

REGISTRAR

20096

The Sandwich Factory Holdings Limited

Report and Financial Statements

2 April 2005

 ERNST & YOUNG



The Sandwich Factory Holdings Limited

Registered No: 3194496

Directors

A F Cleaver
D J Maughan
T J Pritchard
G Mullis
P Nicholson
M T P Davey
B Hoggarth
J Lindop

Secretary

J Lindop

Auditors

Ernst & Young LLP
P O Box 3
Lowgate House
Lowgate
Hull
HU1 1JJ

Bankers

Lloyds TSB Bank plc
15 Market Place
Drifffield
East Yorkshire
YO24 6AH

Solicitors

Browne Jacobson
44 Castle Gate
Nottingham
NG1 7BJ

Registered office

The Airfield
Cranswick
Drifffield
East Yorkshire
YO25 9PF

Directors' report

The directors present their report and financial statements for the period from 28 March 2004 to 2 April 2005.

Results and dividends

The profit for the period, after taxation, amounted to £282,480. The directors do not recommend the payment of any dividends.

Principal activity and review of the business

The principal activity of the company during the year was the manufacture and supply of packed sandwiches and related products. The directors consider the performance for the year to be satisfactory.

Employees

The group has a strong appreciation of the obligations upon it relating to the employment of disabled persons. All disabled employees are dealt with on an equal basis with able-bodied counterparts, from the job application stage to their progression through the group. For employees who become disabled the company makes all reasonable efforts to accommodate the disability either through modification of the workplace or by finding alternative employment within the company.

The level of training given to all employees is to the highest standard available within the reasonable constraints of the business activities, each employee involved with production having gained at least the Basic Hygiene Certificate.

The group operates a stringent Health and Safety Policy, inherent to the business activity. Employees are all trained to devote careful attention to the provisions within the relevant Health and Safety Acts. Employees are provided with the necessary protective equipment and are trained to use such equipment to carry out their specific tasks safely.

All employees are encouraged to take an active interest in the group and the directors welcome reasonable suggestions that may improve the business or working conditions. Communication with employees is encouraged via the informal pyramidal channels in place for the dissemination of information and feedback processes.

Directors

The directors who served the company during the period were as follows:

A F Cleaver
D J Maughan
T J Pritchard
G Mullis
P Nicholson
M T P Davey
B Hoggarth
J Lindop

Directors' report

M T P Davey, B Hoggarth and J Lindop are directors of the ultimate holding company, Cranswick plc, in whose accounts their interests are shown.

The only declarable interest of the other directors were in the share capital of Cranswick plc, the ultimate holding company, as follows:

	<i>2 April 2005</i>	<i>27 March 2004</i>
	<i>Savings</i>	<i>Savings</i>
	<i>related</i>	<i>related</i>
	<i>share</i>	<i>share</i>
	<i>options</i>	<i>options</i>
	<i>Issue 7</i>	<i>Issue 7</i>
A F Cleaver	3,617	3,617
T D Pritchard	3,617	3,617

The savings related options in issue 7 which were granted in 2004, are exercisable at 255p per share between March 2007 and September 2007.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board

J Lindop
Secretary

~~August~~ 2005
5 October

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of The Sandwich Factory Holdings Limited

We have audited the company's financial statements for the period ended 2 April 2005 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 22. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report

to the members of The Sandwich Factory Holdings Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 2 April 2005 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Hull

~~August~~ 2005
5 October

Profit and loss account

for the period from 28 March 2004 to 2 April 2005

		<i>Period from 28 Mar 04 to 2 Apr 05</i>	<i>Period from 30 Mar 03 to 27 Mar 04</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
Turnover	2	24,139,224	22,258,323
Cost of sales		17,314,144	15,591,958
Gross profit		6,825,080	6,666,365
Distribution costs		1,457,045	1,115,674
Administrative expenses		4,753,590	4,588,719
Operating profit	3	614,445	961,972
Bank interest receivable	6	38,097	–
Interest payable and similar charges	7	–	(10,003)
		38,097	(10,003)
Profit on ordinary activities before taxation		652,542	951,969
Tax on profit on ordinary activities	8	370,062	445,999
Profit on ordinary activities after taxation		282,480	505,970
Dividends:			
ordinary dividends on equity shares	9	–	130,000
Profit retained for the financial period		282,480	375,970

Statement of total recognised gains and losses

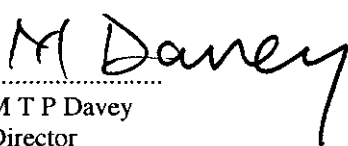
There are no recognised gains or losses other than the profit of £282,480 attributable to the shareholders for the period ended 2 April 2005 (2004 - profit of £505,970).

