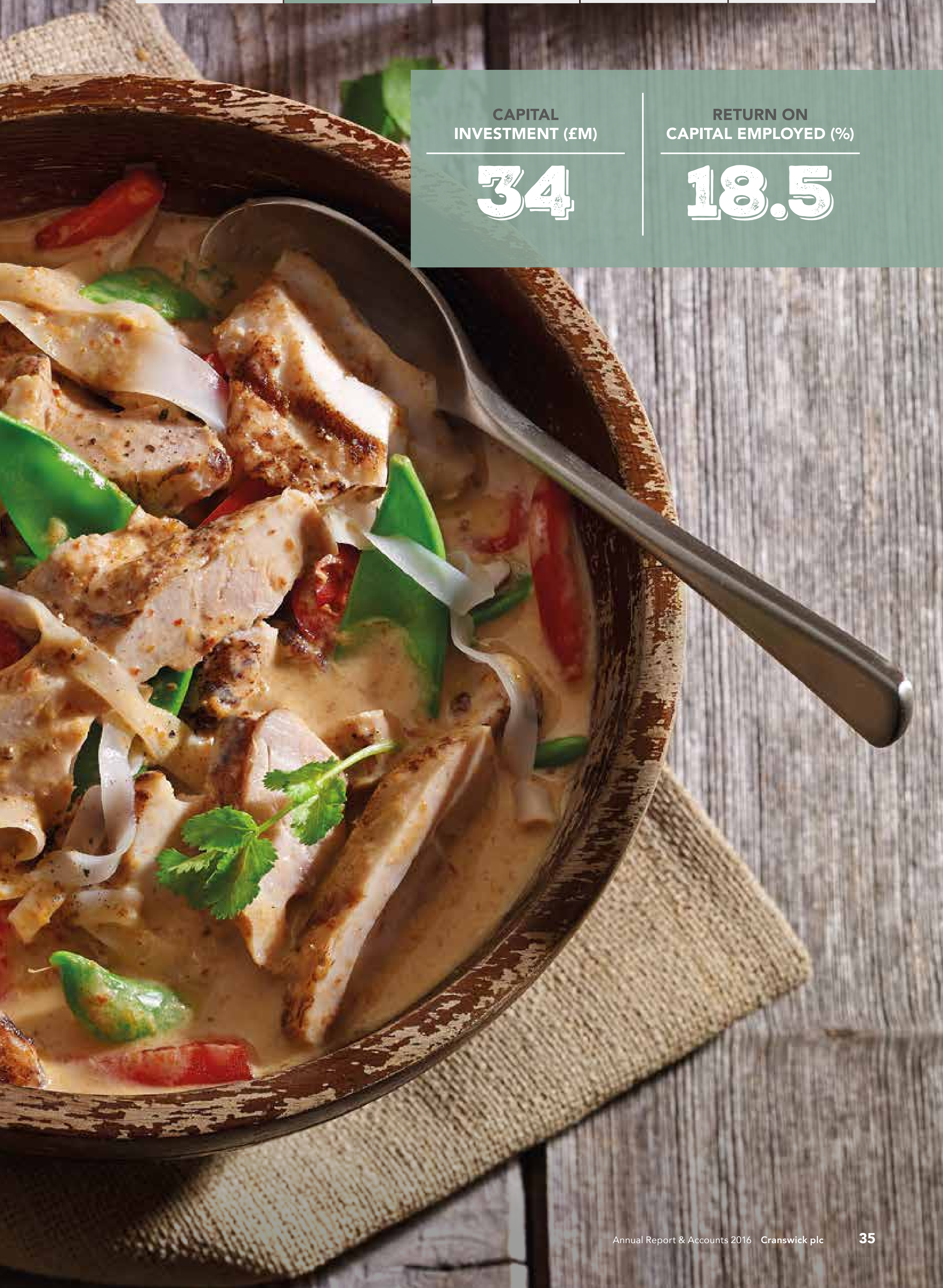
"The investment by Cranswick has enabled us to extend the factory and make it one of the most modern cooking facilities in the UK. World markets have been studied and new technology has been sourced to ensure we continue to operate at the forefront of the market. The recent acquisition of Crown Chicken further highlights Cranswick's commitment to developing its profile in the poultry sector."

Significant investment has been made in the facility over the last 18 months that has doubled capacity and improved efficiency.

DAVID PARK
MANAGING DIRECTOR, BENSON PARK

CHARGRILLED PREMIUM BRITISH CHICKEN BREAST

Lean and healthy premium British chicken breast, flame seared for extra flavour.



CAPITAL INVESTMENT (£M)	RETURN ON CAPITAL EMPLOYED (%)
34	18.5

OUR APPROACH TO CORPORATE SOCIAL RESPONSIBILITY IS WELL ALIGNED WITH OUR BUSINESS MODEL AND STRATEGY

We believe that a committed approach to all aspects of Corporate Social Responsibility (CSR) will benefit our stakeholders and strengthen our business, facilitating future sustainable growth. We promote best practice CSR and shared learning. Our CSR Policy clearly defines our core values and aspirations. Our Group CSR committee meet at least four times a year, chaired by the Finance Director, who is also a member of the executive committee, and has representation from each of the key functions of Human Resources, Health & Safety, Environmental and Technical.

Our core values are to:

- manufacture great quality food, which is safely produced in technically and legally compliant facilities;
- prioritise food provenance and 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
- operate our business in a sustainable way and have measurable KPIs in place to manage its impact on the environment.

Our stakeholders:

- customers and consumers – requiring great quality food;
- producers and suppliers – providing us with raw materials that are approved to our quality standards;
- people – keeping our employees healthy, safe and motivated;
- environment – using our resources in an environmentally friendly and sustainable way;
- communities – being responsible to the communities in which we operate; and
- Shareholders – providing value in their investment and confidence in how we operate.

CUSTOMERS AND CONSUMERS

We aspire to be the manufacturer of choice; renowned for technical integrity, animal welfare, compliance, food safety, product quality and innovation. We supply private label and branded products to the major UK retailers, restaurant groups and food service retailers as well as supplying pork to other food 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. During the year we hosted 396 separate external compliance audits and associated technical inspections, many of which were unannounced, and we are pleased to report that over 96 per cent of these audits were completed to the full satisfaction of our customers and other business stakeholders.

We recently celebrated our 111th 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 which we believe to be sector leading. We have a team of talented and industry proven personnel who are responsible for this long-standing commitment to technical excellence.

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 the farm.

Compliance integrity is challenged by third party announced and unannounced audits, which incorporate traceability, mass balance and isotope provenance testing to confirm origin. 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.

In the year under review our Group Technical Compliance team completed 686 separate internal compliance audits against the BRC standard, retailer policy, Hazard and Critical Control Point (HACCP), hygiene inspections, and ethical standards. This programme is not only there to identify non-compliance but is also a means to proactively highlight best practice and shared learning across the Group which is a fundamental building block that underpins our technical performance.

PRODUCERS AND SUPPLIERS

RESPONSIBLE PROCUREMENT

We are committed to ensuring the integrity and traceability of raw materials, including the meat, ingredients and packaging we use in the manufacture of our products. 680 raw material suppliers and 5,782 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. Our 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, horizon scanning for known and emerging risks, and previous supply record. In the last twelve months we carried out 191 supply chain audits to assure the safety, traceability, quality and provenance of the raw materials we use within our business.

680

APPROVED AND CONTROLLED RAW MATERIAL SUPPLIERS

5,782

APPROVED AND CONTROLLED PRODUCTS AND ASSOCIATED SPECIFICATIONS

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. In the last year we spent £2.0 million on the laboratory screening of our products and raw materials, to ensure compliance, provenance and safety.

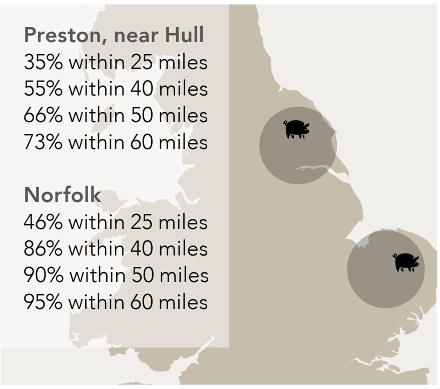
ETHICAL STANDARDS

We monitor ethical standards with our sites undergoing unannounced SEDEX Members Ethical Trade Audits (SMETA) every other year; supported by our own ethical verification audits. We are AB (buyer/supplier) members of SEDEX (Supplier Ethical Data Exchange) and are currently working with our suppliers to register them with SEDEX so that their ethical data is visible to us, enabling us to drive ethical standards within our supply chain.

Several members of our technical team represent us on trade association technical committees. Our Group Technical Director is a member of the BMPA Council and Chairman of the technical committee responsible for the review and development of the BMPA Pork Schemes which are the assurance, traceability and product quality standards which sit behind the Red Tractor logo displayed on pork and pork meat products. In addition, our Group Technical Compliance Controller represented the BMPA on the BRC working group responsible for the development of version 7 of the BRC Global Food Standard.

FARMS AND PRODUCERS

During the year our Preston and Norfolk sites collectively processed over 2.25 million pigs, equivalent to 45,000 pigs per week (up 12.5 per cent on the previous year). Both sites are key suppliers of pork to a number of our other sites and third party food manufacturers. 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 locations and distances travelled by pigs to our two processing sites:



20 per cent of the British pigs we process come from our own farm businesses.

Many of the pigs supplied to us 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 pigs processed are reared indoors in full compliance with the Red Tractor/BMPA Quality Assured Pork (BQAP) welfare standards.

The 2015 Business Benchmark on Farm Animal Welfare (BBFAW) 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 is the first global measure of food businesses commitment to animal welfare. Now in its second year the benchmark has undergone significant change which has made compliance more challenging. Despite this we have retained our Tier 2 rating which rates our commitment to animal welfare as 'integral to business strategy'. We are proud to be one of only eleven food companies globally to have been awarded this status.

To download a copy of the report please visit the Info Centre at www.bbfaw.com and click on the 2015 report

Key CSR Performance Indicator	Performance in 2014/15	Performance in 2015/16	Target 2016/17
Complaints per million units sold	34	24	Maintain the downward trend
Number of suppliers linked to SEDEX	less than 100	294	Continue the upward trend
Benchmark on Farm Animal Welfare	Tier 2	Tier 2	Maintain Tier 2

CORPORATE SOCIAL RESPONSIBILITY CONTINUED

"I see CIEL as a fantastic opportunity to provide world class research facilities to the UK livestock and meat processing industries. In so doing, it will establish a forum that will link leading research providers with forward thinking processors to ensure that the innovative research, for which the UK is renowned, is more easily converted into commercial reality thereby giving the UK livestock supply chain a real point of difference."

Andrew Caines, Cranswick Group Technical Director

Our agricultural team is 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 representation on the BMPA Pig Meat Committee, Red Tractor Welfare Committee, the Pig Health & Welfare working group and the Real Welfare Committee. We are also one of the founding members of the Centre for Innovation Excellence in Livestock (CIEL), a new £70 million innovation centre which will bring together the food industry and academic researchers to transform the productivity of the UK livestock industry.

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, animal welfare, 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

Our Human Resources (HR) strategy is incorporated into our CSR policy 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. A variety of initiatives have been implemented as a result of a staff survey which have bolstered the trust and engagement of employees.

We have a training and development strategy which 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

We currently have 40 apprenticeships in place in engineering, butchery, stockmanship and business administration. We are particularly proud of our butchery apprenticeship scheme which, we understand, is the only one of its kind in the UK, focused on developing butchery skills and a deep understanding of the meat production process.

We have representatives on the team developing 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. It is pleasing to note that this year our Wayland Farms business won the Investor in Training Award at the National Pig Awards 2015 for their apprenticeship scheme, as well as the Training Initiative of the Year at the Pig and Poultry Marketing Awards 2016.

The introduction of the new Government Apprenticeship Levy Scheme in 2017 will enable us to offer additional apprenticeship opportunities across all areas of our business.

GRADUATE DEVELOPMENT

We believe our graduate programme is unique within the food industry and this year we have sought to raise our profile in this area. The programme provides experience in production, technical, NPD, sales, marketing and finance alongside a specially designed training programme which encourages self-awareness and effectiveness.

This year, we attended ten recruitment fairs across the country to raise awareness both of our business and graduate scheme. There were over 100 applications for our graduate positions, and six graduates have been recruited to start in September 2016.

In 2015 we recruited eight graduates who have carried out a number of projects and gained a wide range of experience in key areas of our business.

We won the 2016 Meat Management Award for the Training Scheme of the Year for our graduate programme. We also had finalists in the Young Manager of the Year category in 2015 and 2016. The 2016 finalist was previously a placement student who returned on to the graduate programme in 2014.

Our graduates are key to the first stage of our succession planning and supporting their successful development is vital to the long-term success of our business.

EDUCATIONAL PARTNERSHIPS

We have a corporate partnership with the Hull University Business School and are currently working with Westminster Kingsway College in London to deliver a bespoke learning programme based on the development of new products within food production.

CORPORATE SOCIAL RESPONSIBILITY CONTINUED

This is the first initiative of its kind within the catering and hospitality college and represents our dynamic and forward thinking focus, not only in branching out into other food related disciplines but also in developing our connections in the south of England.

We work with a number of schools in the areas local to our sites, through mentoring programmes, facilitating lessons, mock interviews, sponsorship of awards ceremonies and attendance at skills fairs for young people.

LEARNING AND DEVELOPMENT

Our training pathway starts by ensuring that our junior managers have a core set of key skills, including understanding their own personality traits, on which to base their further development. This is followed by attendance at a residential Leadership Development Programme which is used to identify and develop our leaders of the future.

226 of our managers have enhanced their skills through ongoing training programmes during the year. We expect to roll this out across the business by the end of 2017.

Projects for the next financial year include the ongoing development of our senior teams, including director training and mentoring, finance training and developing the commercial team.

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. 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 individual's race, colour, nationality, religion, gender, marital status, family status, sexual orientation, disability or age.

During the year we approved, in connection with the Modern Slavery Act 2015, an Anti-Slavery and Human Trafficking Statement and an Anti-Slavery and Human Trafficking Policy. We are committed to ensuring there is transparency in our own business and in our approach to tackling modern slavery throughout our supply chains, consistent with our disclosure obligations under the Modern Slavery Act 2015. We expect the same high standards from all of our contractors, suppliers and other business partners, and as part of our contracting processes, we include specific prohibitions against the use of forced, compulsory or trafficked labour, including anyone held in slavery or servitude, whether adults or children, and we expect that our suppliers will hold their own suppliers to the same high standards.

We employ 5,624 people, up from the previous year of 4,945, and we hired 3,261 agency workers. In total, we provide employment for 8,885 people of which 35 per cent are female. Further details of our diversity policy are shown in the Nomination Committee report on page 59.

We recognise the benefits of diversity and our diversity policy provides equality and fairness. There are no differences in the pay structure for males and females performing the same or similar roles.

HEALTH & SAFETY

We comply with all relevant Health & Safety standards and regulations, and adopt industry best practice across all of our sites. Our Group Health & Safety team implements and monitors new initiatives to maintain excellent standards. The Board reviews quarterly accident and claims statistics. We review monthly accident statistics using an industry leading web-based recording system which allows analysis of each accident and monitors control measures introduced to prevent recurrence. The system includes a tracker to ensure all required actions are completed in the required time period.

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

With the increasing complexity of equipment and legislation surrounding its design and use, our engineering teams have been trained in machinery safety and any new machinery will not be used unless it complies with the latest Certificate of Conformity (CEE) regulations.

TRAINING

Providing appropriate training to all employees is key to the success of our Group 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 of our 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.

AUDITS

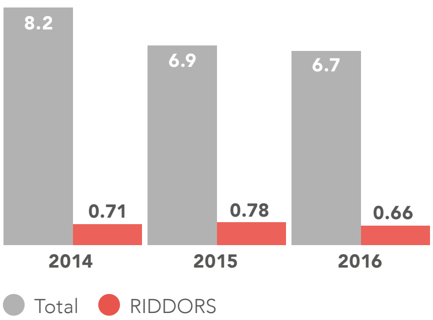
Annual internal Health & Safety audits are carried out to measure the Health & Safety standards at each of our sites to confirm they achieve the required standard and provide an action plan for the following twelve months. In 2015/16 we continued to improve Health & Safety standards and reduce accident frequency. The behavioural safety of employees is key to this 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.

The successful trial of this system at our Norfolk site showed a significant reduction in accidents and claims and improved communications with employees. The programme has now been successfully rolled out across the business. The positive effects of behavioural safety are widely known, and the HSE have commended our implementation of this programme. Norfolk saw a 32 per cent reduction in accidents in the current year. This led to a 17 per cent reduction in claims, and a 42 per cent reduction in lost working days.

INCIDENTS

The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDORS) was slightly lower than the previous year. The RIDDORS incident ratio (accident against number of employees) reduced by 15 per cent compared to 2015. The total number of recorded accidents per 100 employees in 2016 was 3 per cent lower than in 2015. All our sites continue to carry out first class accident investigations which are monitored by the Group Health & Safety Manager.

Accidents Per 100 Employees



ENVIRONMENT

We are committed to protecting the environment by minimising the impact of our activities by reducing waste, emissions and discharges from all sites.

We are committed to reducing our carbon footprint by 30 per cent by 2020 and our Group Environmental & Group Sustainable Procurement policies reinforce our commitment to achieving this target. They include specific environmental management requirements, including ensuring each site has a fully functioning, maintained and formal, third party accredited, ISO 14001 Environmental Management System. We are well placed to meet our target.

In December 2015 we achieved formal accreditation to the ISO 50001 standard for the Energy Management System that we have promoted throughout the Group. This provides further testament to our commitment to operate our business in a responsible manner by reducing our energy consumption and investing in energy reduction technologies.

