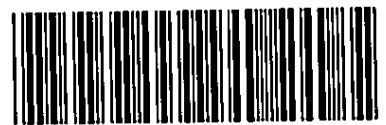


The Sandwich Factory Holdings Limited

Report and Financial Statements

31 March 2007

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COMPANIES HOUSE

The Sandwich Factory Holdings Limited

Registered No 3194496

Directors

A F Cleaver
P Nicholson
M T P Davey
B Hoggarth
J Lindop
S Ravenscroft
N Anderson

Secretary

M B Windeatt

Auditors

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

Bankers

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

Solicitors

Rollits
Wilberforce Court
High Street
Hull
HU1 1YJ

Registered office

74 Helsinki Road
Sutton Fields Industrial Estate
Hull
HU7 0YW

Directors' report

The directors present their report and financial statements for the year ended 31 March 2007

Results and dividends

The profit for the year, after taxation, amounted to £1,028,356 (2006 (restated) - £887,263) The directors do not recommend the payment of a final dividends Dividends of £388,000 were paid during the year (2006 – nil)

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 and believe that the company is well placed to continue to perform in the future

As part of a group reorganisation on 31 March 2006 the trade and net assets of North Wales Foods Limited, a fellow group undertaking was transferred to the company at book value The results therefore include a full years trading from this business

Principal risks and uncertainties

Strategic, financial, commercial, operation, social, environmental and ethical risks are all considered as part of the company's controls, which are designed to manage rather than eliminate the risk of failure to achieve business objectives Therefore they can only provide reasonable, not absolute, assurance against material misstatement or loss

Although at present there are no immediate risks considered likely to have a significant impact on the short or long term value of the company, the principal risks identified are as follows, customer retention, raw material supply, margins and profitability and competition

Key performance indicators (KPI's)

The Board has assessed that the following KPI's are the most effective measure of progress towards achieving the objectives of the business

Organic sales growth	-	year on year increase in sales revenue excluding the impact of acquisitions and disposals
Gross return on sales	-	gross profit as a percentage of sales revenue
Net return against KPI's	-	operating profit as a percentage of sales revenue

Performance against KPI's

Organic sales growth was in line with prior years after winning back a major contract in 2006 Gross profit and net return on sales are in line with expectations

	2007 %	2006 %
Organic sales growth	4.2	24.7
Gross profit	26.4	27.5
Net return on sales	4.4	4.7

Directors' report

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 year were as follows:

A F Cleaver
P Nicholson
M T P Davey
B Hoggarth
J Lindop
S Ravenscroft
N Anderson (appointed 31 January 2007)
D Maughan (resigned 4 August 2006)

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 interests of the other directors were in the share capital of Cranswick plc, the ultimate holding company, as follows:

	31 March 2007				1 April 2006			
	Ordinary shares	Executive share LTIP	Executive share options	Savings related share options Issue 10	Ordinary shares	Executive share options	Savings related share options Issue 7	Savings related share options Issue 6
A F Cleaver	3,617	2,500	15,000	1,391	-	15,000	3,617	-
P Nicholson	-	2,500	15,000	-	-	15,000	-	-
S Ravenscroft	-	-	15,000	-	3,957	25,000	-	3,957

The executive share options are exercisable at a price of 601p between July 2008 and July 2015 upon the achievement of certain performance criteria in relation to the Cranswick plc share price. S Ravenscroft exercised 10,000 share options during the year.

Directors' report

During the year, 5,000 options were granted under the Long Term Incentive Plan "LTIP". There is a 3 year performance period at the end of which half the options will be measured against earnings per share targets and the other half measured against total shareholder return targets. The options have a contractual life of 10 years.

Directors' statement as to disclosure of information to auditors

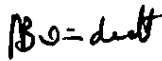
The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that

- 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 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.

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



M B Windeatt
Secretary

18 December 2007

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 financial statements (the "financial statements") of The Sandwich Factory Holdings Limited for the year ended 31 March 2007 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 under 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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.