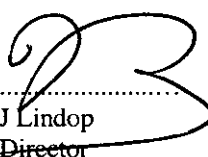
Balance sheet

at 2 April 2005

	Notes	2 Apr 05 £	27 Mar 04 £
Fixed assets			
Intangible assets	10	8,117,859	8,659,049
Tangible assets	11	2,219,482	2,178,854
Investments	12	266,195	266,195
		<u>10,603,536</u>	<u>11,104,098</u>
Current assets			
Stocks	13	534,307	392,434
Debtors	14	3,624,176	2,701,748
Cash in hand		2,392	1,035
		<u>4,160,875</u>	<u>3,095,217</u>
Creditors: amounts falling due within one year	15	<u>3,739,102</u>	<u>3,446,953</u>
Net current assets/(liabilities)		<u>421,773</u>	<u>(351,736)</u>
Total assets less current liabilities		<u>11,025,309</u>	<u>10,752,362</u>
Creditors: amounts falling due after more than one year	16	1,665,669	1,668,674
Provisions for liabilities and charges	17	<u>45,023</u>	<u>51,551</u>
		<u>9,314,617</u>	<u>9,032,137</u>
Capital and reserves			
Called up share capital	20	2,252,000	2,252,000
Share premium account	21	3,927,816	3,927,816
Profit and loss account	21	3,134,801	2,852,321
Equity shareholders' funds	21	<u>9,314,617</u>	<u>9,032,137</u>

ERNST & YOUNG


M T P Davey
Director


J Lindop
Director

5 October 2005

Notes to the financial statements

at 2 April 2005

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards.

Consolidation

As a wholly owned subsidiary the company has taken advantage of the exemption contained in Section 228 of the Companies Act 1985 and not prepared consolidated accounts.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements.

Related parties transactions

The company is a wholly owned subsidiary of The Sandwich Factory Group Limited which is itself a wholly owned subsidiary of Cranswick Plc, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the group.

Goodwill

Purchased goodwill is capitalised as an intangible fixed asset in the balance sheet. It is amortised over the estimated useful life, being 20 years.

Fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Leasehold Property	-	the period of the lease, straight line
Plant & Machinery	-	15% straight line
Fixtures & Fittings	-	15% reducing balance
Motor Vehicles	-	25% reducing balance
Computer equipment	-	25% straight line

Investments

Fixed asset investments are stated at cost less any provisions necessary for diminution in value.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale	-	purchase cost on a first-in, first-out basis.
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Notes to the financial statements

at 2 April 2005

1. Accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Operating lease agreements

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

2. Turnover

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities, entirely within the United Kingdom, stated net of value added tax and discounts and allowances.

An analysis of turnover by geographical market is given below:

	<i>Period from 28 Mar 04 to 2 Apr 05 £</i>	<i>Period from 30 Mar 03 to 27 Mar 04 £</i>
United Kingdom	<u>24,139,224</u>	<u>22,258,323</u>

Notes to the financial statements

at 2 April 2005

3. Operating profit

This is stated after charging/(crediting):

	<i>Period from 28 Mar 04 to 2 Apr 05 £</i>	<i>Period from 30 Mar 03 to 27 Mar 04 £</i>
Auditors' remuneration - audit services	15,825	21,126
- non-audit services	3,000	3,000
Depreciation of owned fixed assets	420,564	450,443
Amortisation	541,190	541,190
	<u>961,754</u>	<u>991,633</u>
Operating lease rentals - plant and machinery	<u>273,894</u>	<u>267,443</u>

4. Staff costs

	<i>Period from 28 Mar 04 to 2 Apr 05 £</i>	<i>Period from 30 Mar 03 to 27 Mar 04 £</i>
Wages and salaries	6,489,369	6,008,743
Social security costs	604,904	546,296
Other pension costs	78,429	74,055
	<u>7,172,702</u>	<u>6,629,094</u>

The monthly average number of employees during the period was as follows:

	<i>Period from 28 Mar 04 to 2 Apr 05 No.</i>	<i>Period from 30 Mar 03 to 27 Mar 04 No.</i>
Production staff	424	413
Distribution staff	24	23
Administrative staff	52	54
	<u>500</u>	<u>490</u>

5. Directors' emoluments

	<i>Period from 28 Mar 04 to 2 Apr 05 £</i>	<i>Period from 30 Mar 03 to 27 Mar 04 £</i>
Emoluments	<u>569,556</u>	<u>543,239</u>
Value of company pension contributions to money purchase schemes	<u>26,524</u>	<u>24,661</u>

Four directors (2004 - 4) benefit from contributions made to defined contribution pension schemes.