CARBON FOOTPRINT AND GREENHOUSE GAS EMISSIONS

Our carbon footprint and greenhouse gas emissions are expressed in tonnes of carbon dioxide equivalent (CO_2e). We have measured our footprint since 2008 and have continued to aggregate the individual site figures which includes all site energy, f-gas losses, waste and Group operated transport fleet. DEFRA's guidelines and standard conversion factors are used for Company reporting.

Despite continued growth of 10 per cent in underlying sales volumes, together with a full year's contribution from Benson Park, we have achieved a 2.2 per cent reduction in our overall absolute carbon footprint from 93,617 tonnes of CO_2e in 2014 to 91,419 tonnes of CO_2e in this reporting period. The relative carbon footprint has also reduced by 11.7 per cent to 0.219 tonnes of CO_2e per tonne of sales.

It should be noted that the measurement is now taken over a fiscal period rather than the calendar period previously used to align with the Group's reporting of KPIs.

We acknowledge the requirement to disclose the greenhouse gas emissions separately in the following categories:

Emissions in tonnes of carbon dioxide from:

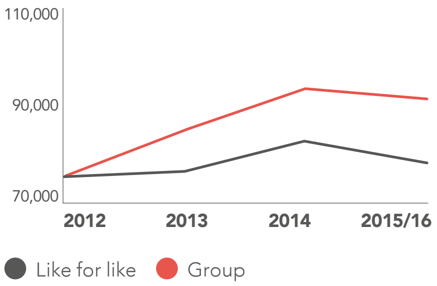
i) combustion of fuel and operation of facilities; and
ii) purchase of electricity, heat, steam and cooling.

Key Performance Indicator	Performance in 2014/15	Performance in 2015/16	Target 2016/17
Relative carbon footprint – Tonnes CO_2e/Tonnes sales	0.248	0.219	reduce further by at least 3%
Energy intensity – kWh/Tonnes sales	524	473	reduce further by at least 4%
Waste to landfill – Tonnes	1,016	639	reduce to zero
Water intensity – cubic metres/Tonnes sales	2.42	2.59	to reduce consumption

CORPORATE SOCIAL RESPONSIBILITY CONTINUED

It is impracticable for us to distinguish between the two categories due to the nature of our operations; however the majority of emissions come from electricity and gas, which are monitored.

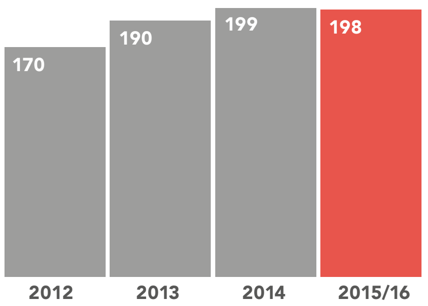
Absolute Carbon Footprint (Tonnes CO_2e)



ENERGY

We have undertaken a number of energy reduction projects during the reporting period, including a major refrigeration project and some significant step changes at sites where Automated Monitoring & Targeting (AM&T) systems have been installed. As a result we have seen a reduction in energy consumption of over 1.25 million kWh (down 0.63 per cent). All of our sites have Climate Change Agreements in place under phase two of the scheme.

Absolute Energy Use (kWh million)

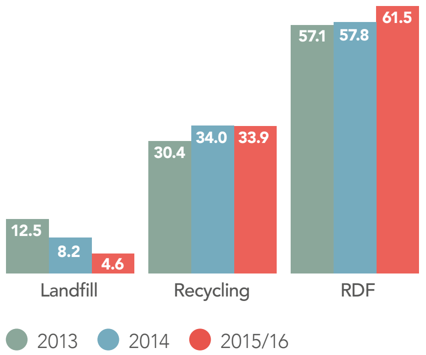


WASTE DISPOSAL

We continue to work with Biffa/IRM to find innovative methods to identify recyclable materials from our current waste streams to attract rebates to offset the cost of disposal. This has helped us divert a total 95.4 per cent of our total waste from landfill during this reporting year to either Refuse Derived Fuel (RDF), Anaerobic Digestion or recycling.

The lower value of plastics and other oil based products has made recycling more difficult. The percentage of materials recycled has fallen by 0.1 per cent. We now have a target to reduce waste to landfill to zero by the end of 2017.

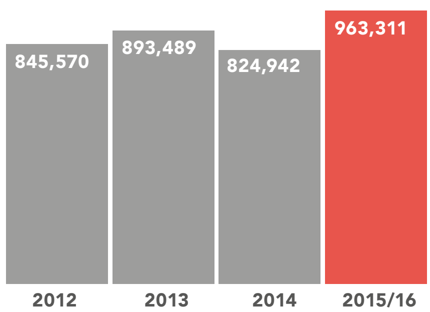
Waste Disposal Routes (%)



WATER

As a food manufacturer with strict hygiene standards it follows that we will be a significant user in water. Our absolute water use has risen by 16.8 per cent reflecting a full year's reporting from Benson Park, increased production across the business, and a fault at one of our production sites which has now been rectified. Water use per tonne of product has increased by 6.4 per cent and we are now below our 20 per cent reduction by 2020 target. We are addressing the increase in water usage and intend to bring it back in line with this target.

Absolute Water Use (m³)



Managing the impact of our business activities on the environment continues to be challenging. It is incumbent on all our key stakeholders to accept and engage in initiatives to reduce our energy, water and waste and understand how sustainability improves our business model and profitability, whilst providing the opportunity to remain competitive in an ever tightening market place. If targets for the coming year are reached we will be significantly closer to achieving our goals.

COMMUNITY

Our CSR commitment is to support communities both locally and overseas and recognise the global impact that our business has on society, and how we can improve the lives of those individuals who have a link to us, through our values and sustainable business strategy.

As one of the largest employers in the East Riding of Yorkshire, we are always looking to actively engage with the wider community and over the last 12 months have become a major supporter of the Hull Freedom Festival. The festival is designed to showcase the talent and cultural diversity of Hull and raise the profile of the city on both a national and international basis. The festival encourages the community to get involved in a series of events designed to engage and inspire and also offers volunteering opportunities within the community. In 2015, we supported the event through sponsorship of an arts stage and the provision of food for some of the performers. In 2016, we have extended our involvement to become the headline sponsor and reinforce our presence in the community.

In 2017, Hull becomes the UK City of Culture building on the success of events such as the Freedom Festival. Events are planned throughout the year to allow the local community to become actively involved. We aim to support the event both within our business and the community. We will be running a series of events and activities during the year to give our employees the chance to get involved.

We are a Key Partner of 'For Entrepreneurs Only', an organisation of like-minded entrepreneurs who collectively turn over £3 billion each year, and employ over 18,000 people. As one of the region's largest employers, we are able to offer a wealth of expertise, advice and assistance to small businesses within the area and assist in the promotion of the Hull and Humber region as a great place to start up and run a business. We actively promote the support of entrepreneurs to create and grow businesses which provide careers for local people and aid the development of the local community.

Over the course of the year we were involved in a wide range of charitable activities, across the globe. In 2015 we became a Platinum Food for Good Sponsor and have joined with other food and hospitality industry leaders to raise £5 million to help end hunger for 70,000 people in eastern Africa. We are pledging our support to help make a real difference to the lives of families in Africa by raising funds, and providing assistance in order to increase rural prosperity, and by investing in African farmers' ability to feed themselves and their families. The business goals of farmers in Africa relate to our own: to grow a full field, increase yields, develop market links and be sustainable. Farmers in Africa want what we all do for our own families: for them to have enough to eat, be healthy, have a good education and achieve their ambitions. In an interconnected world where we are all part of the global supply chain, it makes sense for all parts of that chain to be strong. By strengthening African farmers we are building a stronger global industry which makes great business sense for us all.

We also have a responsibility to the communities in which we operate. Around three quarters 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.

We support a number of local charities which have particular relevance to employees working on our sites which have been nominated via a voting system. Popular charities include Bluebell Children's Hospice, the Yorkshire Air Ambulance and cancer related charities such as MacMillan, Marie Curie and the Tickled Pink campaign. Through donations, Name the Bear competitions, cake sales and sponsored events including a 120 mile bike ride, our sites have raised over £115,000 and given support to 26 charities. We also donate hampers and food parcels to worthy causes and local community events on a regular basis.

We will continue to raise money for local and national charities:

- **At site level** – including charity bike rides, marathons and similar running events, and golf tournaments.
- **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** of £20,000 have been made during the year.

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. We provide kits for teams and take an active role during the season by attending tournaments.

TAX

Tax has recently become a significant focus of corporate responsibility, particularly the level of contribution made to revenue authorities. We have an approved tax strategy which ensures we comply with all tax laws wherever we do business and that we pay all taxes that we are legally required to pay when they fall due.

While we will protect Shareholder value by adopting tax planning arrangements where appropriate, we will only structure our affairs based on sound commercial principles and in full compliance with applicable tax laws. We are transparent and proactive with tax authorities when discussing planning and seek confirmation of treatment where tax law appears unclear. To safeguard our reputation as a responsible taxpayer we do not participate in any tax planning arrangements that do not comply with either the legal interpretation or the spirit of tax laws.

We are transparent, proactive, timely and courteous in our dealings with all tax authorities where we carry out business. Our principal activities are UK-based and we have regular meetings with HM Revenue and Customs to discuss tax matters and business developments.

We believe there are sufficient controls and processes in place to meet our strategy. These controls and processes are subject to review over the course of the year by internal audit and recommendations for improvements will always be sought, examined and adopted. Our risk registers have specific sections related to tax. These registers, and any matters arising are discussed locally and at the quarterly Group Risk Committee meetings.

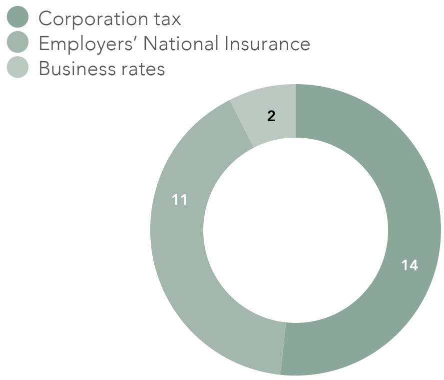
Our tax strategy is aligned with our vision and core values and fits within our overall Corporate Governance structure.

The payment of tax takes two forms:

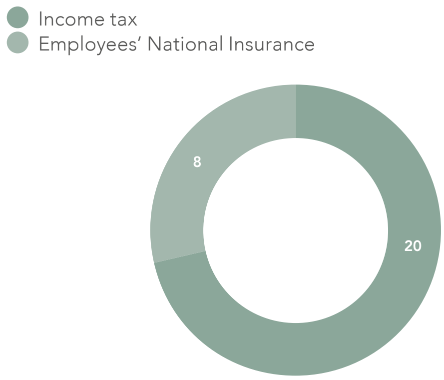
- **Direct contributions** (cost to the Group) – including corporation tax on profits, employers' National Insurance and business rates;
- **Indirect contributions** – being income tax and employees' National Insurance.

The total paid in the year amounts to £55 million and is analysed as follows:

Direct Tax Contribution £m



Indirect Tax Contribution £m



SUMMARY

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

On behalf of the Board

J M Bottomley

Mark Bottomley
Finance Director
24 May 2016

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.

Dear fellow Shareholder,

Cranswick's approach to governance is outlined in the following report, which sets out how we integrate the key principles of the five sections of the 2014 UK Corporate Governance Code (the 'Code'): leadership; effectiveness; accountability; remuneration; and relations with Shareholders.

During the year the Group has embraced the new Code requirements in relation to enhanced risk reporting and statement of viability as disclosed in the Principal Risks and Uncertainties section on page 30.

As the Group develops it is important that 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.

In accordance with the requirement to carry out an external Board evaluation every three years and internal ones in between, an internal evaluation review was carried out again this year. Details of this Board evaluation process are set out on page 50. Overall it was considered that during the year the Board and its Committees performed effectively with a positive and open culture. 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. The Nomination Committee focuses on making certain the Board has the right skill set and expertise and it gives full consideration to 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 and that the incentives continue to provide a strong alignment between Shareholders, the Executive Directors and the wider senior executive management team.

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

Martin Davey
Chairman
24 May 2016

A DRIVEN AND EXPERIENCED BOARD

01
MARTIN DAVEY
CHAIRMAN
N

Martin, who is a chartered accountant, has been with Cranswick for the past 31 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.

02
ADAM COUCH
CHIEF EXECUTIVE

Adam has over 25 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.

03
MARK BOTTOMLEY
FINANCE DIRECTOR

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

04
JIM BRISBY
COMMERCIAL DIRECTOR

Jim joined Cranswick in 1995 and has been an integral member of the sales and marketing team that has grown the business over the past 21 years. He was appointed Sales and Marketing Director in 2010 and Commercial Director in 2014.

EXECUTIVE DIRECTORS

05
STEVEN ESOM
NON-EXECUTIVE DIRECTOR
N A R

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 a Non-Executive director of The Rank Group Plc where he is Chair of the Remuneration Committee and a member of the Audit and Nomination Committees and he is also the Non-Executive Chairman for the British Retail Consortium (trading), and Advantage Travel Centres.

06
MARK RECKITT
NON-EXECUTIVE DIRECTOR
N A R

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. 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. Mark is also a Non-Executive Director of JD Wetherspoon plc and Mitie Group plc, where he is chair of the Audit Committee and a member of the Remuneration and Nomination Committees.

07
KATE ALLUM
NON-EXECUTIVE DIRECTOR
N A R

Kate joined Cranswick as a Non-Executive Director in July 2013. She was Chief Executive of First Milk Limited from 2010 to 2015 and was also a former head of the European supply chain for McDonalds. She is also a Non-Executive Director of Origin Enterprises plc.

COMMITTEE MEMBERSHIP
N Nomination Committee
A Audit Committee
R Remuneration Committee

NON-EXECUTIVE DIRECTORS

GROUP DIRECTORS

PIG REARING AND FRESH PORK
Charles Bowes
John Fletcher
Stuart Kelman
Barry Lock
Nick Mitchell
James Pontone
Neil Willis

COOKED MEATS
Ian Fisher
Paul Gartside
Andy Jenkins
Clive Stephens

POULTRY
Nigel Armes
Jason Key
David Park
Matthew Ward

BACON, SAUSAGE AND PASTRY
Darren Andrew
Jonathan Healy
Kate Maxwell
Gill Ridgard
Drew Weir
Steve Westhead

CONTINENTAL PRODUCTS
Norman Smith
Rollo Thompson

SANDWICHES & INGREDIENTS
Nick Anderson
Gary Landsborough
Simon Ravenscroft

FOOD CENTRAL
Chris Aldersley
Andrew Caines
Rebecca Dearsly
Marcus Hoggarth
Miranda Walker
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 53 to 57, the Nomination Committee Report, on pages 58 and 59, and the Remuneration Committee Report, on pages 60 to 71, 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 are pleased to report that they have complied with the requirements of the Code during the year ended 31 March 2016. 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 provided guidance to the Board to assist them in reaching this conclusion.

In reaching this conclusion the Board has taken account of the following:

- the Chairman, Chief Executive and the Finance Director provide input to and agree on the overall messages and tone of the Annual Report at an early stage;
- individual sections of the Annual Report are drafted by senior management and are reviewed to make certain there is consistency in the whole document;
- a final draft is reviewed by the Audit Committee and the auditors and is discussed with the Finance Director and the senior finance team prior to consideration by the Board; and
- the Finance Director presents the final draft of the Annual Report to the Board who consider the fairness – whether it is reasonable and impartial; the balance – both positive and negative messages are portrayed; and whether it is understandable in a simple and clear way.

LEADERSHIP

BOARD COMPOSITION

The Board consists 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 in accordance with the definition highlighted in the Code. Further biographical details on each Director can be found on pages 46 and 47.

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
• Chairs Board meetings, the Nomination Committee and the AGM. • Sets the Board meeting agenda in consultation with the Chief Executive and Company Secretary. • Leads the performance evaluation of the Board and ensures its effectiveness in all aspects of its role. • Sponsors and promotes the highest corporate governance and ethical standards. • Ensures all Directors are able to maximise their contributions to the Board. • Provides a sounding board for the Chief Executive on key business decisions and challenges proposals where appropriate. • Meets with major Shareholders on governance matters and is an alternate point of contact for Shareholders on other matters.	• Develops the Group's strategy with input from the rest of the Board and its advisers. • Leads implementation of the Group's strategy. • Leads the direction of the business. • Chairs the Executive Management Committee. • Manages the day-to-day business of the Group. • Brings matters of particular significance or risk to the Chairman for discussion and consideration by the Board where appropriate.

Executive Directors

- Responsible for all matters affecting the Group.
- Provide specialist knowledge and experience to the Board.
- Responsible for the implementation of strategy, policies, budgets and financial performance of the Group.
- Responsible for the successful leadership and management of commercial, risk and finance functions across the Group.

Senior Independent Director

- Supports the Chairman, and provides a means by which Shareholders may raise concerns which normal channels have failed to resolve.
- Leads the Non-Executive Directors.
- Conducts the Chairman's annual performance evaluation.

Non-Executive Directors

- Bring experience and complementary skills to the Board.
- Aid constructive debate and challenge during Board discussions.
- Help develop strategy with an independent outlook.
- Review management performance.

Company Secretary

- Responsible to the Board.
- Acts as secretary to the Board and each of its Committees.
- Ensures the Company complies with all governance matters.

EXECUTIVE COMMITTEE

The 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.

GROUP GOVERNANCE STRUCTURE

To assist the Board in carrying out its functions and to ensure that there is independent oversight of internal controls and risk management, the Board delegates certain responsibilities to its principal committees. Membership of these committees consists primarily of the independent Non-Executive Directors apart from the Risk and Executive Committees which consist of the Executive Directors and senior executives.

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

- Regularly reviewing strategy at Board and executive management meetings throughout the year.
- Receiving presentations from operational management on future strategic opportunities.
- Considering potential acquisition opportunities and other strategic initiatives.
- Considering and subsequently approving the acquisition of Crown Chicken in April 2016.