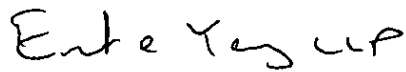
Independent auditors' report

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

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements



Ernst & Young LLP
Registered Auditor
Hull

18 December 2007

Profit and loss account

for the year ended 31 March 2007

		31 March 2007	(restated) 1 April 2006
	Notes	£	£
Turnover	2	34,764,435	30,097,861
Cost of sales		25,583,358	21,812,022
Gross profit		9,181,077	8,285,839
Distribution costs		1,741,676	1,484,791
Administrative expenses		5,892,219	5,399,522
Operating profit	3	1,547,182	1,401,526
Bank interest receivable	6	183,906	130,871
Profit on ordinary activities before taxation		1,731,088	1,532,397
Tax on profit on ordinary activities	7	702,732	645,134
Profit for the financial year transferred to reserves		1,028,356	887,263

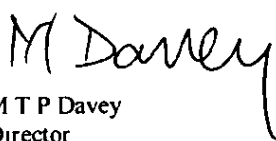
Statement of total recognised gains and losses

for the year ended 31 March 2007

	31 March 2007	(restated) 1 April 2006
	£	£
Profit for the financial year	1,028,356	887,263
Total recognised gains and losses relating to the year	1,028,356	887,263
Prior year adjustment (as explained in note 1)	(38,681)	
Total gains and losses since last annual report	989,675	

Balance sheet at 31 March 2007

		31 March 2007	(restated) 1 April 2006
	Notes	£	£
Fixed assets			
Intangible assets	8	7,035,478	7,576,669
Tangible assets	9	4,195,574	4,236,509
Investments	10	266,195	266,195
		<u>11,497,247</u>	<u>12,079,373</u>
Current assets			
Stocks	11	726,121	733,210
Debtors	12	7,979,582	6,022,438
Cash in hand		69,765	861,481
		<u>8,775,468</u>	<u>7,617,129</u>
Creditors amounts falling due within one year	13	5,291,005	5,399,193
Net current assets		<u>3,484,463</u>	<u>2,217,936</u>
Total assets less current liabilities		<u>14,981,710</u>	<u>14,297,309</u>
Creditors' amounts falling due after more than one year	14	3,976,718	3,976,718
Provisions for liabilities and charges	16	105,164	91,646
		<u>10,899,828</u>	<u>10,228,945</u>
Capital and reserves			
Called up share capital	19	2,252,000	2,252,000
Share premium account	21	3,927,816	3,927,816
Share based payments	21	81,127	50,600
Profit and loss account	21	4,638,885	3,998,529
Equity shareholders' funds	21	<u>10,899,828</u>	<u>10,228,945</u>


M T P Davey
Director


J Lindop
Director

18 December 2007

Notes to the financial statements

at 31 March 2007

1. Accounting policies

Basis of preparation

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

In preparing these financial statements the company has adopted for the first time FRS 20 'Share based payments', the adoption of which has resulted in a change in accounting policy for share based transactions

FRS 20 requires the fair value of options and share awards which ultimately vest to be charged to the profit and loss account over the vesting or performance period. For equity-settled transactions the fair value is determined at the date of the grant using an appropriate pricing model.

As a consequence of this change, additional staff costs of £30,527 (2006 - £27,065) have been recognised in the profit and loss account.

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

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 31 March 2007

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

Employee benefits

(i) Pension costs

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

(ii) Equity settled share based payments

The company operates a savings related share option scheme under which options have been granted to group employees (SAYE scheme). The company reflects in the income statement the cost of share based payments granted to its own employees. The fair value of options granted after 7 November 2002 which have not vested prior to 1 January 2005 is calculated using the Black-Scholes model and the resulting cost is charged to the income statement over the vesting period

In addition the company operates an executive share option scheme for senior executives. Share options issued are exercisable subject to the attainment of certain market-based performance criteria. The fair value of options granted after 7 November 2002 which have not vested prior to 1 January 2005, is calculated using mathematical models, including Black-Scholes model, modified for the impact of market-based performance criteria and the resulting cost is charged to the income statement over the vesting period

The company and group re-assess its estimate of the number of options that are expected to become exercisable at each balance sheet date as a result of changes in the expectation of achievement of non-marked based performance conditions. Any adjustments to the original estimates are recognised in the income statement

Dividends

Dividends payable by the company are recognised by the company when declared and therefore final dividends proposed after the balance sheet date are not recognised as a liability at the balance sheet date

Work in progress

Consumables is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of consumables

