

Registered No: 3194496

The Sandwich Factory Holdings Limited

Report and Financial Statements

31 March 2009

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The Sandwich Factory Holdings Limited

Registered No: 3194496

Directors

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

Secretary

M B Windeatt

Auditors

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

Bankers

Lloyds TSB Bank plc
15 Market Place
Driffeld
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 2009.

Results and dividends

The loss for the year, after taxation, amounted to £211,000 (2008: profit of £528,000). Dividends of £197,000 were paid during the year (2008: £345,000). The directors have not proposed a final dividend.

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.

Principal risks and uncertainties

Strategic, financial, commercial, operational, 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 considered to be customer retention, raw material supply and price, margins and profitability and competition.

Key performance indicators (KPIs)

The Board has assessed that the following KPIs 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 on sales	-	operating profit as a percentage of sales revenue

Performance against KPIs

	2009 %	2008 %
Organic sales growth	16.8	7.3
Gross return on sales	21.9	25.2
Net return on sales	(0.6)	1.9

Employees

The company 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 their able-bodied counterparts, from the job application stage to their progression through the company. 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 business activities, each employee involved with production having gained at least the Basic Food Hygiene Certificate.

Directors' report (continued)

Employees (continued)

The company 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 company and the directors welcome reasonable suggestions that may improve the business or working conditions. Communication with employees is encouraged via informal channels in place for the dissemination of information and feedback processes.

Directors

The directors who served the company during the year and up to the date of approval of these financial statements were as follows:

A F Cleaver
P Nicholson
M T P Davey
B Hoggarth
S Ravenscroft
N Anderson
JM Bottomley (appointed 1 June 2009)
J D Lindop (resigned 31 May 2009)

Directors' statement as to disclosure of information to auditors

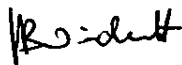
The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- 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 August 2009

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 UK 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 that 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report

to the members of The Sandwich Factory Holdings Limited

We have audited the financial statements of The Sandwich Factory Holdings Limited for the year ended 31 March 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 23. 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 2009 and of its loss 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

Ernst & Young LLP
Registered Auditor
Hull

18 August 2009

Profit and loss account

for the year ended 31 March 2009

	Notes	31 March 2009 £000	31 March 2008 £000
Turnover	2	41,604	35,631
Cost of sales		(32,494)	(26,644)
Gross profit		9,110	8,987
Distribution costs		(3,185)	(2,325)
Administrative expenses		(6,190)	(5,969)
Operating (loss) / profit	3	(265)	693
Interest receivable	6	159	235
(Loss) / profit on ordinary activities before taxation		(106)	928
Tax on (loss) / profit on ordinary activities	7	(105)	(400)
(Loss) / profit for the financial year	22	(211)	528

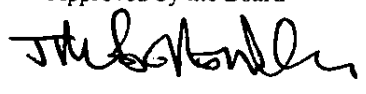
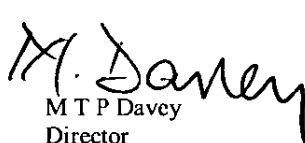
There were no recognised gains or losses other than the loss for the financial year.

Balance sheet

at 31 March 2009

	Notes	31 March 2009 £000	31 March 2008 £000
Fixed assets			
Intangible assets	9	5,953	6,494
Tangible assets	10	3,826	4,114
Investments	11	266	266
		<u>10,045</u>	<u>10,874</u>
Current assets			
Stocks	12	856	822
Debtors	13	8,263	9,338
Cash at bank and in hand		<u>260</u>	<u>56</u>
		9,379	10,216
Creditors: amounts falling due within one year	14	<u>(4,661)</u>	<u>(5,900)</u>
Net current assets		<u>4,718</u>	<u>4,316</u>
Total assets less current liabilities		<u>14,763</u>	<u>15,190</u>
Creditors: amounts falling due after more than one year	15	<u>(3,977)</u>	<u>(3,977)</u>
Provisions for liabilities and charges	17	<u>(40)</u>	<u>(85)</u>
Net assets		<u>10,746</u>	<u>11,128</u>
Capital and reserves			
Called up share capital	20	2,252	2,252
Share premium account	22	3,928	3,928
Share based payments	22	152	126
Profit and loss account	22	<u>4,414</u>	<u>4,822</u>
Equity shareholders' funds	22	<u>10,746</u>	<u>11,128</u>

Approved by the Board

J M Bottomley
Director

M T P Davey
Director

18 August 2009

Notes to the financial statements

at 31 March 2009

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 has not prepared consolidated financial statements.