Governance and risk

- Reviewing the principal financial and non-financial risks to which the Group is exposed (supported by the Audit Committee).
- Approving the three year forecasts in support of the Viability Statement.
- Participating in and receiving a report evaluating annual Board performance.
- Reviewing quarterly Health & Safety updates.
- Reviewing the Directors' conflict of interest register.
- Reviewing current terms of reference for the Audit, Remuneration and Nomination Committees.
- Approving the Group's Anti-Slavery and Human Trafficking Statement and Policy.
- Discussing the rotation of auditors in compliance with the 'Code' (supported by the Audit Committee).

CORPORATE GOVERNANCE STATEMENT CONTINUED

Performance monitoring

- Reviewing monthly reports on performance from the Chief Executive, Finance Director and Commercial Director.
- Recommending the 2014-15 final dividend and approving the 2015-16 interim dividend.
- Approving the Group's full year and interim results.
- Approving the Group's annual budget.
- Reviewing the effects of the introduction of the Living Wage, (albeit minimum wage is already in operation).
- Reviewing reports from the Chairs of the Audit, Nomination and Remuneration Committees.
- Approving capital expenditure proposals in excess of £1 million.

People and succession

- Receiving updates and proposals on senior management appointments and succession planning.
- Reviewing the structure, size, composition and diversity of both the Board and its Committees (supported by the Nomination Committee).

DIRECTOR INDUCTIONS

On appointment, all Directors receive a comprehensive introduction to the Group's activities and a tailored induction programme 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

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, met, without the Chairman present, to appraise his performance.

The last external Board evaluation was undertaken in the year ended 31 March 2014. The next external evaluation will be undertaken in the year ending 31 March 2017.

BOARD MEETINGS

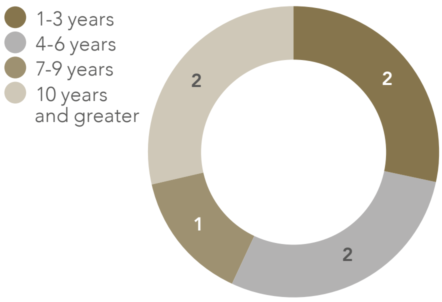
The Board held eight scheduled meetings during the year and in addition a number of other meetings and conference calls were convened for specific business matters. All Directors are expected to attend the Annual General Meeting, scheduled Board meetings and relevant Committee meetings unless they are 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 membership and attendance at scheduled Board meetings are set out below:

	Board		
Board members (During 2015-16)	Number of possible meetings attended	Actual meetings attended	Percentage attended
Executive Directors			
Martin Davey	8	8	100%
Adam Couch	8	8	100%
Mark Bottomley	8	8	100%
Jim Brisby	8	8	100%
Non-Executive Directors			
Steven Esom	8	8	100%
Kate Allum	8	8	100%
Mark Reckitt	8	8	100%

1. The Company Secretary attended all Board and Committee meetings.
2. All Directors attended the Annual General Meeting in July 2015.

BOARD TENURE



Directors' biographies and membership of the various Committees are shown on pages 46 and 47. 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 COMMITTEES

AUDIT COMMITTEE

The Audit Committee comprises the independent Non-Executive Directors and is chaired by Mark Reckitt. Mark's biography which sets out his relevant skills and experience can be found on page 47. Martin Davey, Adam Couch, Mark Bottomley, the Group Financial Controller and the Head of Internal Audit attend the meetings of the Audit Committee by invitation and in an advisory capacity.

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.

A Risk Committee chaired by the Finance Director and including representatives from all areas of the business meets quarterly and reports direct to the Audit Committee, updating the Board accordingly.

The work, responsibilities and governance of the Audit Committee are set out in the Audit Committee Report on pages 53 to 57.

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 their 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 60 to 71.

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 within senior management in the future.

Details of the Committee's activities are given in the Nomination Committee Report on pages 58 and 59.

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.

CORPORATE GOVERNANCE STATEMENT CONTINUED

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 but 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 53 to 57, the Audit Committee has reviewed the effectiveness of the internal control and Risk Management frameworks 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, and this year the budget for the year ending 31 March 2017 has been extended to include a three year forecast for consideration to support the Viability Statement. Operational management are 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 manner which facilitates the preparation of the consolidated financial statements. Site directors and finance heads are required to sign a monthly confirmation that their business has complied with the Group's accounting policies and procedures, with a more detailed confirmation provided with half year and year end reporting.

REMUNERATION

A separate Remuneration Report is set out on pages 60 to 71 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. The Committee continues to monitor the executive incentive scheme and believes the incentives provide a strong alignment between Shareholders, the Executive Directors and the wider senior executive management team.

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 on 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 of Shareholders at the Annual General Meeting which is also attended by the Chairs of the Audit, Remuneration and Nomination Committees.

By order of the Board

Malcolm Windeatt
Company Secretary
24 May 2016

AUDIT COMMITTEE REPORT
STATEMENT BY THE CHAIR OF THE AUDIT COMMITTEE

I am pleased to report on the activities of the Audit Committee during the year ended 31 March 2016.

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 auditors.

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

The Committee reviewed the appropriateness of the financial results for the full year and half year and the quarterly trading statements, including applicable accounting policies, key judgement areas, going concern and viability assumptions. The Committee also reviewed the Annual Report & 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 post year end acquisition of CCL Holdings Limited;
- the quantum and appropriateness of commercial accruals;
- the accounting treatment and disclosure of biological assets; and
- assessment of the Group's viability under the new requirements of the 2014 UK Corporate Governance Code.

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. As reported previously, the Committee has 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
24 May 2016

AUDIT COMMITTEE REPORT CONTINUED

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, are 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 below:

Committee members	Meetings attended	Percentage attended
Mark Reckitt	3	100%
Steven Esom	3	100%
Kate Allum	3	100%

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, 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 framework;
- the effectiveness, scope, cost and independence of the Group's external auditor;
- the Company's whistleblowing and anti-bribery policies; and
- the Group's viability, and its disclosure within the Annual Report.

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 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.

VIABILITY STATEMENT

The Group has included enhanced risk reporting and a Viability Statement within the Report & Accounts for the first time this year reflecting the new requirement of the 2014 UK Corporate Governance Code. At the request of the Board, the Audit Committee has reviewed and reported to the Board that it is satisfied with the enhanced risk disclosures and Viability Statement which have been made.

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

- reviewing enhanced risk reporting;
- considering the appropriateness of the three year time horizon selected for testing the Group's viability;
- reviewing the Group annual budget and extended three year forecast and the assumptions therein for reasonableness;
- agreeing appropriate downside sensitivities to be applied to the forecasts for stress testing based on the Group's principal risks and the work of the Risk Committee; and
- reviewing the availability of debt funding for the Group across the three year forecast period.

The Board and the Committee concluded that they have a reasonable expectation that the Group will be viable across the three year time horizon.

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 financial statements. The key matters that the Committee considered in reviewing the financial statements for the year ended 31 March 2016 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. As in previous years, goodwill related to the Sandwiches cash generating unit (CGU) was subject to particular scrutiny as this business is most sensitive to changes in the underlying assumptions. At the half year, following a change in its customer base which reduced the expected future revenues, calculations of forecast performance gave a value in use below the carrying amount for the CGU and consequently an impairment charge of £4.6 million was recognised at the interim stage. Further review at the year-end established that no further impairment of the asset was required. The Committee also reviewed and challenged some of the key assumptions supporting 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 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 judgements.
Acquisitions – Crown	Subsequent to the year end, the Group acquired CCL Holdings Limited and its 100 per cent subsidiary Crown Chicken Limited, a company engaged in the breeding, rearing and processing of British chickens, for net cash consideration of £39.3 million. 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 provisional allocation of the purchase price, between tangible assets, intangible assets 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 the provisional allocation of the purchase price and will continue to consider this during the measurement period prior to the allocations ceasing to be provisional.
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 FRC's guidance on complex supplier arrangements and reviewed internal guidance to Cranswick divisions involved in selling to particular customers. After reviewing the level of accruals and the intra-year movement, including the impact on profit and considering the work of internal and external audit in verifying the underlying contractual arrangements including the confirmation of the terms of agreements directly with some of the Group's key customers by the external auditor, 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 17 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.

AUDIT COMMITTEE REPORT CONTINUED

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 key conclusions from 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 delivering 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 were carried out at the majority of sites to ensure that agreed corrective actions were being taken.

EXTERNAL AUDITORS

Ernst & Young LLP has been the Group's auditor since 1972. The Audit Committee assesses annually the qualifications, expertise, resources and independence of the auditor and the effectiveness of the audit process.

In addition to the year end audit, Ernst & Young LLP carried out a review on the Group's Interim Reporting for the first time this year. The Committee considers that such a review gives the Board additional confidence over the half year process and reporting.

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, the last tender process being in 2008. Subject to ongoing satisfactory performance of the external auditors, the Committee will 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 Group has commenced the tender process and has shortlisted audit firms to be invited to tender. Formal requests to tender will be completed during the summer with a view to selecting new auditors by September 2016 to ensure a smooth transition going forward.

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 reports on audit findings, 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 with the current audit director and senior manager joining the audit team for the year ended 31 March 2016.
- The nature of non-audit work undertaken during the year and its approval in accordance with the Audit Committee's guidelines for ensuring independence.
- Adherence to the Group's internal policy that, other than in exceptional circumstances, the fees paid to the external auditors in any one year should not exceed 70 per cent of the external audit fee on average over the last three years.
- 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	1
Interim review	15
Other services	129
Total Non-Audit Fees	**145**
Total Audit Fees	**215**
Ratio of Non-Audit Fees to Audit Fees*	**0.75:1**

* Based on a three year average audit fee of £193,000.

The non-audit fees for the year were marginally higher than the Group's internal guideline of 70 per cent of the external audit fee on average over the last three years. The Audit Committee considered that this was due to exceptional circumstances, with the due diligence work in relation to the acquisition of Crown being awarded to Ernst & Young LLP because they had already carried out significant preliminary work on this project in earlier years and it was therefore more cost-effective for them to carry out the work due to their accumulated knowledge.

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 through 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 LLP, whilst also making sure that their audit independence and objectivity is maintained. The Audit Committee's concerns were demonstrated by the appointment of PricewaterhouseCoopers LLP in 2013 to manage tax compliance.

Following consideration of the performance and independence of the external auditors at its meeting in May 2016, 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 2016 Annual General Meeting.

Mark Reckitt
Chair of the Audit Committee
24 May 2016

NOMINATION COMMITTEE REPORT

I am pleased to present the Nomination Committee report for the year ended 31 March 2016.

ROLE OF THE COMMITTEE

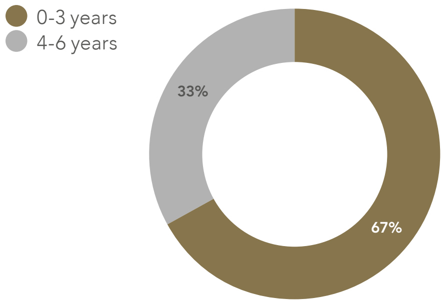
The principal role of the Nomination Committee is to keep under review the structure, size and composition of the Board and to consider the optimal level of independence and diversity of skills, knowledge, experience and gender required for the Board to operate effectively. It is responsible for considering 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.

COMPOSITION

The Nomination Committee is chaired by Martin Davey and includes the independent Non-Executive Directors Steven Esom, Kate Allum and Mark Reckitt. Only members of the Committee have the right to attend meetings however the Chief Executive and Finance Director attend for all or part of the meetings by invitation as and when required. The Company Secretary also attends the meetings as secretary to the Committee.

LENGTH OF TENURE

The length of tenure for the current Non-Executive Directors is as follows:



COMMITTEE MEETINGS DURING THE YEAR

The attendance of members at the one meeting held during the year was as follows:

Committee members	Meetings attended	Percentage attended
Martin Davey	1	100%
Steven Esom	1	100%
Kate Allum	1	100%
Mark Reckitt	1	100%

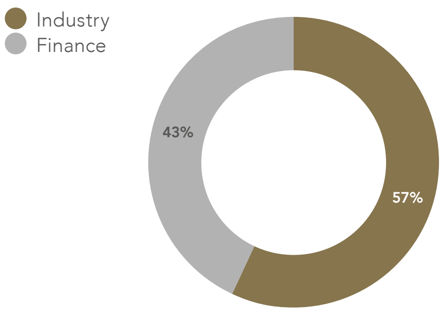
ACTIVITIES OF THE COMMITTEE

The Committee considered the following matters during the year:

STRUCTURE, SIZE, COMPOSITION AND DIVERSITY

The Committee considers that the Board consists of individuals with the right balance of skills, experience and knowledge to provide strong and effective leadership of the Company. There are no plans to change the make-up of the current Board at the present time.

BOARD BALANCE



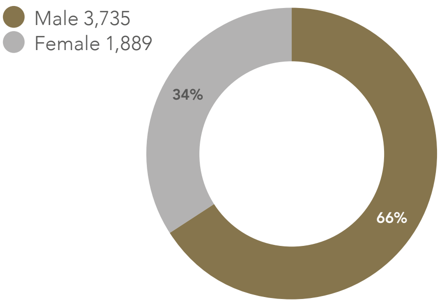
SUCCESSION PLANNING

The Board's commitment to succession planning and talent management is highlighted through the training that is taking place across the Group. This includes an apprenticeship scheme, and graduate development and management leadership programmes. The Committee also considered this year, in conjunction with the whole Board and as part of the development of the business, the appointment of further senior executives to support the Executive Directors as the Group continues to expand.

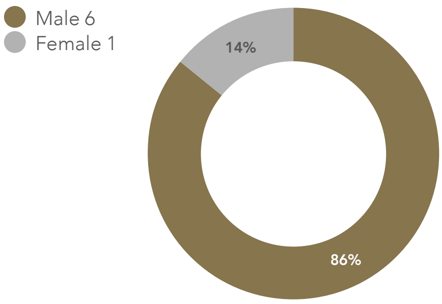
DIVERSITY POLICY

The Committee has reviewed the Group's diversity policy. The policy 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 race, colour, nationality, religion, gender, marital status, family status, sexual orientation, disability or age. 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 however, that females represent 34 per cent of the total workforce and 26 per cent of senior managers and executives.

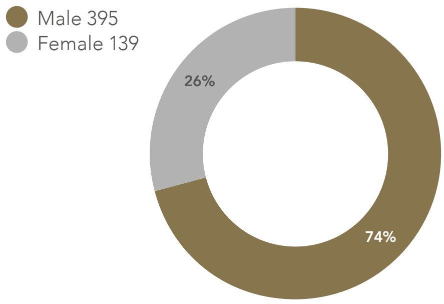
Total Employees



Main Board



Senior Managers and Executives



The Committee also considered its Terms of Reference to ensure they reflect the Committee's remit.

BOARD CHANGES

There have been no Board changes in the year to 31 March 2016. All 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 46 and 47 demonstrate the range of experience and skills which each brings to the benefit of the Company.

The Committee has considered the current discussions on director "overboarding" and it is pleased to note that there are no issues at the current time. It believes that the Directors have sufficient time and energy to be effective representatives of Shareholders' interests.

The Board undertook an annual review of the Board and it's Committee's performance and effectiveness and the results will be incorporated into the Committee's processes and activities for year ending 31 March 2017. Further details of this review are reported in the Governance Report on page 50.

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 Committee

Martin Davey

Martin Davey
Chair of the Nomination Committee
24 May 2016

REMUNERATION COMMITTEE REPORT
STATEMENT BY THE CHAIR OF THE REMUNERATION COMMITTEE

I am pleased to present the Remuneration Committee's annual report on Directors' remuneration for the year ended 31 March 2016.

Dear fellow Shareholder,

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 the remuneration policy will operate in the year to 31 March 2017.

OVERVIEW OF REMUNERATION FRAMEWORK
The primary aim of the Committee is to align the remuneration framework with business strategy, performance and value created for Shareholders.

The remuneration policy aims to:
- link the remuneration received by the Executive Directors with the creation of long-term Shareholder value;
- reward for the successful delivery of the business strategy;
- provide the right balance between short-term and long-term incentives; and
- align senior management remuneration with that of the Executive Directors.

OVERVIEW OF REMUNERATION FOR THE YEAR ENDED 31 MARCH 2016
As highlighted in the Chairman's Statement on pages 6 and 7, the past year has seen Cranswick achieve strong commercial growth and deliver continued strategic progress. Adjusted profit before tax increased by 13.7 per cent to £65.7 million; adjusted earnings per share also improved by 13.7 per cent to 104.7 pence; and the dividend per share was 10.3 per cent higher at 37.5 pence giving an excellent return for our Shareholders. During the year the share price has increased 55.4 per cent from 1,373p at 31 March 2015 to 2,133p at 31 March 2016, valuing the market capital of the business at over £1 billion. This compares to an increase of 10.8 per cent in the FTSE 350 Food Producers and Processors Index over the same period.

The challenging bonus targets for the Executive Directors which were set by the Remuneration Committee were linked to the stretching 2016 Group budget. As stated on page 66, performance in the year was above the highest target level and so the maximum bonus of 150 per cent of salary was awarded.

The 2013 Long-term Incentive Plan (LTIP) award, which is due to vest in June 2016, will achieve 100 per cent of both the Earnings Per Share (EPS) target and the Total Shareholder Return (TSR) target, resulting in full vesting of the share award. This is reflected in the table on page 66.

During the year the Committee awarded nil-cost share options under the LTIP scheme to senior executives, including the Executive Directors. The number of shares awarded to each Executive Director was equivalent to 150 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 69.

As reported last year, the pay award to the Executive Directors on 1 May 2015 was based on increased personal workloads where applicable, resulting in increases of 4.8 per cent to Adam Couch, 14.0 per cent to Jim Brisby, and 2.6 per cent to each of Mark Bottomley and Martin Davey. These are reflected in the table on page 66.