Notes to the financial statements

at 2 April 2005

5. Directors' emoluments (continued)

The amounts in respect of the highest paid director are as follows:

	<i>Period from 28 Mar 04 to 2 Apr 05 £</i>	<i>Period from 30 Mar 03 to 27 Mar 04 £</i>
Emoluments	154,043	148,627
Value of company pension contributions to money purchase schemes	7,708	7,433

6. Interest receivable

	<i>Period from 28 Mar 04 to 2 Apr 05 £</i>	<i>Period from 30 Mar 03 to 27 Mar 04 £</i>
Bank interest receivable	38,097	—

7. Interest payable and similar charges

	<i>Period from 28 Mar 04 to 2 Apr 05 £</i>	<i>Period from 30 Mar 03 to 27 Mar 04 £</i>
Bank interest payable	—	2,412
Finance charges payable under finance leases and hire purchase contracts	—	31
Other interest payable	—	7,560
	—	10,003

8. Taxation on ordinary activities

(a) Tax on profit on ordinary activities
The tax charge is made up as follows:

	<i>Period from 28 Mar 04 to 2 Apr 05 £</i>	<i>Period from 30 Mar 03 to 27 Mar 04 £</i>
<i>Current tax:</i>		
UK corporation tax	383,471	492,635
Tax over provided in previous periods	(6,881)	(30,331)
Total current tax (note 8(b))	376,590	462,304
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(6,528)	(16,305)
Tax on profit on ordinary activities	370,062	445,999

Notes to the financial statements

at 2 April 2005

8. Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 30% (2004 - 30%). The differences are reconciled below:

	<i>Period from 28 Mar 04 to 2 Apr 05 £</i>	<i>Period from 30 Mar 03 to 27 Mar 04 £</i>
Profit on ordinary activities before taxation	652,542	951,969
Profit on ordinary activities multiplied by standard rate in the UK 30%	195,763	285,591
Expenses not deductible for tax purposes	180,092	191,037
Accelerated capital allowances	7,616	16,007
Adjustments in respect of prior periods	(6,881)	(30,331)
Total current tax (note 8(a))	376,590	462,304
 (c) Deferred tax		
	<i>2 Apr 05 £</i>	<i>27 Mar 04 £</i>
Capital allowances in advance of depreciation	(45,023)	(51,551)
Provision for deferred taxation	(45,023)	(51,551)
		£
At 28 March 2004		(51,551)
Profit and loss account movement arising during the period		6,528
At 2 April 2005		(45,023)

9. Dividends

No dividend has been recommended for the period from 28 March 2004 to 2 April 2005.

Notes to the financial statements

at 2 April 2005

10. Intangible fixed assets

	<i>Goodwill</i> £
Cost:	
At 28 March 2004 and 2 April 2005	10,823,810
Amortisation:	
At 28 March 2004	2,164,761
Provided during the period	541,190
At 2 April 2005	2,705,951
Net book value:	
At 2 April 2005	8,117,859
At 28 March 2004	8,659,049

11. Tangible fixed assets

	<i>Leasehold Property</i> £	<i>Plant & Machinery</i> £	<i>Fixtures & Fittings</i> £	<i>Motor Vehicles</i> £	<i>Total</i> £
Cost:					
At 28 March 2004	1,407,708	3,984,704	555,600	2,485	5,950,497
Additions	92,441	243,807	32,479	92,465	461,192
At 2 April 2005	1,500,149	4,228,511	588,079	94,950	6,411,689
Depreciation:					
At 28 March 2004	312,131	3,106,727	350,300	2,485	3,771,643
Provided during the period	69,936	292,220	50,697	7,711	420,564
At 2 April 2005	382,067	3,398,947	400,997	10,196	4,192,207
Net book value:					
At 2 April 2005	1,118,082	829,564	187,082	84,754	2,219,482
At 28 March 2004	1,095,577	877,977	205,300	--	2,178,854

12. Investments

	<i>Subsidiary undertakings</i> £
Cost:	
At 28 March 2004 and 2 April 2005	9,618,859
Net book value:	
At 28 March 2004 & 2 April 2005	266,195

Notes to the financial statements

at 2 April 2005

12. Investments (continued)

The investment in The Sandwich Factory Limited was written down to the net asset value of that company following the transfer of its trade, assets and liabilities on 1 April 2000 into The Sandwich Factory Holdings Limited. The company investments comprise:

	<i>Holding</i>	<i>Proportion held</i>	<i>Nature of business</i>
The Sandwich Factory Limited	Ordinary shares	100%	Dormant
The Meat Factory Limited	Ordinary shares	100%	Dormant
The Dessert Factory Limited	Ordinary shares	100%	Dormant
The Cake Factory Limited	Ordinary shares	100%	Dormant
The Pastie Factory Limited	Ordinary shares	100%	Dormant
The Pie Factory Limited	Ordinary shares	100%	Dormant

All of the subsidiary undertakings were incorporated in England and Wales.