Notes to the financial statements

at 31 March 2007

1. Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

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 that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exceptions

- provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, there is a commitment to dispose of the replacement assets
- 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 a non-discounted 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

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date

All differences are taken to the profit and loss account

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding

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

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

	31 March 2007 £	1 April 2006 £
United Kingdom	34,692,722	30,097,861
Europe	71,713	-
	<u>34,764,435</u>	<u>30,097,861</u>

Notes to the financial statements

at 31 March 2007

3. Operating profit

This is stated after charging/(crediting)

	<i>31 March 2007 £</i>	<i>1 April 2006 £</i>
Auditors' remuneration - audit services	15,905	18,311
- non-audit services	2,576	6,990
Depreciation of owned fixed assets	640,636	469,978
Amortisation	541,191	541,190
	<u>1,181,827</u>	<u>1,011,168</u>
Operating lease rentals - plant and machinery	<u>479,858</u>	<u>325,614</u>

4. Staff costs

	<i>31 March 2007 £</i>	<i>1 April 2006 £</i>
Wages and salaries	8,727,059	7,967,311
Social security costs	802,530	709,381
Other pension costs	87,814	85,036
Share based payments	30,527	20,690
	<u>9,647,930</u>	<u>8,782,418</u>

The monthly average number of employees during the year was as follows

	<i>31 March 2007 No</i>	<i>1 April 2006 No</i>
Production staff	498	484
Distribution staff	37	35
Administrative staff	62	50
	<u>597</u>	<u>569</u>

5. Directors' emoluments

	<i>31 March 2007 £</i>	<i>1 April 2006 £</i>
Emoluments	<u>446,524</u>	<u>620,132</u>
Value of company pension contributions to money purchase schemes	<u>23,594</u>	<u>24,991</u>

Four directors (2006 – 4) benefit from contributions made to defined contribution pension schemes

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

	<i>31 March 2007 £</i>	<i>1 April 2006 £</i>
Emoluments	<u>168,187</u>	<u>146,431</u>
Value of company pension contributions to money purchase schemes	<u>8,750</u>	<u>6,841</u>

Notes to the financial statements

at 31 March 2007

6 Interest receivable

	31 March 2007 £	1 April 2006 £
Bank interest receivable	<u>183,906</u>	<u>130,871</u>

7 Taxation on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	31 March 2007 £	1 April 2006 £
<i>Current tax</i>		
UK corporation tax	698,115	629,650
Tax under/(over) provided in previous periods	<u>(8,901)</u>	<u>3,294</u>
Total current tax (note 7(b))	<u>689,214</u>	<u>632,944</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences (note 16)	6,113	15,942
Adjustments in respect of prior periods	<u>7,405</u>	<u>(3,752)</u>
Tax on profit on ordinary activities	<u>702,732</u>	<u>645,134</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2006 - 30%)

The differences are reconciled below

	31 March 2007 £	(restated) 1 April 2006 £
Profit on ordinary activities before tax	<u>1,731,088</u>	<u>1,532,397</u>
Profit on ordinary activities multiplied by standard rate in the UK 30%	519,326	459,719
Expenses not deductible for tax purposes	184,902	185,875
Accelerated capital allowances	(6,113)	(15,941)
Adjustments in respect of prior periods	<u>(8,901)</u>	<u>3,291</u>
Total current tax (note 7(a))	<u>689,214</u>	<u>632,944</u>
(c) Deferred tax		
	31 March 2007 £	1 April 2006 £
Group transfer	-	(34,433)
Capital allowances in advance of depreciation	(107,709)	(57,213)
Other timing differences	<u>2,545</u>	<u>-</u>
Provision for deferred taxation (note 16)	<u>(105,164)</u>	<u>(91,646)</u>

Notes to the financial statements

at 31 March 2007

8 Intangible fixed assets

	<i>Goodwill</i> £
Cost	
At 2 April 2006 and 31 March 2007	<u>10,823,810</u>
Amortisation	
At 2 April 2006	3,247,141
Provided during the year	541,191
At 31 March 2007	<u>3,788,332</u>
Net book value	
At 31 March 2007	<u>7,035,478</u>
At 2 April 2006	<u>7,576,669</u>