ANNUAL GENERAL MEETING VOTING
As mentioned last year, a revised Directors' Remuneration Policy, requiring the Executive Directors to have a minimum shareholding of 200 per cent of base salary and also introducing new rules for the LTIP to include a two-year post vesting holding period and malus and clawback provisions, was put to the Shareholders at the 2015 AGM. It is pleasing to report that over 95 per cent of those voting supported the policy and the full breakdown of the votes is reported on page 71.

REMUNERATION FOR THE YEAR ENDING 31 MARCH 2017

There are no planned changes to the basis of the Executive Directors' remuneration following the benchmarking exercise carried out last year.

The Executive Directors were awarded an increase of 1.6 per cent which is in line with the annualised increase in the Retail Prices Index (RPI) as at 31 March 2016. This increase is slightly below the average increase awarded to senior executives and to other employees in the Group taking into account local practices and regional variations in pay and conditions, and the new 'National Living Wage'.

Following the increase in pay, which will be applicable from 1 May 2016, the Executive Directors base salary will be:

Director	New salary	Rationale
Adam Couch	£599,450	Increase in line with RPI
Mark Bottomley	£396,250	Increase in line with RPI.
Jim Brisby	£396,250	Increase in line with RPI.
Martin Davey	£304,800	Increase in line with RPI.

The 2017 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 2017 targets are not disclosed as they are considered to be commercially sensitive. The targets will be declared retrospectively in the 2017 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 small fixed sum paid out at the half year stage based on the achievement of the half year profit target, which forms part of the total bonus award.

LTIP awards, equivalent to 150 per cent of basic salary, will be made in June 2016, and vesting will be after a three year performance period for both TSR and EPS, but with a further two-year holding period.

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, with the holding to be built up over a five-year period. The Directors' current holdings and value are now all in excess of the 200 per cent target and are shown on page 70.

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

The report contains two separate sections: the Chair's letter and the Annual Report on Remuneration which will be subject to an advisory vote at the AGM; and the Directors' Remuneration Policy which was approved by the Shareholders at the 2015 AGM and which is shown for reference purposes only.

The Directors' Remuneration 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 Directors' Remuneration Policy has been applied during the year and how it will be applied for 2017.

SUMMARY

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

Steven Esom
Chair of the Remuneration Committee
24 May 2016

REMUNERATION COMMITTEE REPORT CONTINUED
DIRECTORS' REMUNERATION POLICY

The current remuneration policy, which was approved at the 2015 AGM on 27 July 2015, is set out below.

LINK BETWEEN POLICY, STRATEGY AND STRUCTURE

Cranswick's remuneration policy is principally designed to attract, motivate and retain Executive Directors and senior executives to effectively execute 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:

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.

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 or 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 this are set out in the Annual Report on 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 or 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 targets 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.
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.

REMUNERATION COMMITTEE REPORT CONTINUED
DIRECTORS' REMUNERATION POLICY CONTINUED

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 targets 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.

LONG-TERM INCENTIVE PLAN
Under the policy approved at the 2015 AGM, an award to an individual cannot exceed 150 per cent of that individual's annual salary except in exceptional circumstances when up to 200 per cent of the annual salary is permitted.

A summary of the main terms of the new scheme which was approved and adopted following the 2015 AGM is as follows:
- awards made to Executive Directors in the form of nil-cost options;
- a normal maximum award to the Executive Directors of 150 per cent of base salary;
- a two-year post vesting holding period applies; and
- a claw back and malus policy for profit misstatement, performance error or misconduct by a participant.

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.

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.

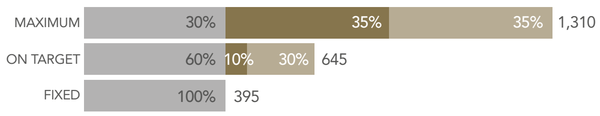
PAY AND CONDITIONS ACROSS THE GROUP

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.

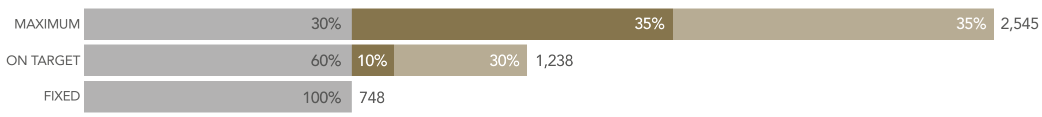
The following are the key aspects of how pay and employment conditions across the Group are taken into account when setting the remuneration of employees, including the Executive Directors:
- the Group operates within the UK food sector and has many employees who carry out demanding tasks within the 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)

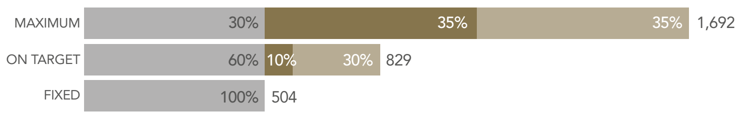
MARTIN DAVEY



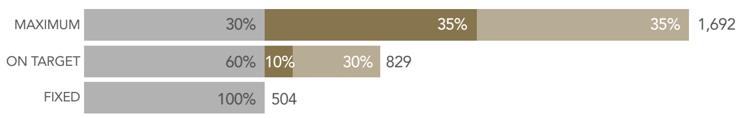
ADAM COUCH



MARK BOTTOMLEY



JIM BRISBY



Basic Bonus LTIP

The tables above illustrate the potential pay opportunities for the Executive Directors under three different scenarios for the year ending 31 March 2017 based on the remuneration arrangements described in the Chair of the Remuneration Committee's Statement on page 61.
- 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.

REMUNERATION COMMITTEE REPORT CONTINUED
ANNUAL REPORT ON DIRECTORS REMUNERATION

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

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*		Pension		SAYE		Total	
£'000	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Executive Directors														
Mark Bottomley	**389**	379	**29**	28	**584**	569	**666**	623	**78**	76	**–**	–	**1,746**	1,675
Jim Brisby	**386**	341	**29**	28	**579**	511	**599**	560	**77**	68	**–**	–	**1,670**	1,508
Adam Couch	**588**	562	**29**	29	**882**	843	**978**	825	**118**	112	**38**	–	**2,633**	2,371
Martin Davey	**306**	377	**29**	29	**458**	565	**1,056**	825	**61**	75	**–**	13	**1,910**	1,884
	1,669	1,659	**116**	114	**2,503**	2,488	**3,299**	2,833	**334**	331	**38**	13	**7,959**	7,438
Non-Executive Directors														
Kate Allum	**47**	45	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**47**	45
Steven Esom	**54**	50	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**54**	50
Mark Reckitt	**54**	45	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**54**	45
	155	140	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**155**	140
Total emoluments	**1,824**	1,799	**116**	114	**2,503**	2,488	**3,299**	2,833	**334**	331	**38**	13	**8,114**	7,578

* The values of the LTIP awards which vested in June 2015 have been updated for the actual share price on the date of vesting. In line with the regulations the values for 2016 are based on the average share price over the three month period to 31 March 2016 as these awards will not vest until June 2016 (see tables on page 67).

As reported last year the Executive Directors had pay awards in the year of:

Adam Couch	4.8%	Increased work load following reduction in the Chairman's time commitment
Jim Brisby	14.0%	Change of role to Commercial Director
Mark Bottomley	2.6%	In line with the change in RPI
Martin Davey	2.6%	In line with the change in RPI and then a reduction in time commitment

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. No Director has any entitlement or prospective entitlement under any defined benefit pension scheme.

The number of Directors who were active members of the money purchase pension scheme in the year was two (2015: two).

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. 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 small fixed sum paid out at the half year stage based on the achievement of the half year profit target.

The profit targets for the year ended 31 March 2016, which may be adjusted to take into account acquisitions and disposals and other non-trading items which arose during the year, were:

	Threshold	Maximum	Actual
Adjusted profit targets	£59.1m	£67.3m	£70.2m
Bonus payable	20%	150%	150%

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 above.

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 allows 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 2016 relates to awards made in 2013 with a performance criteria based on the three years ended 31 March 2016 that will vest in June 2016 calculated at the average price for the three months ending on 31 March 2016 of 1,989 pence. Over the three year performance period the EPS element of the award, based on the criteria set above, gave an out performance of greater than 9 per cent over the average increase in RPI so achieving a 100 per cent award. For the TSR element of the award, measured against a comparable group of companies, the business was at the 92nd percentile so again an award of 100 per cent was achieved. The total award of 100 per cent is reflected in the table on page 66 and below.

	Date of grant	Options granted	Vesting performance	Shares awarded	Average share price	Value of shares
Mark Bottomley	1 June 2013	33,500	100%	33,500	1,989p	£666,315
Jim Brisby	1 June 2013	30,100	100%	30,100	1,989p	£598,689
Adam Couch	1 June 2013	49,200	100%	49,200	1,989p	£978,588
Martin Davey	1 June 2013	53,100	100%	53,100	1,989p	£1,056,159

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 vested in June 2015, calculated at a vesting share price of 1,602 pence. The EPS element of the award achieved 91.1 per cent of its performance target and 83.2 per cent was achieved under the TSR measure giving an overall award of 87.1 per cent, and this is reflected in the 2015 column of the table on page 66 and in the table below.

	Date of grant	Options awarded	Value of award as at 31 March 2015 based on an average price of 1,382p	Value of award when vested in June 2015 at the market price of 1,602p
Mark Bottomley	1 June 2012	38,869	537,170	622,681
Jim Brisby	1 June 2012	34,947	482,968	559,851
Adam Couch	1 June 2012	51,505	711,799	825,110
Martin Davey	1 June 2012	51,505	711,799	825,110

The value of the SAYE options relates to awards granted three, five or seven years ago that have had their full contribution paid by the Executive and have been exercised in the year. The award in 2016 exercised by Adam Couch had an exercise price of 474 pence per share and a market value of 1,988 pence and the notional gain is shown in the 2016 column of the table on page 66. Similarly the options exercised in 2015 by Martin Davey had an exercise price of 579 pence and a market price of 1,407 pence and this notional gain is shown in the 2015 column of the table on page 66.

PAYMENTS TO PAST DIRECTORS (AUDITED)

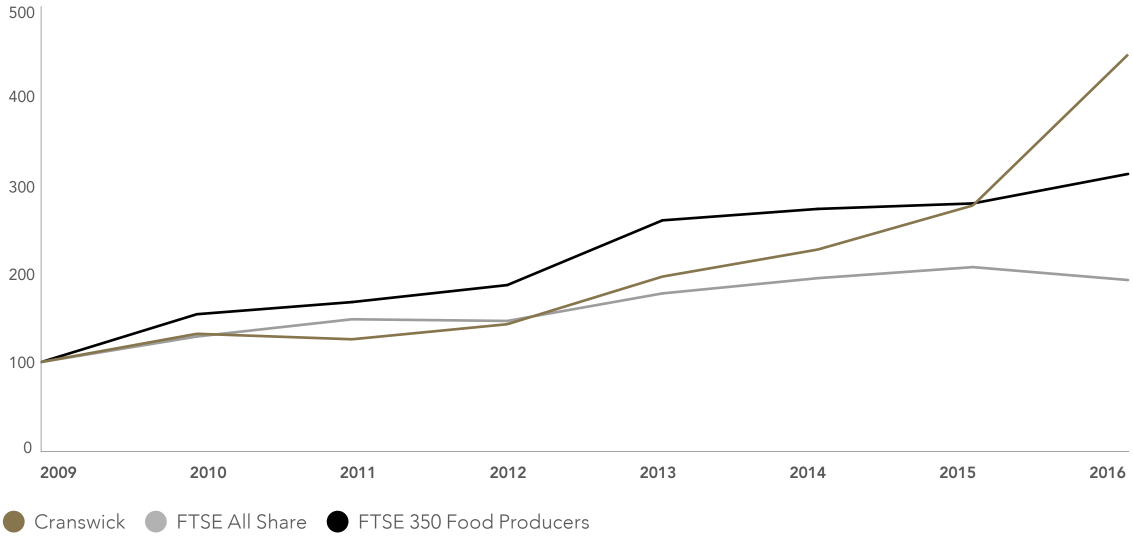
Bernard Hoggarth, who was previously the Group's Chief Executive until August 2012, stepped down to the role of Commercial Director before retiring from the business at the end of July 2014. The Committee considered Bernard to be a good leaver under the terms of the LTIP, as defined on page 64, and therefore in accordance with the rules of the LTIP, any award is pro-rated to the date of retirement. The award which will vest in June 2016, has been adjusted accordingly and is shown below.

	£'000
LTIP (vesting in June 2016)	240

No other payment was made to Bernard, and there have been no other payments made to past Directors or payments made for loss of office in the year.

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 seven 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 Chief Executive remuneration over a period of seven 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	**2016**
Base salary	464	483	508	505	542	562	**588**
Benefits	24	25	28	28	31	29	**29**
Pension	93	97	102	86	108	112	**118**
Bonus	705	107	453	639	252	843	**882**
LTIP	172	207	243	171	149	825	**978**
SAYE	–	–	6	7	–	–	**38**
Chief Executive total remuneration	1,458	919	1,340	1,346	1,082	2,371	**2,633**
Bonus award against maximum opportunity	97%	14%	56%	80%	31%	100%	**100%**
LTIP vesting against maximum opportunity	85%	100%	93%	43%	25%	87%	**100%**

Bernard Hoggarth was the Chief Executive up to August 2012 and from that date Adam Couch fulfils that role. The 2013 figures are the sum of the remuneration received by both Directors in that year.

CHANGE IN TOTAL REMUNERATION OF THE CHIEF EXECUTIVE COMPARED TO EMPLOYEES (UNAUDITED)

The table below shows the percentage change from 2015 to 2016 in the Chief Executive's salary compared to the change for all permanent employees of the business (excluding all Board Directors).

	Total pay	Salary	Benefits	Bonus
Chief Executive	11%	5%	0%	5%
All other employees excluding all Board Directors*	11%	10%	2%	34%

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 2016 and the preceding financial year.

Pay against distributions	2016 £'000	2015 £'000	Change %
Remuneration paid to all employees*	**131,761**	119,077	10.7
Total dividends paid in the year	**17,370**	15,995	8.6

* 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	1 August 2015	150% of salary	35,900	1,628p	£584,452	27.5%	31 March 2018
Jim Brisby	1 August 2015	150% of salary	35,600	1,628p	£579,568	27.5%	31 March 2018
Adam Couch	1 August 2015	150% of salary	54,200	1,628p	£882,376	27.5%	31 March 2018
Martin Davey	1 August 2015	150% of salary	28,200	1,628p	£459,096	27.5%	31 March 2018

* Based on the average of the mean high/low share price for the three days preceding the grant date of the options.

The awards are exercisable between 1 August 2018 and 1 August 2025, 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 2015 to 31 March 2018. 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 full performance criteria is set out on page 67.

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 2015 Number	Granted in the year Number	Exercised in the year Number	Lapsed in the year Number	**At 31 March 2016 Number**	Exercise price p	Market price at grant p
Mark Bottomley	2012	38,869	–	(38,869)	–	**–**	nil	801
	2013	33,500	–	–	–	**33,500**	nil	1,127
	2014	30,600	–	–	–	**30,600**	nil	1,266
	2015	–	35,900	–	–	**35,900**	nil	1,628
Jim Brisby	2012	34,947	–	(34,947)	–	**–**	nil	801
	2013	30,100	–	–	–	**30,100**	nil	1,127
	2014	27,500	–	–	–	**27,500**	nil	1,266
	2015	–	35,600	–	–	**35,600**	nil	1,628
Adam Couch	2012	51,505	–	(51,505)	–	**–**	nil	801
	2013	49,200	–	–	–	**49,200**	nil	1,127
	2014	45,300	–	–	–	**45,300**	nil	1,266
	2015	–	54,200	–	–	**54,200**	nil	1,628
Martin Davey	2012	51,505	–	(51,505)	–	**–**	nil	801
	2013	53,100	–	–	–	**53,100**	nil	1,127
	2014	30,400	–	–	–	**30,400**	nil	1,266
	2015	–	28,200	–	–	**28,200**	nil	1,628

The performance periods run for three years from 1 April in each year and conclude on 31 March three years later and are exercisable on the attainment of certain performance criteria detailed on page 67. The range of exercise dates are 1 June 2016 to 1 August 2025.

The LTIP, issued in 2013, which vests in June 2016, will achieve 100 per cent of both the EPS target and the TSR measure giving a maximum share award.

The following Directors exercised LTIP share options during the year:

	Number	Date exercised	Exercise price p	Market price p	**Gain on exercise £'000**
Mark Bottomley	38,869	12 June 2015	nil	1,586	**616**
Jim Brisby	34,947	12 June 2015	nil	1,586	**554**
Adam Couch	51,505	12 June 2015	nil	1,586	**817**
Martin Davey	51,505	12 June 2015	nil	1,586	**817**

REMUNERATION COMMITTEE REPORT CONTINUED
ANNUAL REPORT ON DIRECTORS REMUNERATION CONTINUED

SAVINGS RELATED SHARE OPTION SCHEME (AUDITED)

	Year of award	At 1 April 2015 Number	Granted in year Number	Exercised in year Number	Lapsed in year Number	At 31 March 2016 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
	2015	–	667	–	–	667	1,456	1 Mar 2021 – 1 Sep 2021
Martin Davey	2014	758	–	–	–	758	1,187	1 Mar 2018 – 1 Sep 2018
	2015	–	618	–	–	618	1,456	1 Mar 2019 – 1 Sep 2019

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	Gain on exercise £'000
Adam Couch	2,484	15 March 2016	474	1,988	38

DIRECTORS' INTERESTS (AUDITED)

	LTIP (Unvested, subject to performance)	LTIP (Vested*, unexercised)	SAYE (Non-performance related)	Number of wholly owned shares held	Number of shares held as a % of base salary	Target %
Mark Bottomley	66,500	33,500	3,866	48,347	265	200
Jim Brisby	63,100	30,100	2,258	59,459	329	200
Adam Couch	99,500	49,200	2,879	84,677	307	200
Martin Davey	58,600	53,100	1,376	200,726	1,399	200
Steven Esom	–	–	–	1,441	–	–
Mark Reckitt	–	–	–	1,300	–	–

* LTIP awards are due to vest in June 2016 with the performance criteria now completed.