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 these financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements.

Related party 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 financial statements 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 its 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:

Freehold property	- 2% per annum
Leasehold property	- Over period of the lease
Plant & machinery	- 15% per annum
Fixtures & fittings	- 15% per annum
Motor vehicles	- 25% per annum

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.

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.

Notes to the financial statements

at 31 March 2009

1. Accounting policies (continued)

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 profit and loss account 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 profit and loss account 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 the Black-Scholes model, modified for the impact of market-based performance criteria and the resulting cost is charged to the profit and loss account 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-market 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.

Consumables

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

Taxation

The charge for taxation is based on the profit or loss 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.

Notes to the financial statements

at 31 March 2009

1. Accounting policies (continued)

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.

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 discounts, similar allowances and value added tax.

An analysis of turnover by geographical market is given below:

	<i>31 March 2009 £000</i>	<i>31 March 2008 £000</i>
United Kingdom	<u>41,604</u>	<u>35,631</u>

3. Operating (loss)/profit

This is stated after charging:

	<i>31 March 2009 £000</i>	<i>31 March 2008 £000</i>
Auditors' remuneration - audit services	16	19
- non-audit services	3	4
	<u>19</u>	<u>23</u>
Depreciation of owned fixed assets	587	568
Amortisation	541	542
	<u>1,128</u>	<u>1,110</u>
Operating lease rentals - plant and machinery	337	298
- land and buildings	222	201
	<u>559</u>	<u>500</u>

Notes to the financial statements

at 31 March 2009

4. Staff costs

	<i>31 March 2009 £000</i>	<i>31 March 2008 £000</i>
Wages and salaries	9,903	9,243
Social security costs	910	838
Other pension costs	99	94
Share based payments	25	45
	<u>10,937</u>	<u>10,220</u>

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

	<i>31 March 2009 No.</i>	<i>31 March 2008 No.</i>
Production	589	528
Sales and distribution	64	49
Administration	55	63
	<u>708</u>	<u>640</u>

5. Directors' emoluments

	<i>31 March 2009 £000</i>	<i>31 March 2008 £000</i>
Emoluments	524	505
Value of company pension contributions to money purchase schemes	29	27

3 directors (2008: 3) benefit from contributions made to defined contribution pension schemes.

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

	<i>31 March 2009 £000</i>	<i>31 March 2008 £000</i>
Emoluments	156	150
Value of company pension contributions to money purchase schemes	10	10

6. Interest receivable

	<i>31 March 2009 £000</i>	<i>31 March 2008 £000</i>
Bank interest receivable	61	134
Interest due from group undertakings	98	101
	<u>159</u>	<u>235</u>

Notes to the financial statements

at 31 March 2009

7. Taxation on ordinary activities

(a) Tax on (loss) / profit on ordinary activities

The tax charge is made up as follows:

	31 March 2009 £000	31 March 2008 £000
<i>Current tax:</i>		
UK corporation tax	166	428
Tax over provided in previous years	(16)	(8)
Total current tax (note 7(b))	150	420
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(33)	(16)
Adjustments in respect of prior years	(12)	(4)
Total deferred tax (note 17)	(45)	(20)
Tax on (loss)/profit on ordinary activities	105	400

(b) Factors affecting current tax charge

The tax assessed on the (loss) / profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2008: 30%).