9. Tangible fixed assets

	<i>Leasehold Property</i> £	<i>Plant & Machinery</i> £	<i>Fixtures & Fittings</i> £	<i>Motor Vehicles</i> £	<i>Total</i> £
Cost					
At 2 April 2006	2,697,812	5,358,132	717,936	258,356	9,032,236
Additions	81,612	497,188	141,370	20,804	740,974
Disposals	-	(207,543)	-	(58,268)	(265,811)
At 31 March 2007	<u>2,779,424</u>	<u>5,647,777</u>	<u>859,306</u>	<u>220,892</u>	<u>9,507,399</u>
Depreciation					
At 2 April 2006	466,603	3,814,329	454,749	60,046	4,795,727
Provided during the year	101,588	406,841	68,302	63,905	640,636
Disposals	-	(104,224)	-	(20,314)	(124,538)
At 31 March 2007	<u>568,191</u>	<u>4,116,946</u>	<u>523,051</u>	<u>103,637</u>	<u>5,311,825</u>
Net book value					
At 2 April 2007	<u>2,211,233</u>	<u>1,530,831</u>	<u>336,255</u>	<u>117,255</u>	<u>4,195,574</u>
At 31 March 2007	<u>2,231,209</u>	<u>1,543,803</u>	<u>263,187</u>	<u>198,310</u>	<u>4,236,509</u>

Notes to the financial statements

at 31 March 2007

10. Investments

	<i>Subsidiary undertakings £</i>
Cost	
At 2 April 2006 and 31 March 2007	266,195
Net book value	
At 2 April 2006 and 31 March 2007	266,195

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

All of the subsidiary undertakings were incorporated in England and Wales

11 Stocks

	<i>31 March 2007 £</i>	<i>1 April 2006 £</i>
Raw materials	359,032	378,079
Packaging stock	168,286	105,146
General stock	198,803	249,985
	<u>726,121</u>	<u>733,210</u>

12. Debtors

	<i>31 March 2007 £</i>	<i>1 April 2006 £</i>
Trade debtors	2,644,123	1,920,268
Amounts owed by group undertakings	4,648,181	3,460,045
Other debtors	477,748	304,912
Prepayments and accrued income	209,530	337,213
	<u>7,979,582</u>	<u>6,022,438</u>

Notes to the financial statements

at 31 March 2007

13 Creditors: amounts falling due within one year

	31 March 2007 £	1 April 2006 £
Bank overdraft		
Trade creditors	3,571,062	3,251,744
Corporation tax	349,311	363,077
Other taxation and social security	192,621	187,996
Other creditors	650,673	737,884
Accruals and deferred income	527,338	858,492
	<u>5,291,005</u>	<u>5,399,193</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

14 Creditors: amounts falling due after more than one year

	31 March 2007 £	1 April 2006 £
Amounts owed to group undertakings	<u>3,976,718</u>	<u>3,976,718</u>

15 Pension commitments

The company operates a defined contributions pension scheme. The amount charged to the profit and loss account is disclosed in note 4. Contributions outstanding to the scheme at the year end amounted to £11,699 (2006 - £12,509)

16 Provisions for liabilities and charges

	Deferred tax £
At 2 April 2006	91,646
Deferred tax charge in profit and loss account (note 7(a))	6,113
Prior year adjustment	7,405
At 31 March 2007 (note 7(c))	<u>105,164</u>

17 Commitments under operating leases

At 31 March 2007 the company had annual commitments under non-cancellable operating leases as set out below

	31 March 2007		1 April 2006	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire				
Within one year	-	107,747	-	146,597
In two to five years	-	5,352	-	-
In over five years	206,047	-	145,150	-
	<u>206,047</u>	<u>113,099</u>	<u>145,150</u>	<u>146,597</u>

Notes to the financial statements

at 31 March 2007

18. Contingent liability

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

19. Share capital

	31 March 2007	Authorised 1 April 2006
	£	£
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>

	Allotted, called up and fully paid 31 March 2007		1 April 2006	
	No	£	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

20. Share based payments

Executive share options

The company operates three executive share option schemes, a Revenue approved scheme, an unapproved scheme and a long term incentive plan, all of which are equity settled

Share options are granted periodically to promote the involvement of senior management in the longer term success of the company. Options can only be exercised if certain performance conditions are met by the company. These conditions are based on total shareholder return over the performance period and require the company to be in the top half of a basket of food companies quoted on the London Stock Exchange selected by remuneration committee. Options have a contractual life of ten years.