The share price at 31 March 2016 of 2,133p 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. However as can be seen above, all Directors exceed the required percentage.

There have been no further changes to the above interests in the period from 1 April 2016 to 24 May 2016.

THE REMUNERATION COMMITTEE
The Remuneration Committee is responsible to the Board and comprises the Non-Executive Directors Steven Esom (Chair), Kate Allum and Mark Reckitt. Their experiences and suitability are highlighted in their biographical details on page 47. The Chairman attends the meetings, along with the Chief Executive and the Finance Director, in an advisory capacity as and when requested, and the Company Secretary attends the meetings as secretary to the Committee. No individual is involved in decisions relating to their own remuneration.

COMMITTEE MEETINGS DURING THE YEAR
There were four meetings held during the year. The attendance of members at the meetings were as follows:

Committee members	Meetings attended	Percentage attended
Steven Esom	4	100%
Kate Allum	4	100%
Mark Reckitt	4	100%

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 the following:
- review the ongoing relevance and effectiveness of the Group remuneration policy;
- determine the remuneration of the Company's Executive Directors and other senior executives earning in excess of £150,000 per annum to make certain that they are aligned with 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 four occasions in the year ended 31 March 2016 to consider the following matters:
- review the Executives Directors' and other senior executives' base salaries;
- set corporate and personal objectives for the annual bonus arrangements for the year ended 31 March 2016 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 2015;
- approve the outturn of the performance criteria for the Long-term Incentive awards which were granted in 2012;
- approve the Long-term Incentive awards granted in 2015;
- recommend to the Board for approval the issue of the Company's Save As You Earn (SAYE) share scheme for 2015 which is available to all eligible employees;
- review 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;
- discuss a new LTIP arrangement for 2015 onwards as drafted by PricewaterhouseCoopers LLP;
- review 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. £7,500 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 LLP continue to give advice to the Remuneration Committee on share option awards and other benefit schemes, for which £26,500 was paid to them in the year. PricewaterhouseCoopers LLP are 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 LLP has been independent, relevant and objective.

STATEMENT OF SHAREHOLDERS VOTING (UNAUDITED)

The resolutions to approve the 2015 Remuneration Committee Report and the Directors' Remuneration Policy were passed on a show of hands at the Company's last AGM held on 27 July 2015.

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

Remuneration Committee report	Number	%
For	38,234,175	97.4
Against	1,018,817	2.6
Withheld	2,273	–

Directors' Remuneration policy	Number	%
For	37,610,146	95.8
Against	1,145,179	2.9
Withheld	499,940	1.3

On behalf of the Committee

Steven Esom
Chair of the Remuneration Committee
24 May 2016

DIRECTORS' REPORT

The Directors present their Annual Report and the audited financial statements of the Company and the Group for the year ended 31 March 2016. The Directors' Report consists of pages 72 to 75 and has been drawn up and presented in accordance with and in reliance upon applicable English company law, and the liabilities of the Directors in connection with that report shall be subject to the limitations and restrictions provided by such law. The Report includes:

- Strategic Report, including Strategy, Principal Risks and Corporate Social Responsibility, on pages 2 to 43;
- Corporate Governance Statement, including reports from the Audit Committee, Nomination Committee and the Remuneration Committee, on pages 48 to 71.

DIRECTORS AND THEIR INTERESTS

The membership of the Board and biographical details of the Directors are given on pages 46 and 47. 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 60 to 71.

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

DIRECTORS' INDEMNITIES

The Company has in place directors' and officers' liability insurance which gives appropriate cover against the costs of defending themselves in civil proceedings taken against them in their capacity as a director or officer of the Company and in respect of damages resulting from the unsuccessful defence of any proceedings.

CONFLICTS OF INTEREST

The Company has a register in place for managing conflicts of interest with the Directors which is reviewed and updated annually. The Directors have a continuing duty throughout the year to update any changes to these conflicts.

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 are the details of the Long-term Incentive Scheme which can be located in the Remuneration Committee Report on pages 60 to 71.

PROFIT AND DIVIDENDS

The profit for the financial year, after taxation, amounts to £45.4 million (2015: £41.3 million). The Directors have declared dividends as follows:

	2016	2015
Interim dividend per share paid on 29 January 2016	**11.6p**	10.6p
Final dividend per share proposed	**25.9p**	23.4p
Total dividend	**£18.7m**	£16.8m

Subject to approval at the Annual General Meeting, the final dividend will be paid in cash or scrip form on 2 September 2016 to members on the register at the close of business on 1 July 2016. The shares will go ex-dividend on 30 June 2016. The proposed final dividend for 2016 together with the interim paid in January 2016 amount to 37.5 pence per share which is 10.3 per cent higher than the previous year.

SHARE CAPITAL

The Company has one class of shares, being ordinary shares of 10 pence each. There are no special rights pertaining to any of the shares in issue, each share carries the right to one vote at general meetings of the Company. The allotted and fully paid up share capital is shown in Note 23. During the year the share capital increased by 589,108 shares. The increase comprised 422,789 of shares issued relating to share options exercised during the year and 166,319 of shares issued in respect of scrip dividends.

MAJOR SHAREHOLDERS

The Company has been notified of the following interests of 3 per cent or more in the issued share capital of the Company:

	At 31 March 2016		
	Number of shares	**% of issued share capital**	Nature of holding
Invesco Perpetual	**12,310,980**	**24.70**	Direct & Indirect
Woodford Investment Management	**3,461,663**	**6.94**	Direct
Wellington Management	**3,138,483**	**6.30**	Direct
Standard Life Investments	**2,391,128**	**4.80**	Direct
Legal & General Investment Management	**2,148,086**	**4.31**	Direct
Fidelity Management & Research	**1,496,901**	**3.00**	Direct

We were notified on 18 May 2016 that Invesco Perpetual's holding has been reduced by 354,816 shares, giving them a holding of 23.98%.

There have been no other notifications of any significant changes, a different whole percentage movement, to these shareholdings as at 24 May 2016.

CAPITAL RAISING AND SHARE REPURCHASES

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 25 July 2016 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 25 July 2016, is limited to £1,641,979 which represented approximately 33 per cent of the issued share capital (excluding treasury shares) as at 4 June 2015. 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 25 July 2016.

– **Disapplication of pre-emption rights**
  This disapplies rights of pre-emption on the allotment of shares by the Company, or to grant rights to subscribe for, or to convert securities into ordinary shares or sell treasury shares for cash. The authority will allow the Directors to allot equity securities for cash pursuant to the authority to allot shares mentioned above, to grant rights for ordinary shares and to sell treasury shares for cash without a pre-emptive offer to existing Shareholders, up to an aggregate nominal amount of £246,296, representing 5 per cent of the Company's issued share capital as at 4 June 2015. This authority will expire at the end of the Annual General Meeting to be held on 25 July 2016.

– **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 25 July 2016. 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 are imposed by laws and regulations relating to insider trading laws and market requirements relating to close periods.

ANNUAL GENERAL MEETING AND SPECIAL BUSINESS TO BE TRANSACTED AT THE ANNUAL GENERAL MEETING

The Annual General Meeting of Cranswick plc will be held at the Mercure Hull Grange hotel on Monday 25 July 2016. A notice convening the Annual General Meeting can be found in the separate Notice of Annual General Meeting accompanying this Report & 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 & 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.

ARTICLES OF ASSOCIATION

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

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 2015 and 31 March 2016.

The Group's capital structure is as follows:

	2016 £'m	2015 £'m
Net (funds)/debt (Note 26)	**(17.8)**	17.3
Cranswick plc Shareholders' equity	**368.0**	332.4
Capital employed	**350.2**	349.7

DIRECTORS' REPORT CONTINUED

CHANGE OF CONTROL

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

- the Company is party to a number of banking agreements which upon a change of control of the Company are terminable by the bank upon the provision of ten working days' notice;
- there are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occur because of a takeover bid other than as stated in the Remuneration Committee Report, on page 64, relating to Martin Davey; and
- there are certain provisions in the Company's Save As You Earn share option plan and the Long-Term Incentive Plan that may cause options and awards granted to vest on a takeover. The proportion of the awards that are capable of exercise will depend on the time in the scheme and as far as the LTIP is concerned 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 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 2016 gearing had fallen to zero (2015: 5 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 two years, providing it with reduced liquidity risk and medium-term funding to meet its objectives. Unutilised facilities at 31 March 2016 were £120.0 million (2015: £101.9 million).

GREENHOUSE GAS EMISSIONS

The Company is required to state the annual quantity of emissions in tonnes of carbon dioxide equivalent from activities for which the Group is responsible. Details of these greenhouse gas emissions are included within the Corporate Social Responsibility section on pages 36 to 43.

POLITICAL DONATIONS

The Group has made no political donations during the year ended 31 March 2016.

RESEARCH AND DEVELOPMENT

The Group remains at the forefront of new product development offering consumers a wide range of products. Through innovative use of existing and emerging technologies, there will continue to be a successful development of new products and processes for the Group.

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.

More details on people management and employment policies, including human rights information, can be found within the Corporate Social Responsibility section on pages 36 to 43.

POST BALANCE SHEET EVENTS

On 8 April 2016, the Group acquired 100 per cent of the issued share capital of CCL Holdings Limited ('Crown') for net cash consideration of £39.3 million. The principal activities of Crown are the breeding, rearing and processing of fresh chicken, as well as the milling of grain for the production of animal feed. Further details are provided in Note 30.

FUTURE DEVELOPMENTS

Future developments are described in the Strategic Report on pages 2 to 43.

GOING CONCERN

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

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

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

AUDITORS

A resolution to reappoint Ernst & Young LLP as independent external auditor will be proposed at the Annual General Meeting, together with the authority for the Audit Committee to determine their remuneration. A statement on the independence of the external auditors is included in the report of the Audit Committee on pages 56 and 57.

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 46 and 47. 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 46 and 47 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 plc 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 plc and its subsidiaries included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors' Report was approved by a duly authorised committee of the Board on 24 May 2016 and signed on its behalf by:

Malcolm Windeatt

Malcolm Windeatt
Company Secretary
24 May 2016

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

Martin Davey
Chairman
24 May 2016

J M Bottomley

Mark Bottomley
Finance Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRANSWICK PLC

OUR OPINION ON THE FINANCIAL STATEMENTS

In our opinion:

- Cranswick plc's Group financial statements and parent company financial statements (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 2016 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;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union 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

Cranswick plc's financial statements comprise:

Group	Parent company
Group income statement for the year ended 31 March 2016.	Company statement of comprehensive income for the year ended 31 March 2016.
Group statement of comprehensive income for the year ended 31 March 2016.	Company balance sheet at 31 March 2016.
Group balance sheet at 31 March 2016.	Company statement of cash flows for the year ended 31 March 2016.
Group statement of cash flows for the year ended 31 March 2016.	Company statement of changes in equity for the year ended 31 March 2016.
Group statement of changes in equity for the year ended 31 March 2016.	Related notes 1 to 30 to the financial statements.
Related notes 1 to 30 to the financial statements.	

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.

OVERVIEW OF OUR AUDIT APPROACH

Risks of material misstatement	• Revenue recognition – cut off. • Completeness and existence of commercial accruals – rebates and similar agreements. • Impairment of goodwill.
Audit scope	• We performed an audit of the complete financial information of 14 of the 16 components. • The components where we performed full audit procedures accounted for 99% of profit before tax, 100% of revenue and 98% of total assets.
Materiality	• Overall Group materiality of £3.2m (2015: £2.6m) which represents 5% (2015: 5%) of adjusted profit before tax excluding impairment of goodwill and non-recurring charges.

OUR ASSESSMENT OF RISK OF MATERIAL MISSTATEMENT

We identified the risks of material misstatement described below as those that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team. In addressing these risks, we have performed the procedures below which were designed in the context of the financial statements as a whole and, consequently, we do not express any opinion on these individual areas.

Risk	Our response to the risk	What we concluded to the Audit Committee
Revenue recognition – cut off The timing of when revenue is recognised is relevant to the reported performance of the Group. There is opportunity through management override to misstate the allocation of revenue between periods resulting in inappropriate cut off of revenue at the balance sheet date. There is also the risk of error. Therefore, there is risk that revenue could be under- or over-stated. Refer to the Audit Committee Report (page 53); Accounting Policies (page 90); and Note 3 of the Consolidated Financial Statements (page 95).	We gained an understanding and documented the key processes used to record revenue transactions and assessed the design effectiveness of the controls. At certain locations we identified and performed testing over key revenue controls supplemented in all locations with detailed testing of transactions. We performed detailed analytical testing procedures over revenue in the year, comparing amounts recognised with our expectations and we corroborated any explanations provided in response to variances noted. 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 detailed analytical testing procedures during that same period to establish whether cut off had been appropriately applied. We examined material journal entries that were posted to revenue accounts and obtained supporting evidence to ensure revenue occurrence.	We have concluded that revenue is appropriately recognised in the correct accounting period and found no evidence of management bias.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CRANSWICK PLC CONTINUED

Risk	Our response to the risk	What we concluded to the Audit Committee
Completeness and existence of commercial accrual – rebates and similar agreements The Group's pricing structure includes rebate and other similar arrangements ('rebates') with certain customers. Management exercise judgment in determining the timing of when the liability should be recognised. There is estimation uncertainty in the valuation of the liability. As a result of these factors, there is risk of material misstatement. Refer to the Audit Committee Report (page 53) and Accounting Policies (page 90).	We gained an understanding and documented the procedures and controls in place over processes for recording rebate charges and liabilities and assessed the design effectiveness of controls. We issued confirmation letters directly to customers in order to agree key terms of certain new and significant contracts entered into in the financial year where those contracts were considered material due to size, complexity or risk. Where no response was received we performed alternative procedures as listed below. 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 and performed a comparison of costs in the year to prior year and expectation and independently corroborated any unexpected variance. 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 the liability recorded at the year end through comparison to known arrangements with the Group's customer base and agreed arrangements with any new customers in the year. We assessed the valuation of amounts provided by comparing to post year end payments where applicable.	We have concluded that the commercial accruals including the associated income statement expense and liability are appropriately recognised and that amounts estimated are within an acceptable range.
Impairment of goodwill The assessment of the carrying value of goodwill is inherently judgmental and subject to estimation uncertainty. As a result there is an increased likelihood of misstatement due to error or management override. An impairment charge of £4.6m has been recognised in the consolidated income statement in the year. Refer to the Audit Committee Report (page 53) and Accounting Policies (page 90).	We obtained the calculations supporting this impairment charge and challenged the assumptions made by management. We performed detailed audit procedures to verify the data inputs, re-performed the calculations to confirm the accuracy and interrogated the assumptions. We have audited the discounted cash flow calculations and performed sensitivity analysis around the assumptions used in the model. We have challenged the assumptions in management's cash flow forecast. We have corroborated known changes in revenue and cost assumptions to third party documentation. We have evaluated management's historical forecast accuracy and growth rate assumptions. The pre-tax discount rate used is 7.03% (2015: 6.51%). We have challenged the discount rate used and the inputs to it. We corroborated certain inputs to externally quoted data and benchmarks. We challenged management's assessment of the more judgmental inputs and performed specific sensitivity analysis on these inputs individually and in aggregate. We have considered the appropriateness of the presentation of the impairment charge as a separate line item in the income statement.	We have concluded that the impairment charge has been appropriately recognised in the period, is appropriately disclosed and is fairly measured. We have also concluded that the carrying value of the remaining goodwill at the balance sheet date is materially correct.

THE SCOPE OF OUR AUDIT

TAILORING THE SCOPE

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group-wide controls when assessing the level of work to be performed at each entity.

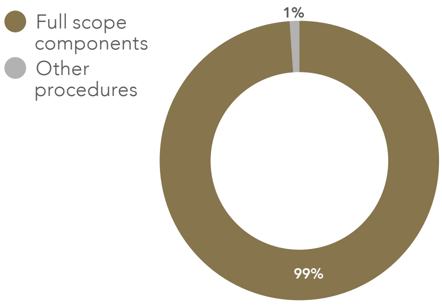
In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 16 reporting components of the Group, we selected 14 components (2015: 14 components), which represent the principal business units within the Group.

Of the 14 components selected, we performed an audit of the complete financial information of 14 components ('full scope components') which were selected based on their size or risk characteristics.

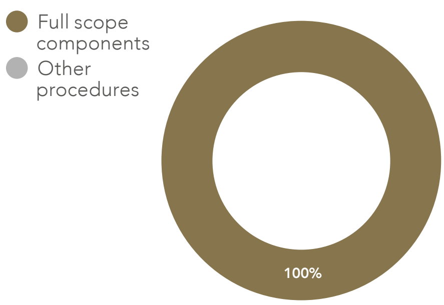
The full scope reporting components where we performed audit procedures accounted for 99% (2015: 99%) of the Group's adjusted profit excluding impairment of goodwill and non-recurring charges before tax, 100% (2015: 100%) of the Group's revenue and 98% (2015: 98%) of the Group's total assets.

Of the remaining 2 components that together represent 1% of the Group's adjusted profit before tax excluding impairment of goodwill and non-recurring charges, none are individually greater than 1% of the Group's adjusted profit before tax excluding impairment of goodwill and non-recurring charges. For these components, we performed analytical procedures to respond to any potential risks of material misstatement to the Group financial statements.