13. Stocks

	<i>2 Apr 05</i>	<i>27 Mar 04</i>
	<i>£</i>	<i>£</i>
Raw materials	325,595	224,956
Packaging stock	96,163	73,648
General stock	112,549	93,830
	<u>534,307</u>	<u>392,434</u>

14. Debtors

	<i>2 Apr 05</i>	<i>27 Mar 04</i>
	<i>£</i>	<i>£</i>
Trade debtors	1,642,028	1,218,084
Amounts owed by group undertakings	1,462,327	991,000
Other debtors	264,463	179,085
Prepayments and accrued income	255,358	313,579
	<u>3,624,176</u>	<u>2,701,748</u>

Notes to the financial statements

at 2 April 2005

15. Creditors: amounts falling due within one year

	2 Apr 05 £	27 Mar 04 £
Bank overdraft	9,810	409,416
Trade creditors	2,353,592	2,111,108
Corporation tax	146,698	148,096
Other taxation and social security	204,491	133,632
Other creditors	355,450	167,358
Accruals and deferred income	669,061	347,343
Proposed final dividend	–	130,000
	<u>3,739,102</u>	<u>3,446,953</u>

The bank overdraft and other monies owing to the bank are secured by a fixed charge over the book debts of the group together with a floating charge over all assets.

16. Creditors: amounts falling due after more than one year

	2 Apr 05 £	27 Mar 04 £
Amounts owed to group undertakings	<u>1,665,669</u>	<u>1,668,674</u>

17. Provisions for liabilities and charges

	<i>Deferred taxation</i> £
At 28 March 2004	51,551
Profit and Loss Account movement arising during the period	(6,528)
At 2 April 2005	<u>45,023</u>

18. Commitments under operating leases

At 2 April 2005 the company had annual commitments under non-cancellable operating leases as set out below:

	2 Apr 05		27 Mar 04	
	<i>Land and buildings</i> £	<i>Other</i> £	<i>Land and buildings</i> £	<i>Other</i> £
Operating leases which expire:				
Within one year	–	21,953	–	23,346
In two to five years	–	146,597	–	103,597
In over five years	140,500	–	140,500	–
	<u>140,500</u>	<u>168,550</u>	<u>140,500</u>	<u>126,943</u>

19. Contingent liability

The company, together with other companies in the group, has entered into a guarantee with Lloyds TSB Bank plc in respect of the group's facilities with this bank.

Notes to the financial statements

at 2 April 2005

20. Share capital

	2 Apr 05 £	Authorised 27 Mar 04 £
Ordinary shares of £0.01 each	2,253,004	2,253,004
7% preference shares of £1 each	4,802,607	4,802,607
	<u>7,055,611</u>	<u>7,055,611</u>

	2 Apr 05 No.	£	Allotted, called up and fully paid 27 Mar 04 No.	£
Ordinary shares of £0.01 each	225,200,000	<u>2,252,000</u>	225,200,000	<u>2,252,000</u>

Preference shares are entitled to a fixed cumulative dividend, but have no voting rights or rights to a share of any surplus assets in the event of a winding up after the return of the capital and arrears of dividends.

21. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Share premium account £	Profit and loss account £	Total share- holders' funds £
At 30 March 2003	2,252,000	3,927,816	2,476,351	8,656,167
Profit for the period	–	–	505,970	505,970
Dividends	–	–	(130,000)	(130,000)
At 27 March 2004	<u>2,252,000</u>	<u>3,927,816</u>	<u>2,852,321</u>	<u>9,032,137</u>
Profit for the period	–	–	282,480	282,480
At 2 April 2005	<u>2,252,000</u>	<u>3,927,816</u>	<u>3,134,801</u>	<u>9,314,617</u>

22. Ultimate parent company

The company is a wholly owned subsidiary of The Sandwich Factory Group Limited, a company registered in Scotland. The ultimate parent undertaking is Cranswick plc. Copies of Cranswick plc consolidated financial statements can be obtained from the registered office at Cranswick, Driffield, East Yorkshire, YO25 9PF