Directors may also apply for SAYE options on the same terms as apply to all other employees. The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	31 March 2007		1 April 2006	
	No	WAEP £	No	WAEP £
Outstanding as at 1 April	70,000	5.89	10,000	5.19
Granted during the year	-	-	60,000	6.01
Forfeited during the year	(15,000)	-	-	-
Exercised during the year (note i)	(10,000)	5.19	-	-
Expired during the year	-	-	-	-
Outstanding as at 31 March	<u>45,000</u>	<u>6.01</u>	<u>70,000</u>	<u>5.89</u>
Exercisable at 31 March	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>5.19</u>

(i) The weighted average share price at the date of the exercise for the options exercised is £9.50 (2006 - £6.21)

Notes to the financial statements

at 31 March 2007

20. Share based payments (continued)

- (ii) Included within this balance are options over nil shares (2006 - nil shares) that have not been recognised in accordance with FRS 20 as options were granted on or before 7 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with FRS 20.
- (iii) For share options outstanding as at 31 March 2007, the weighted average remaining contractual life is 1.6 years (2006 - 2.6 years).

There were no options granted during the year.

The weighted average fair value of options granted during the previous year was £6.01. The range of exercise prices for options outstanding at the end of the year was £6.01.

All employee share options (SAYE scheme)

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

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

	31 March 2007		1 April 2006	
	No	WAEP £	No	WAEP £
Outstanding as at 1 April	57,591	3.14	50,347	2.89
Granted during the year (note 1)	17,493	6.79	7,972	4.71
Forfeited during the year	(7,022)	2.96	(728)	2.88
Exercised during the year (note 1)	(28,709)	2.63	-	-
Expired during the year	-	-	-	-
Outstanding as at 31 March	39,353	5.17	57,591	2.60
Exercisable at 31 March	1,447	2.55	1,365	4.15

- (i) The share options granted during the year were at 679p, representing a 20 per cent discount on the price at the relevant date.
- (ii) The weighted average share price at the date of the exercise for the options exercised is £9.68 (2006 - £5.95).
- (iii) Included within this balance are options over 1,718 shares (2006 - 11,487) that have not been recognised in accordance with FRS 20 as options were granted on or before 7 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with FRS 20.

For the share options outstanding as at 31 March 2007 the weighted average remaining contractual life is 2.70 years (2006 - 3.05 years).

The weighted average fair value of options granted during the year was £6.79 (2006 - £1.67). The range of exercise prices for options outstanding at the end of the year was £2.55-£6.79 (2006 - £2.55-£4.71).

Notes to the financial statements

at 31 March 2007

20. Share based payments (continued)

The fair value of both Executive and All Employee 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 2007 and 31 March 2006

	31 March 2007	1 April 2006
Dividend yield	1.9%-4.1%	2.41%-2.6%
Expected share price volatility	24.5%-31%	31%
Risk free interest rate	4.29%-5.0%	4.51%-4.81%
Expected life of option (years)	3, 5, 7 years	3, 5, 7 years
Exercise prices	£nil-£6.79	£4.71-£6.01

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 executive options is adjusted to take into account the market-based performance condition.

21. Reconciliation of equity shareholders' funds and movement on reserves

	Share capital £	Share premium account £	Share based payments £	Profit and loss account £	Total £
At 2 April 2005	2,252,000	3,927,816	-	3,134,801	9,314,617
Prior year adjustment for share based payment	-	-	23,535	(23,535)	-
Profit for the year	-	-	-	887,263	887,263
Share based payment	-	-	27,065	-	27,065
At 1 April 2006 (restated)	2,252,000	3,927,816	50,600	3,998,529	10,228,945
Profit for the year	-	-	-	1,028,356	1,028,356
Dividends	-	-	-	(388,000)	(388,000)
Share based payment	-	-	30,527	-	30,527
At 31 March 2007	2,252,000	3,927,816	81,127	4,638,885	10,899,828

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, 74 Helsinki Road, Sutton Fields Industrial Estate, Hull, HU7 0YW.