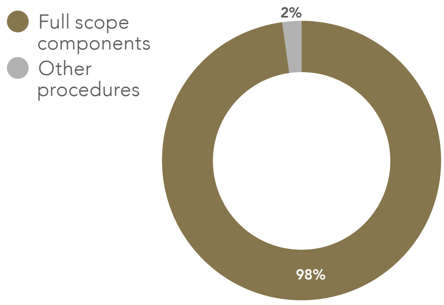
Profit before tax



Revenue



Total assets



INVOLVEMENT WITH COMPONENT TEAMS

All audit work performed for the purposes of the audit was undertaken by the Group audit team.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

MATERIALITY

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £3.2 million (2015: £2.6 million), which is 5% (2015: 5%) of adjusted profit before tax. We believe that adjusted profit before tax excluding impairment of goodwill and non-recurring charges provides us with the most relevant measure of Group profitability because the impairment of goodwill and these non-recurring charges give rise to an exceptional decrease in profit before tax that is not appropriate for evaluating the financial performance of the Group in the year.

Starting basis	Reported profit before tax – £58.7m
Adjustments	Non-recurring charges – £3.2m Impairment on goodwill – £4.6m
Materiality	Adjusted profit before tax excluding impairment of goodwill and non-recurring charges £66.5m Materiality of £3.2m (5% of materiality basis)

PERFORMANCE MATERIALITY

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2015: 75%) of our planning materiality, namely £2.4m (2015: £2.0m). We have set performance materiality at this percentage due to the past history of misstatements indicating a lower risk of misstatement in the financial statements.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £0.2m to £1.4m (2015: £0.2m to £1.3m).

REPORTING THRESHOLD

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.16m (2015: £0.13m), which is set at 5% of planning materiality, as well as 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 light of other relevant qualitative considerations in forming our opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CRANSWICK PLC CONTINUED

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 Annual Report and 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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 76, 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.

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.

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; and
- 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.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

ISAs (UK and Ireland) reporting	We are required to report to you if, in our opinion, financial and non-financial 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 • otherwise misleading. In particular, we are required to report whether we have identified any inconsistencies between our knowledge acquired in the course of performing the audit and the Directors' statement that they consider the Annual Report and Accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the entity's performance, business model and strategy; and whether the Annual Report appropriately addresses those matters that we communicated to the Audit Committee that we consider should have been disclosed.	We have no exceptions to report.
Companies Act 2006 reporting	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.	We have no exceptions to report.
Listing Rules review requirements	We are required to review: • the Directors' statement in relation to going concern, set out on page 75, and longer-term viability, set out on page 30; and • the part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review.	We have no exceptions to report.

STATEMENT ON THE DIRECTORS' ASSESSMENT OF THE PRINCIPAL RISKS THAT WOULD THREATEN THE SOLVENCY OR LIQUIDITY OF THE ENTITY

ISAs (UK and Ireland) reporting	We are required to give a statement as to whether we have anything material to add or to draw attention to in relation to: • the Directors' confirmation in the Annual Report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity; • the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated; • the Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and • the Directors' explanation in the Annual Report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

Alistair Denton (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Hull
24 May 2016

GROUP INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £'000	2015 £'000
Revenue	3	**1,069,604**	1,003,336
Adjusted Group operating profit		**66,189**	58,653
Net IAS 41 valuation movement on biological assets	15	**(951)**	(4,245)
Amortisation of customer relationship intangible assets	11	**(1,396)**	(671)
Impairment of goodwill	11	**(4,635)**	–
Group operating profit	4	**59,207**	53,737
Finance revenue	6	**1**	–
Finance costs	6	**(537)**	(901)
Profit before tax		**58,671**	52,836
Taxation	7	**(13,276)**	(11,584)
Profit for the year		**45,395**	41,252
Earnings per share (pence)			
On profit for the year:			
Basic	10	**91.5p**	84.1p
Diluted	10	**91.2p**	83.8p
On adjusted profit for the year:			
Basic	10	**104.7p**	92.1p
Diluted	10	**104.3p**	91.8p

GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016

	Notes	**2016 £'000**	2015 £'000
Profit for the year		**45,395**	41,252
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Cash flow hedges			
Profits/(losses) arising in the year	20	**61**	(210)
Reclassification adjustments for losses included in the income statement	20	**210**	18
Income tax effect		**(52)**	38
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**219**	(154)
Items not to be reclassified to profit or loss in subsequent periods:			
Actuarial gains/(losses) on defined benefit pension scheme	25	**14**	(307)
Income tax effect		**(3)**	61
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**11**	(246)
Other comprehensive income, net of tax		**230**	(400)
Total comprehensive income, net of tax		**45,625**	40,852

COMPANY STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016

Company profit for the year of £15,105,000 (2015: £13,749,000) was equal to total comprehensive income for the year attributable to owners of the parent in both years.

GROUP BALANCE SHEET
AT 31 MARCH 2016

	Notes	2016 £'000	2015 £'000
Non-current assets			
Intangible assets	11	**139,674**	145,705
Property, plant and equipment	12	**178,477**	166,087
Biological assets	15	**537**	592
Total non-current assets		**318,688**	312,384
Current assets			
Biological assets	15	**10,530**	11,197
Inventories	16	**46,163**	49,125
Trade and other receivables	17	**116,799**	116,905
Financial assets	18	**61**	–
Cash and short-term deposits	26	**17,817**	3,941
Total current assets		**191,370**	181,168
Total assets		**510,058**	493,552
Current liabilities			
Trade and other payables	19	**(121,764)**	(117,792)
Financial liabilities	20	**–**	(210)
Provisions	21	**(60)**	(196)
Income tax payable		**(6,507)**	(7,046)
Total current liabilities		**(128,331)**	(125,244)
Non-current liabilities			
Other payables	19	**(1,340)**	(1,278)
Financial liabilities	20	**(4,687)**	(25,427)
Deferred tax liabilities	7	**(1,781)**	(3,457)
Provisions	21	**(1,467)**	(150)
Defined benefit pension scheme deficit	25	**(4,449)**	(5,623)
Total non-current liabilities		**(13,724)**	(35,935)
Total liabilities		**(142,055)**	(161,179)
Net assets		**368,003**	332,373
Equity			
Called-up share capital	23	**4,984**	4,926
Share premium account		**69,014**	65,689
Share-based payments		**13,033**	10,242
Hedging reserve		**50**	(169)
Retained earnings		**280,922**	251,685
Equity attributable to owners of the parent		**368,003**	332,373

On behalf of the Board

Martin Davey

Martin Davey
Chairman
24 May 2016

J M Bottomley

Mark Bottomley
Finance Director

COMPANY BALANCE SHEET
AT 31 MARCH 2016

	Notes	2016 £'000	2015 £'000
Non-current assets			
Property, plant and equipment	12	**569**	548
Investments in subsidiary undertakings	13	**163,166**	161,447
Deferred tax assets	7	**983**	853
Total non-current assets		**164,718**	162,848
Current assets			
Trade and other receivables	17	**36,162**	29,379
Cash and short-term deposits	26	**2,175**	501
Total current assets		**38,337**	29,880
Total assets		**203,055**	192,728
Current liabilities			
Trade and other payables	19	**(80,617)**	(52,360)
Financial liabilities	20	**–**	(1,808)
Provisions	21	**(60)**	–
Income tax payable		**(592)**	(513)
Total current liabilities		**(81,269)**	(54,681)
Non-current liabilities			
Financial liabilities	20	**–**	(21,265)
Provisions	21	**(650)**	–
Total non-current liabilities		**(650)**	(21,265)
Total liabilities		**(81,919)**	(75,946)
Net assets		**121,136**	116,782
Equity			
Called-up share capital	23	**4,984**	4,926
Share premium account		**69,014**	65,689
General reserve		**4,000**	4,000
Merger reserve		**1,806**	1,806
Share-based payments		**13,033**	10,242
Retained earnings		**28,299**	30,119
		121,136	116,782

On behalf of the Board

Martin Davey
Chairman
24 May 2016

Mark Bottomley
Finance Director

GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £'000	2015 £'000
Operating activities			
Profit for the year		**45,395**	41,252
Adjustments to reconcile Group profit for the year to net cash inflows from operating activities:			
Income tax expense	7	**13,276**	11,584
Net finance costs		**536**	901
(Gain)/loss on sale of property, plant and equipment		**(76)**	149
Depreciation of property, plant and equipment	12	**21,224**	18,349
Amortisation of intangible assets	11	**1,396**	671
Impairment of goodwill	11	**4,635**	–
Share-based payments		**2,791**	2,463
Difference between pension contributions paid and amounts recognised in the income statement		**(1,160)**	(1,212)
Release of government grants		**(128)**	(74)
Net IAS 41 valuation movement on biological assets		**951**	4,245
Increase in biological assets		**(229)**	(1,317)
Decrease in inventories		**2,962**	491
Decrease/(increase) in trade and other receivables		**841**	(12,586)
Increase in trade and other payables		**5,382**	2,226
Cash generated from operations		**97,796**	67,142
Tax paid		**(13,962)**	(12,750)
Net cash from operating activities		**83,834**	54,392
Cash flows from investing activities			
Interest received		**1**	–
Acquisition of subsidiaries, net of cash acquired	14	**–**	(17,692)
Purchase of property, plant and equipment		**(34,295)**	(21,144)
Receipt of government grants		**229**	542
Proceeds from sale of property, plant and equipment		**538**	244
Net cash used in investing activities		**(33,527)**	(38,050)
Cash flows from financing activities			
Interest paid		**(444)**	(880)
Proceeds from issue of share capital		**606**	901
Issue costs of long-term borrowings		**–**	(851)
Repayment of borrowings		**(22,000)**	(8,000)
Dividends paid		**(14,593)**	(15,350)
Repayment of capital element of finance leases and hire purchase contracts		**–**	(444)
Net cash used in financing activities		**(36,431)**	(24,624)
Net increase/(decrease) in cash and cash equivalents	26	**13,876**	(8,282)
Cash and cash equivalents at beginning of year	26	**3,941**	12,223
Cash and cash equivalents at end of year	26	**17,817**	3,941

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £'000	2015 £'000
Operating activities			
Profit for the year		**15,105**	13,749
Adjustments to reconcile Company profit for the year to net cash inflows from operating activities:			
Dividends received		**(14,593)**	(15,350)
Income tax expense		**906**	143
Net finance cost		**4,671**	4,057
Depreciation of property, plant and equipment	12	**23**	26
Share-based payments		**1,072**	986
Increase in trade and other receivables		**(6,048)**	(2,481)
Increase in trade and other payables		**28,937**	2,021
Cash generated from operations		**30,073**	3,151
Tax paid		**(513)**	(780)
Net cash from operating activities		**29,560**	2,371
Cash flows from investing activities			
Dividends received		**14,593**	15,350
Purchase of property, plant and equipment		**(44)**	(26)
Net cash from investing activities		**14,549**	15,324
Cash flows from financing activities			
Interest paid		**(4,640)**	(3,953)
Proceeds from issue of share capital		**606**	901
Issue costs of long-term borrowings		**–**	(851)
Repayment of borrowings		**(22,000)**	(8,000)
Dividends paid		**(14,593)**	(15,350)
Net cash used in financing activities		**(40,627)**	(27,253)
Net increase/(decrease) in cash and cash equivalents	26	**3,482**	(9,558)
Cash and cash equivalents at beginning of year	26	**(1,307)**	8,251
Cash and cash equivalents at end of year	26	**2,175**	(1,307)

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016

	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 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
Current tax related to changes in equity	–	–	–	–	359	359
At 31 March 2015	4,926	65,689	10,242	(169)	251,685	332,373
Profit for the year	–	–	–	–	45,395	45,395
Other comprehensive income	–	–	–	219	11	230
Total comprehensive income	–	–	–	219	45,406	45,625
Share-based payments	–	–	2,791	–	–	2,791
Scrip dividend	16	2,761	–	–	–	2,777
Share options exercised (proceeds)	42	564	–	–	–	606
Dividends	–	–	–	–	(17,370)	(17,370)
Deferred tax related to changes in equity	–	–	–	–	343	343
Current tax related to changes in equity	–	–	–	–	858	858
At 31 March 2016	**4,984**	**69,014**	**13,033**	**50**	**280,922**	**368,003**

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016

	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 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
Profit for the year, being total comprehensive income	–	–	–	–	–	15,105	15,105
Share-based payments	–	–	–	–	2,791	–	2,791
Scrip dividend	16	2,761	–	–	–	–	2,777
Share options exercised (proceeds)	42	564	–	–	–	–	606
Dividends	–	–	–	–	–	(17,370)	(17,370)
Deferred tax related to changes in equity	–	–	–	–	–	140	140
Current tax related to changes in equity	–	–	–	–	–	305	305
At 31 March 2016	**4,984**	**69,014**	**4,000**	**1,806**	**13,033**	**28,299**	**121,136**

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 2016 were authorised for issue by the Board of Directors on 24 May 2016 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 2016. 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*
Annual Improvements to IFRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to IFRSs 2011-2013 Cycle	1 July 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 and do not consider that those standards which became effective on 1 January 2016 will have a material effect on the net assets, results and disclosures of the Group. The standards not applied are as follows:

International Accounting Standards (IAS/IFRSs)		*Effective date**
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 15	Revenue from Contracts with Customers (including amendments)	1 January 2018
IFRS 16	Leases	1 January 2019
IAS 1	Presentation of Financial Statements (amendment)	1 January 2016
IAS 7	Statement of Cash Flows (amendment)	1 January 2017
IAS 12	Income Taxes (amendment)	1 January 2017
IAS 16	Property, Plant and Equipment (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). 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

2. ACCOUNTING POLICIES 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 profit or loss.

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

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:

	2016 £'000	2015 £'000
UK	**1,051,370**	986,714
Continental Europe	**8,955**	10,700
Rest of world	**9,279**	5,922
	1,069,604	1,003,336

In addition to the non-UK sales disclosed above the Group also made sales to export markets through UK-based meat trading agents totalling £35,132,000 (2015: £30,675,000). Including these sales, total sales to export markets were £53,366,000 for the year (2015: £47,297,000).

CUSTOMER CONCENTRATION

The Group has two customers (2015: three) which individually account for more than 10 per cent of the Group's total revenue. These customers account for 24 per cent and 23 per cent respectively. In the prior year these same two customers plus one other accounted for 23 per cent, 25 per cent and 11 per cent respectively.

The Group's non-current assets were all located within the UK for both 2016 and 2015.

4. GROUP OPERATING PROFIT

Group operating costs comprise:

	2016 £'000	2015 £'000
Cost of sales excluding net IAS 41 valuation movement on biological assets	**925,918**	878,968
Net IAS 41 valuation movement on biological assets*	**951**	4,245
Cost of sales	**926,869**	883,213
Gross profit	**142,735**	120,123
Selling and distribution costs	**42,814**	38,418
Administrative expenses excluding amortisation of customer relationship intangible assets and impairment of goodwill	**34,683**	27,297
Amortisation of customer relationship intangible assets	**1,396**	671
Impairment of goodwill	**4,635**	–
Administrative expenses	**40,714**	27,968
Total operating costs	**1,010,397**	949,599

* 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.

NOTES TO THE ACCOUNTS

4. GROUP OPERATING PROFIT CONTINUED

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

	2016 £'000	2015 £'000
Depreciation of property, plant and equipment	**21,224**	18,349
Amortisation of customer relationship intangible assets	**1,396**	671
Release of government grants	**(128)**	(74)
Operating lease payments – minimum lease payments	**4,729**	5,070
Net foreign currency differences	**11**	(232)
Cost of inventories recognised as an expense	**626,397**	600,269
Increase in provision for inventories	**1,243**	120
Research and development expenditure	**2,601**	1,810

Auditors' remuneration

Fees payable to the Company's auditors in respect of the audit		
Audit of these financial statements	**40**	35
Local statutory audits of subsidiaries	**175**	155
Total audit remuneration	**215**	190

Fees payable to the Company's auditors in respect of non-audit related services		
Tax advisory services	**1**	16
Other services	**144**	32
Total non-audit related remuneration	**145**	48

Of the 'Other' non-audit related services £129,000 (2015: £32,000) was in respect of corporate finance services in relation to acquisition related activities.

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	2016 £'000	2015 £'000
Staff costs:		
Wages and salaries	**131,761**	119,077
Social security costs	**13,487**	10,640
Other pension costs	**2,467**	2,106
	147,715	131,823

Included within wages and salaries is a total expense for share-based payments of £2,791,000 (2015: £2,463,000) 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	2016 Number	2015 Number
Production	**4,501**	4,272
Selling and distribution	**274**	298
Administration	**227**	238
	5,002	4,808

The Group and Company consider the Directors to be the key management personnel. Details of each Director's remuneration, pension contributions and share options are detailed in the Remuneration Committee Report on pages 60 to 71. The employee costs shown on page 96 include the following remuneration in respect of Directors of the Company:

Group and Company	2016 £'000	2015 £'000
Directors' remuneration	**4,684**	4,808
Pension contribution	**93**	73
	4,777	4,881
Aggregate gains made by Directors on exercise of share options	**2,842**	805
Number of Directors receiving pension contributions under money purchase schemes	**2**	2

6. FINANCE REVENUE AND COSTS

	2016 £'000	2015 £'000
Finance revenue		
Other interest receivable	**1**	–
Total finance revenue	**1**	–
Finance costs		
Bank interest paid and similar charges	**274**	747
Total interest expense for financial liabilities not at fair value through profit or loss	**274**	747
Net finance cost on defined benefit pension deficit (Note 25)	**160**	108
Movement in discount on provisions and financial liabilities	**103**	46
Total finance costs	**537**	901

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:

	2016 £'000	2015 £'000
Current income tax:		
UK corporation tax on profit for the year	**14,659**	12,891
Adjustments in respect of prior years	**(36)**	(162)
Total current tax	**14,623**	12,729
Deferred tax:		
Origination and reversal of temporary differences	**(1,148)**	(1,329)
Deferred tax rate change	**(436)**	72
Adjustments in respect of prior years	**237**	112
Total deferred tax	**(1,347)**	(1,145)
Tax on profit on ordinary activities	**13,276**	11,584

7. TAXATION CONTINUED

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

Group	2016 £'000	2015 £'000
Recognised in Group statement of comprehensive income		
Deferred tax on revaluation of cash flow hedges	**52**	(38)
Deferred tax on actuarial gains/(losses) on defined benefit pension scheme	**3**	(61)
	55	(99)
Recognised in Group statement of changes in equity		
Deferred tax on share-based payments	**(343)**	(437)
Corporation tax credit on share options exercised	**(858)**	(359)
	(1,201)	(796)
Total tax credit recognised directly in equity	**(1,146)**	(895)

Company	2016 £'000	2015 £'000
Recognised in Company statement of changes in equity		
Deferred tax credit on share-based payments	**(140)**	(146)
Corporation tax credit on share options exercised	**(305)**	–
Total tax credit recognised directly in equity	**(445)**	(146)

B) FACTORS AFFECTING TAX CHARGE FOR THE YEAR

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

	2016 £'000	2015 £'000
Profit on ordinary activities before tax	**58,671**	52,836
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20 per cent (2015: 21 per cent)	**11,734**	11,096
Effect of:		
Disallowed expenses	**1,808**	466
Deferred tax rate change	**(436)**	72
Non taxable income	**(31)**	–
Adjustments in respect of prior years	**201**	(50)
Total tax charge for the year	**13,276**	11,584

C) DEFERRED TAX

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

Group	2016 £'000	2015 £'000
Deferred tax liability in the balance sheet		
Accelerated capital allowances	**5,372**	6,365
Biological assets	**(846)**	(750)
Rollover and holdover relief	**59**	65
Other temporary differences	**(363)**	(270)
Share-based payments	**(2,418)**	(1,973)
Deferred tax on defined benefit pension scheme	**(801)**	(1,124)
Customer relationships intangibles	**778**	1,144
Deferred tax liability	**1,781**	3,457

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

	2016 £'000	2015 £'000
Deferred tax in the income statement		
Accelerated capital allowances	**(996)**	(175)
Biological assets	**(96)**	(849)
Rollover and holdover relief	**(6)**	–
Other temporary differences	**(70)**	18
Share-based payments	**(45)**	(248)
Deferred tax on defined benefit pension scheme	**232**	243
Customer relationships intangibles	**(366)**	(134)
Deferred tax credit	**(1,347)**	(1,145)

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

Company	2016 £'000	2015 £'000
Deferred tax asset in the balance sheet		
Accelerated capital allowances	**(33)**	(33)
Other temporary differences	**(18)**	(16)
Share-based payments	**(932)**	(804)
Deferred tax asset	**(983)**	(853)

D) TEMPORARY DIFFERENCES ASSOCIATED WITH GROUP INVESTMENTS
At 31 March 2016 a £nil tax liability has been recognised (2015: £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 for 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 20 per cent to 18 per cent from 1 April 2018 was enacted before the balance sheet date. Deferred tax is therefore provided at 18 per cent.

8. PROFIT ATTRIBUTABLE TO MEMBERS
Of the profit attributable to members, the sum of £15,105,000 (2015: £13,749,000) has been dealt with in the accounts of Cranswick plc.

9. EQUITY DIVIDENDS

	2016 £'000	2015 £'000
Declared and paid during the year:		
Final dividend for 2015 – 23.4p per share (2014: 22.0p)	**11,604**	10,792
Interim dividend for 2016 – 11.6p per share (2015: 10.6p)	**5,766**	5,203
Dividends paid	**17,370**	15,995
Proposed for approval of Shareholders at the Annual General Meeting on 25 July 2016:		
Final dividend for 2016 – 25.9p (2015: 23.4p)	**12,912**	11,526

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 £45,395,000 (2015: £41,252,000) 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:

	2016 Thousands	2015 Thousands
Basic weighted average number of shares	**49,601**	49,071
Dilutive potential ordinary shares – share options	**191**	151
	49,792	49,222

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 impairment of goodwill (Note 11), the amortisation of customer relationship intangible assets (Note 11) and gains and losses from the IAS 41 valuation movement on biological assets due to the volatility of pig prices (Note 15).

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

Adjusted profit for the year is derived as follows:

	2016 £'000	2015 £'000
Profit for the year	**45,395**	41,252
Impairment of goodwill	**4,635**	–
Amortisation of customer relationship intangible assets	**1,396**	671
Tax on amortisation of customer relationship intangible assets	**(251)**	(134)
Net IAS 41 valuation movement on biological assets	**951**	4,245
Tax on net IAS 41 valuation movement on biological assets	**(171)**	(849)
Adjusted profit for the year	**51,955**	45,185

11. INTANGIBLE ASSETS

Group	Goodwill £'000	Customer relationships £'000	Total £'000
Cost			
At 31 March 2014	134,942	795	135,737
On acquisition (Note 14)	9,656	6,185	15,841
At 31 March 2015 and 31 March 2016	144,598	6,980	151,578
Amortisation and impairment			
At 31 March 2014	4,924	278	5,202
Amortisation	–	671	671
At 31 March 2015	4,924	949	5,873
Amortisation	–	1,396	1,396
Impairment	4,635	–	4,635
At 31 March 2016	9,559	2,345	11,904
Net book value			
At 31 March 2014	130,018	517	130,535
At 31 March 2015	139,674	6,031	145,705
At 31 March 2016	**135,039**	**4,635**	**139,674**

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	2016 £'000	2015 £'000
Fresh pork	**12,231**	12,231
Livestock	**1,691**	1,691
Cooked meats	**90,167**	90,167
Sandwiches	**6,967**	11,602
Continental Fine Foods	**10,968**	10,968
Premium cooked poultry	**9,259**	9,259
Other	**3,756**	3,756
	135,039	139,674

Assumptions used

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

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

A pre-tax discount rate of 7.0 per cent has been used (2015: 6.5 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.

Impairment of Sandwiches cash-generating unit

Following a change in the customer base of the Sandwiches category, an impairment review was performed on the Sandwiches cash-generating unit as at 30 September 2015. This cash-generating unit had historically been the most sensitive to a reasonably possible change in assumptions.

The recoverable amount for the Sandwiches cash-generating unit was determined based on value in use calculations. The projected cash flows were updated to reflect the latest Sandwiches forecasts for the years ending 31 March 2016 and 31 March 2017 and cash flow projections for the next three years. Forecast replacement capital expenditure was included from forecasts and thereafter capital spend was assumed to represent 100 per cent of depreciation.

Subsequent cash flows were forecast to grow in line with an assumed long-term industry growth rate of 3 per cent derived from third party market information, including Kantar Worldpanel data. A pre-tax discount rate of 7.7 per cent was used, being management's estimate of the weighted average cost of capital.

Based on these calculations, which gave a value in use below the value of the carrying amount, the Group recognised an impairment charge within administrative expenses for goodwill allocated to the Sandwiches cash-generating unit of £4,635,000 (2015: £nil).

Following the recognition of this impairment the carrying amount of the Sandwiches cash-generating unit was the same as the recoverable amount of £8.9 million, so any further adverse change in key assumptions would lead to an additional impairment charge.

A similar exercise was carried out at the year end and this gave a value in use above the value of the carrying amount. It was therefore concluded that no further impairment was required.

NOTES TO THE ACCOUNTS

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 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
Additions	2,159	93	24,938	6,886	34,076
Transfers between categories	2,583	–	2,763	(5,346)	–
Disposals	–	(338)	(2,655)	–	(2,993)
At 31 March 2016	104,817	3,049	217,142	2,886	327,894
Depreciation					
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
Charge for the year	2,175	187	18,862	–	21,224
Relating to disposals	–	(338)	(2,193)	–	(2,531)
At 31 March 2016	15,573	1,947	131,897	–	149,417
Net book amounts					
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
At 31 March 2016	**89,244**	**1,102**	**85,245**	**2,886**	**178,477**

Included in freehold land and buildings is land with a cost of £8,661,000 (2015: £8,267,000) which is not depreciated relating to the Group, and £509,000 (2015: £509,000) relating to the Company.

Cost includes £1,082,000 (2015: £1,082,000) in respect of capitalised interest. No interest was capitalised during the year (2015: £nil). The rate used to determine the amount of borrowing costs eligible for capitalisation was 1.75 per cent, which was 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 2014	509	422	931
Additions	–	26	26
At 31 March 2015	509	448	957
Additions	–	44	44
At 31 March 2016	509	492	1,001
Depreciation			
At 31 March 2014	–	383	383
Charge for the year	–	26	26
At 31 March 2015	–	409	409
Charge for the year	–	23	23
At 31 March 2016	–	432	432
Net book amounts			
At 31 March 2014	509	39	548
At 31 March 2015	509	39	548
At 31 March 2016	**509**	**60**	**569**

NOTES TO THE ACCOUNTS

13. INVESTMENTS

Company	Subsidiary undertakings £'000
Shares at cost:	
At 31 March 2014	159,970
Capital contribution relating to share options	1,477
At 31 March 2015	161,447
Capital contribution relating to share options	1,719
At 31 March 2016	**163,166**

The 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)
- Cranswick Bio Limited (100 per cent owned by Cranswick Country Foods plc)
- Mulberry House Foods Limited (100 per cent owned by Cranswick Country Foods plc)
- Weeton Foods Limited (100 per cent owned by Cranswick Country Foods plc)
- Potterdale Foods Limited (100 per cent owned by Cranswick Country Foods plc)
- Cranswick Country Foods (Norfolk) Pension Trustees Limited (100 per cent owned by Cranswick Country Foods (Norfolk) Limited)
- Roma (No.1) plc
- Roma (No.2) Limited
- Roma (No.3) Limited (100 per cent owned by Roma (No.1) plc)
- Arrow 1 Limited (100 per cent owned by Cranswick Country Foods (Norfolk) Limited)
- Brookfield Foods Limited
- Cambury Limited (100 per cent owned by Cranswick Country Foods plc)
- Charter Pork Cuts Limited
- Continental Fine Foods Limited
- North Wales Foods Limited
- The Sandwich Factory Limited (100 per cent owned by The Sandwich Factory Group Limited)
- Cranswick Country Foods (Norfolk) Limited (100 per cent owned by Cranswick Country Foods plc)
- Cranswick Country Foods (Sutton Fields) Limited (100 per cent owned by Cranswick Country Foods plc)
- Cranswick Gourmet Bacon Company Limited (100 per cent owned by Cranswick Country Foods plc)
- Cranswick Gourmet Sausage Limited (100 per cent owned by Cranswick Country Foods plc)
- Cranswick Mill Limited
- Cranswick Trustees Limited
- Cranswick Tuck Marketing Limited
- Delico Limited
- F T Sutton and Son (Rossendale) Limited
- Friars 587 Limited (100 per cent owned by Cranswick Country Foods plc)
- The Harts Corner Natural Sausage Company 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.

14. ACQUISITIONS

2015 – 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

In the prior year, 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 prior year, the Group's profit after tax for the prior 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 were 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.

NOTES TO THE ACCOUNTS

14. ACQUISITIONS CONTINUED

2015 – 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 a three-year period. The value paid for the shares will be based on the results of Cranswick Gourmet Pastry Company Limited during that period. The value has been reassessed at the end of the reporting period, with an additional £0.4 million being charged to administrative expenses in the income statement. Total contingent consideration of £0.8 million (2015: £0.4 million) has been recognised in relation to the option.

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 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
Increases due to purchases	13,130
Decrease attributable to harvest	(56,228)
Decreases attributable to sales	(705)
Changes in fair value less estimated costs to sell	43,081
At 31 March 2016	**11,067**

Group	2016 £'000	2015 £'000
Non-current biological assets	**537**	592
Current biological assets	**10,530**	11,197
	11,067	11,789

Group	2016 £'000	2015 £'000
Net IAS 41 valuation movement on biological assets*		
Changes in fair value of biological assets	**43,081**	43,695
Biological assets transferred to cost of sales	**(44,032)**	(47,940)
	(951)	(4,245)

* 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	2016 Number	2015 Number
Quantities at year end:		
Breeding sows (Bearer biological assets)	**12,684**	14,861
Boars	**232**	346
Pigs (Consumable biological assets)	**199,254**	183,853
Number of pigs produced in the year	**476,364**	340,096

16. INVENTORIES

Group	2016 £'000	2015 £'000
Raw materials	**33,319**	38,052
Finished goods and goods for resale	**12,844**	11,073
	46,163	49,125

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Financial assets:				
Trade receivables	**105,408**	103,758	**10**	12
Amounts owed by Group undertakings	**–**	–	**35,114**	28,797
Other receivables	**5,589**	5,948	**245**	177
	110,997	109,706	**35,369**	28,986
Non-financial assets:				
Prepayments and accrued income	**5,802**	7,199	**793**	393
	116,799	116,905	**36,162**	29,379

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
2016	**105,408**	**96,434**	**6,797**	**738**	**1,439**
2015	103,758	91,116	9,627	1,876	1,139

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 2016, trade receivables at nominal value of £681,000 (2015: £613,000) 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 2014	583
Provided in year	46
Utilised	(16)
At 31 March 2015	613
Provided in year	105
Utilised	(37)
At 31 March 2016	**681**

There are no bad debt provisions against other receivables.

18. FINANCIAL ASSETS

	Group		Company	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
Current				
Loans receivable	**396**	396	**–**	–
Impairment provision	**(396)**	(396)	**–**	–
Forward currency contracts	**61**	–	**–**	–
	61	–	**–**	–

Loans of £396,000 (2015: £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.

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
Current				
Trade payables	**81,441**	82,049	**114**	329
Amounts owed to Group undertakings	**–**	–	**72,101**	46,410
Other payables	**40,150**	35,608	**8,402**	5,621
Deferred income – Government grants	**173**	135	**–**	–
	121,764	117,792	**80,617**	52,360
Non-current				
Deferred income – Government grants	**1,340**	1,278	**–**	–
	1,340	1,278	**–**	–

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 £219,400,000 (2015: £174,400,000) and non-interest bearing amounts owed by the same entities to the Company.

20. FINANCIAL LIABILITIES

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Current				
Bank overdrafts	–	–	–	1,808
Forward currency contracts	–	210	–	–
	–	210	–	1,808
Non-current				
Amounts outstanding under revolving credit facility	–	21,265	–	21,265
Contingent consideration (Note 14)	**4,687**	4,162	–	–
	4,687	25,427	–	21,265

	Group 2016 £'000	Group 2015 £'000
Movement on hedged items:		
Gains/(losses) arising in the year	**61**	(210)
Reclassification adjustment for losses included in the income statement	**210**	18
	271	(192)

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 (2015: £20 million) is in place until July 2018, of which £nil (2015: £nil) was utilised at 31 March 2016. 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 £nil was utilised as at 31 March 2016 (2015: a revolving credit facility of £120 million of which £22 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 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
In one year or less	–	–	–	–
Between one year and two years	–	–	–	–
Between two years and five years	–	22,000	–	22,000
	–	22,000	–	22,000
Unamortised issue costs	–	(735)	–	(735)
	–	21,265	–	21,265

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

Unamortised issue costs relate to the revolving credit facility which expires in July 2018. £nil (2015: £22,000,000) was drawn down under the facility at the year end.

21. PROVISIONS

	Group Lease provisions £'000	Company Lease provisions £'000
At 31 March 2015	346	–
Created in the year	1,165	704
Movement on discount	16	6
At 31 March 2016	**1,527**	**710**

Analysed as:

	Group		Company	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
Current liabilities	**60**	196	**60**	–
Non-current liabilities	**1,467**	150	**650**	–
	1,527	346	**710**	–

Lease provisions are held against dilapidation obligations on leased properties. These provisions are expected to be utilised over the next five years.

22. FINANCIAL INSTRUMENTS

An explanation of the Company and Group's financial instruments risk management strategy is set out on page 74 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 2016 and their weighted average interest rates is set out below:

As at 31 March 2016

				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 assets:						
Cash at bank	**0.00%**	**17,817**	**17,817**	**–**	**–**	**–**
		17,817	**17,817**	**–**	**–**	**–**

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)	–	–	–

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 2016 and their weighted average interest rates is set out below:

As at 31 March 2016

Company	Weighted average effective interest rate %	Total £'000	At floating interest rates £'000	Fixed interest: 1 year or less £'000	Fixed interest: 1-2 years £'000	Fixed interest: 2-3 years £'000
Financial liabilities:						
Amounts owed to Group undertakings	**2.00%**	**(219,400)**	**(219,400)**	**–**	**–**	**–**
		(219,400)	**(219,400)**	**–**	**–**	**–**
Financial assets:						
Cash at bank	**0.00%**	**2,174**	**2,174**	**–**	**–**	**–**
		(217,226)	**(217,226)**	**–**	**–**	**–**

As at 31 March 2015

Company	Weighted average effective interest rate %	Total £'000	At floating interest rates £'000	Fixed interest: 1 year or less £'000	Fixed interest: 1-2 years £'000	Fixed interest: 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)	–	–	–

CURRENCY PROFILE

The Group's financial assets at 31 March 2016 include Sterling denominated cash balances of £18,465,000 (2015: £2,916,000), Euro £(595,000) (2015: £991,000) and US Dollar £(53,000) (2015: £34,000), 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.

22. FINANCIAL INSTRUMENTS CONTINUED

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.

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.

	2016		2015	
Group	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Forward currency contracts (Note 18 and Note 20)	**61**	**61**	(210)	(210)
Contingent consideration (Note 14)	**(4,687)**	**(4,687)**	(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	5,150,000	8 April 2016–8 July 2016	€1.26–€1.40	**254**

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	2,500,000	15 April 2016–22 July 2016	£0.69–£0.70	**(24)**
Euros	4,650,000	22 April 2016–23 December 2016	£0.74–£0.76	**(169)**

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
2016		
Sterling	+100	(135)
	–100	135
2015		
Sterling	+100	(442)
	–100	442

LIQUIDITY RISK

The tables below summarise the maturity profile of the Group's financial liabilities at 31 March 2016 and 2015 based on contractual undiscounted payments:

At 31 March 2016

Group	Less than 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	Total £'000
Contingent consideration	**–**	**3,983**	**834**	**4,817**
Trade and other payables	**121,764**	**–**	**–**	**121,764**
	121,764	**3,983**	**834**	**126,581**

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 2016

Company	Less than 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	Total £'000
Trade and other payables	**80,617**	**–**	**–**	**80,617**
	80,617	**–**	**–**	**80,617**

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

The impact of liquidity risk on the Group is discussed in detail in the Directors' Report on page 74.

23. CALLED-UP SHARE CAPITAL

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

Group and Company	2016 Number	2015 Number	2016 £'000	2015 £'000
At 1 April	**49,255,746**	48,961,889	**4,926**	4,896
On exercise of share options	**422,789**	245,310	**42**	25
Scrip dividends	**166,319**	48,547	**16**	5
At 31 March	**49,844,854**	49,255,746	**4,984**	4,926

On 4 September 2015, 121,860 ordinary shares were issued at 1,601.8 pence as a result of Shareholders exercising the scrip dividend option in lieu of the cash payment for the 2015 final dividend.

On 29 January 2016, 44,459 ordinary shares were issued at 1,854.2 pence as a result of Shareholders exercising the scrip dividend option in lieu of the cash payment for the 2016 interim dividend.

During the course of the year, 422,789 ordinary shares were issued to employees exercising SAYE and LTIP options at prices between nil and 1,187.0 pence.

Ordinary share capital of £21,280 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	2,300	474p	March 2012–October 2016
Savings related	10,477	594p	March 2013–October 2017
Savings related	1,749	692p	March 2014–October 2018
Savings related	42,941	579p	March 2015–October 2019
Savings related	35,543	629p	March 2016–October 2018
Savings related	62,959	916p	March 2017–October 2019
Savings related	235,387	1,187p	March 2018–October 2020
Savings related	186,159	1,456p	March 2019–October 2021
LTIP	867,363	Nil	June 2016–June 2025

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.

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 £2,791,000 (2015: £2,463,000).

LONG TERM INCENTIVE PLAN (LTIP)

During the course of the year 295,525 options at nil cost were granted to Directors and senior executives, the share price at that time was 1,650.0 pence. Details of the performance criteria relating to the LTIP scheme can be found in the Remuneration Committee report on page 67. The maximum term of LTIP options is ten years.

Group	2016 Number	2016 WAEP (£)	2015 Number	2015 WAEP (£)
Outstanding as at 1 April	**977,676**	–	1,064,888	–
Granted during the year (i)	**295,525**	–	285,800	–
Lapsed during the year	**(79,773)**	–	(281,450)	–
Exercised during the year (ii)	**(326,065)**	–	(91,562)	–
Outstanding as at 31 March (iii)	**867,363**	–	977,676	–
Exercisable at 31 March	–	–	–	–

Company	2016 Number	2016 WAEP (£)	2015 Number	2015 WAEP (£)
Outstanding as at 1 April	**607,400**	–	720,500	–
Granted during the year (i)	**160,150**	–	141,800	–
Lapsed during the year	**(59,095)**	–	(191,685)	–
Exercised during the year (ii)	**(220,516)**	–	(63,215)	–
Outstanding as at 31 March (iii)	**487,939**	–	607,400	–
Exercisable at 31 March	–	–	–	–

i) The weighted average fair value of options granted during the year was £15.38 (2015: £11.64). The share options granted during the year were at £nil per share. The share price at the date of grant was £16.50 (2015: £12.66).
ii) The weighted average share price at the date of exercise for the options exercised was £16.02 (2015: £13.25).
iii) For the share options outstanding as at 31 March 2016, the weighted average remaining contractual life is 8.23 years (2015: 8.07 years).

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

NOTES TO THE ACCOUNTS

24. SHARE-BASED PAYMENTS CONTINUED

ALL EMPLOYEE SHARE OPTION SCHEME (SAYE)

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

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

Group	2016 Number	2016 WAEP (£)	2015 Number	2015 WAEP (£)
Outstanding as at 1 April	**517,758**	**9.36**	446,407	6.61
Granted during the year (i)	**188,491**	**14.56**	256,866	11.87
Lapsed during the year	**(32,010)**	**10.59**	(31,767)	7.93
Exercised during the year (ii)	**(96,724)**	**6.27**	(153,748)	5.86
Outstanding as at 31 March (iii)	**577,515**	**11.50**	517,758	9.36
Exercisable at 31 March	**12,262**	**6.02**	5,389	5.81

Company	2016 Number	2016 WAEP (£)	2015 Number	2015 WAEP (£)
Outstanding as at 1 April	**27,533**	**9.65**	19,649	6.33
Granted during the year (i)	**3,596**	**14.56**	15,724	11.87
Lapsed during the year	**–**	**–**	(43)	5.79
Exercised during the year (ii)	**(1,573)**	**6.29**	(7,797)	5.83
Outstanding as at 31 March (iii)	**29,556**	**10.52**	27,533	9.65
Exercisable at 31 March	**1,087**	**6.29**	–	–

i) The share options granted during the year were at £14.56 (2015: £11.87), representing a 20 per cent discount on the price at the relevant date. The share price at the date of grant was £19.24 (2015: £13.85).
ii) The weighted average share price at the date of exercise for the options exercised was £19.43 (2015: £14.21).
iii) For the share options outstanding as at 31 March 2016, the weighted average remaining contractual life is 2.93 years (2015: 3.12 years).

The weighted average fair value of options granted during the year was £5.81 (2015: £3.38). The range of exercise prices for options outstanding at the end of the year was £4.74–£14.56 (2015: £4.74–£11.87).

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 2016 and 31 March 2015:

Group and Company	2016 LTIP	2016 SAYE	2015 LTIP	2015 SAYE
Dividend yield	**2.34%**	**2.00%**	2.81%	2.57%
Expected share price volatility	**31.0%**	**31.0%**	31.0%	31.0%
Risk-free interest rate	**0.99%**	**0.84%-1.29%**	1.06%	0.74%-1.23%
Expected life of option	**3 years**	**3, 5 years**	3 years	3, 5 years
Exercise prices	**£nil**	**£14.56**	£nil	£11.87

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	**2016 £'000**	2015 £'000
Benefit obligation at the beginning of the year	**30,219**	25,221
Interest cost	**927**	967
Remeasurement (gains)/losses:		
Actuarial (gains)/losses arising from changes in financial assumptions	**(2,234)**	7,844
Other experience items	**(124)**	–
Movement on additional liability recognised due to minimum funding requirement	**1,235**	(3,394)
Benefits paid from plan	**(3,294)**	(419)
Benefit obligation at the end of the year	**26,729**	30,219

b) Change in plan assets	**2016 £'000**	2015 £'000
Fair value of plan assets at the beginning of the year	**24,596**	18,693
Interest income	**767**	859
Return on plan assets	**(1,109)**	4,143
Employer contributions	**1,320**	1,320
Benefits paid from plan	**(3,294)**	(419)
Fair value of plan assets at the end of the year	**22,280**	24,596

c) Amounts recognised in the balance sheet	**2016 £'000**	2015 £'000
Present value of funded obligations	**(26,729)**	(30,219)
Fair value of plan assets	**22,280**	24,596
Net liability recorded in the balance sheet	**(4,449)**	(5,623)

d) Components of pension cost	**2016 £'000**	2015 £'000
Amounts recognised in the income statement:		
Interest cost	**927**	967
Expected return on plan assets	**(767)**	(859)
Total pension cost recognised in the income statement	**160**	108

Actual return on assets		
Actual return on plan assets	**(342)**	5,002
Amounts recognised in the Group statement of comprehensive income		
Actuarial gains/(losses) immediately recognised	**14**	(307)
Cumulative amount of actuarial losses recognised	**(6,360)**	(6,374)

During the year, following the UK government's introduction of flexible retirement options, the trustees arranged presentations for members over 55 years of age explaining their pre-existing rights to transfer their benefits out of the scheme. Following this process, which included independent financial advice, 20 members transferred benefits of £2.6 million from the scheme. There was no impact on the income statement as a result of these transfers.

25. PENSION SCHEMES CONTINUED

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

e) Principal actuarial assumptions	**2016**	2015
Discount rate	**3.45%**	3.25%
Rate of price inflation	**2.90%**	3.25%
Revaluation of deferred pensions:		
Benefits accrued prior to 1 January 1998	**5.00%**	5.00%
Benefits accrued after 1 January 1998	**2.90%**	3.25%
Rate of compensation increase:		
Benefits accrued prior to 1 January 1997	**3.00%**	3.00%
Benefits accrued after 1 January 1997	**2.90%**	3.25%

Future expected lifetime of pensioner at age 65:		
Current pensioners		
Male	**23.1**	23.0
Female	**25.4**	25.3
Future pensioners		
Male	**25.3**	25.2
Female	**27.8**	27.6

The mortality rates used have been taken from Base tables S1PA (CMI 2012 improvements 1.5 per cent long-term rate of improvement) (2015: S1PA (CMI 2012 improvements 1.5 per cent long-term rate of improvement)).

At 31 March 2016, the average duration of the scheme liabilities was 24 years (2015: 23 years). For deferred pensions the average duration was 27 years (2015: 24 years) and for pensions in payment the average duration was 13 years (2015: 12 years).

The Group's deficit as measured under IFRIC 14 is £4,449,000 (2015: £5,623,000) as a result of the Group's commitment to future contributions to the scheme. This compares to an underlying IAS 19 deficit of £3,151,000 (2015: £5,560,000).

A 0.1 per cent increase/decrease in the discount rate would give rise to a £8,000 decrease/£8,000 increase (2015: £13,000 decrease/£676,000 increase) in the deficit at 31 March 2016.

A 0.1 per cent increase/decrease in the inflation assumption would give rise to a £nil increase/£nil decrease (2015: £244,000 increase/£nil decrease) in the deficit at 31 March 2016.

A one year increase/decrease in the life expectancy assumption would give rise to a £nil increase/£nil decrease (2015: £896,000 increase/£nil decrease) in the deficit at 31 March 2016.

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.

f) Plan assets	**2016 Fair value of plan assets £'000**	2015 Fair value of plan assets £'000
Return seeking:		
Diversified growth funds	**13,002**	12,354
	13,002	12,354
Debt instruments:		
Corporate bonds	**1,288**	2,931
Gilts	**2,244**	2,303
Index linked bonds	**5,012**	5,447
	8,544	10,681
Other:		
Cash	**734**	1,561
Total	**22,280**	24,596

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 2017 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 £274,000 (2015: £288,000). Contributions during the year totalled £2,467,000 (2015: £2,106,000).

26. ADDITIONAL CASH FLOW INFORMATION

Analysis of changes in net funds/(debt):

Group	At 31 March 2015 £'000	Cash flow £'000	Other non-cash changes £'000	**At 31 March 2016 £'000**
Cash and cash equivalents	3,941	13,876	–	**17,817**
Revolving credit	(21,265)	22,000	(735)	**–**
Net funds/(debt)	(17,324)	35,876	(735)	**17,817**

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

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 funds/(debt)	(16,984)	162	(502)	(17,324)

Analysis of changes in net funds/(debt):

Company	At 31 March 2015 £'000	Cash flow £'000	Other non-cash changes £'000	**At 31 March 2016 £'000**
Cash and cash equivalents	501	1,674	–	**2,175**
Overdrafts	(1,808)	1,808	–	**–**
	(1,307)	3,482	–	**2,175**
Revolving credit	(21,265)	22,000	(735)	**–**
Net funds/(debt)	(22,572)	25,482	(735)	**2,175**

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 funds/(debt)	(20,647)	(1,558)	(367)	(22,572)

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) (2015: 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 £nil as at 31 March 2016 (2015: £22,000,000).

For the Company, the amounts drawn down by other Group companies which were guaranteed by the Company at the year end totalled £nil (2015: £nil).

28. COMMITMENTS

(a) The Directors have contracted for future capital expenditure for property, plant and equipment totalling £16,437,000 (2015: £2,858,000).

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

Group	2016 £'000	2015 £'000
Not later than one year	**2,705**	4,152
After one year but not more than five years	**4,535**	5,097
After five years	**2,300**	3,143
	9,540	12,392

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			
2016	**20,200**	**4,071**	**14,593**
2015	12,103	3,125	15,350

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	2016 £'000	2015 £'000
Short-term employee benefits	**5,715**	5,398
Post-employment benefits	**93**	73
Share-based payments	**1,231**	1,283
	7,039	6,754

30. EVENTS AFTER THE BALANCE SHEET DATE

On 8 April 2016, the Group acquired 100 per cent of the issued share capital of CCL Holdings Limited and its wholly owned subsidiary Crown Chicken Limited ('Crown') for net cash consideration of £39.3 million. The principal activities of Crown Chicken Limited are the breeding, rearing and processing of fresh chicken, as well as the milling of grain for the production of animal feed. The acquisition provides the Group with a fully integrated supply chain for its growing poultry business.

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

	Provisional fair value £'000
Net assets acquired:	
Property, plant and equipment	17,501
Biological assets	4,805
Inventories	1,865
Trade and other receivables	9,845
Bank and cash balances	3,946
Trade and other payables	(7,900)
Corporation tax liability	(541)
Deferred tax liability	(1,815)
Finance lease obligations	(370)
	27,336
Goodwill arising on acquisition	15,878
Total consideration	43,214
Satisfied by:	
Cash	43,214
Net cash outflow arising on acquisition:	
Cash consideration paid	43,214
Cash and cash equivalents acquired	(3,946)
	39,268

The fair values on acquisition are provisional due to the timing of the transaction and will be finalised within twelve months of the acquisition date.

Included in the £15,878,000 of goodwill recognised above, are certain intangible assets that cannot be individually separated from the acquiree and reliably measured due to their nature. These items include the expected value of synergies and an assembled workforce and the strategic benefits of vertical integration including security of supply.

Transaction costs in relation to the acquisition are expected to total £0.4 million, expensed within administrative expenses.

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

FIVE YEAR STATEMENT

	2016 £'m	2015 £'m	2014 £'m	2013 £'m	2012 £'m
Turnover	**1,069.6**	1,003.3	994.9	875.2	820.8
Profit before tax	**58.7**	52.8	54.8	47.3	48.4
Adjusted profit before tax*	**65.7**	57.8	52.2	49.1	45.6
Earnings per share	**91.5p**	84.1p	88.7p	74.9p	78.6p
Adjusted earnings per share*	**104.7p**	92.1p	84.1p	78.7p	72.9p
Dividends per share	**37.5p**	34.0p	32.0p	30.0p	28.5p
Capital expenditure	**34.1**	23.3	22.9	33.2	21.7
Net funds/(debt)	**17.8**	(17.3)	(17.0)	(20.1)	(21.7)
Net assets	**368.0**	332.4	302.7	273.7	245.9

* Adjusted profit before tax and earnings per share exclude the effects of net IAS 41 valuation movement, acquisition related amortisation and impairment of goodwill in 2016; 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

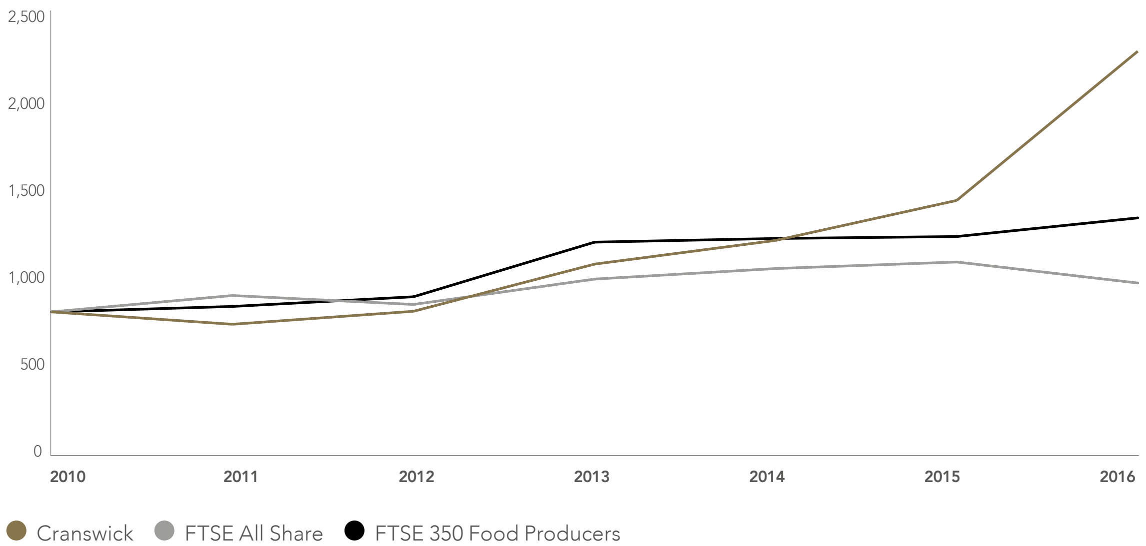
SHAREHOLDER ANALYSIS
AT 6 MAY 2016

	Number of holdings	Number of shares
Classification		
Private Shareholders	1,114	4,826,449
Corporate bodies and nominees	790	45,026,129
	1,904	49,852,578
Size of holding (shares)		
1–1,000	1,054	397,444
1,001–5,000	496	1,145,920
5,001–10,000	107	762,091
10,001–50,000	137	3,331,248
50,001–100,000	43	3,000,031
Above 100,000	67	41,215,844
	1,904	49,852,578

Share price		
Share price at 31 March 2015	1,373p	
Share price at 31 March 2016	2,133p	
High in the year	2,144p	
Low in the year	1,363p	

SHARE PRICE MOVEMENT

Cranswick's share price movement over the six year period to May 2016 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 4 May 2010 (805p), is shown below:



Source: Investec

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