The differences are reconciled below:

	31 March 2009 £000	31 March 2008 £000
(Loss)/profit on ordinary activities before tax	(106)	928
(Loss)/profit on ordinary activities multiplied by standard rate in the UK	(30)	278
<i>Effects of:</i>		
Expenses not deductible for tax purposes	32	49
Accelerated capital allowances	35	(22)
Short term timing differences	(1)	17
Industrial buildings allowance	(17)	(25)
Profit on disposal caused by indexation	-	(27)
Goodwill amortisation	151	162
Schedule 23 deduction	(4)	(4)
Adjustments in respect of prior years	(16)	(8)
Total current tax (note 7(a))	150	420

(c) Deferred tax

	31 March 2009 £000	31 March 2008 £000
Capital allowances in advance of depreciation	71	112
Other timing differences	(9)	(3)
Share options	(22)	(24)
Provision for deferred taxation (note 17)	40	85

Notes to the financial statements

at 31 March 2009

8. Dividends paid and proposed

	31 March 2009 £000	31 March 2008 £000
Declared and paid during the year		
<i>Equity dividends on ordinary shares:</i>		
Final dividend for the prior year	154	240
Interim dividend for the year	43	105
	<u>197</u>	<u>345</u>
Final dividend proposed for the year	<u>-</u>	<u>-</u>

9. Intangible fixed assets

	<i>Goodwill</i> £000
<i>Cost:</i>	
At 31 March 2008 and 31 March 2009	<u>10,824</u>
<i>Amortisation:</i>	
At 31 March 2008	4,330
Provided during the year	541
At 31 March 2009	<u>4,871</u>
<i>Net book value:</i>	
At 31 March 2009	<u>5,953</u>
At 31 March 2008	<u>6,494</u>

Notes to the financial statements

at 31 March 2009

10. Tangible fixed assets

	<i>Freehold property £000</i>	<i>Leasehold property £000</i>	<i>Plant, equipment and vehicles £000</i>	<i>Assets in the course of construction £000</i>	<i>Total £000</i>
<i>Cost:</i>					
At 31 March 2008	1,048	1,738	6,820	62	9,668
Additions	1	24	257	33	315
Disposals	-	-	(489)	-	(489)
Transfers from assets in the course of construction	-	3	27	(30)	-
At 31 March 2009	<u>1,049</u>	<u>1,765</u>	<u>6,615</u>	<u>65</u>	<u>9,494</u>
<i>Depreciation:</i>					
At 31 March 2008	47	623	4,884	-	5,554
Provided during the year	19	90	478	-	587
Disposals	-	-	(473)	-	(473)
At 31 March 2009	<u>66</u>	<u>713</u>	<u>4,889</u>	<u>-</u>	<u>5,668</u>
<i>Net book value:</i>					
At 31 March 2009	<u>983</u>	<u>1,052</u>	<u>1,726</u>	<u>65</u>	<u>3,826</u>
At 31 March 2008	<u>1,001</u>	<u>1,115</u>	<u>1,936</u>	<u>62</u>	<u>4,114</u>

11. Investments

	<i>Subsidiary undertakings £000</i>
<i>Cost:</i>	
At 31 March 2008 and 31 March 2009	<u>266</u>
<i>Net book value:</i>	
At 31 March 2008 and 31 March 2009	<u>266</u>

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

Incorporated in England and Wales.

Notes to the financial statements

at 31 March 2009

12. Stocks

	<i>31 March 2009 £000</i>	<i>31 March 2008 £000</i>
Raw materials	365	370
Consumables	347	333
Finished goods and goods for resale	144	119
	<u>856</u>	<u>822</u>

13. Debtors

	<i>31 March 2009 £000</i>	<i>31 March 2008 £000</i>
Trade debtors	4,455	5,232
Amounts owed by group undertakings	3,328	3,296
Other debtors	260	561
Prepayments and accrued income	220	249
	<u>8,263</u>	<u>9,338</u>

14. Creditors: amounts falling due within one year

	<i>31 March 2009 £000</i>	<i>31 March 2008 £000</i>
Trade creditors	3,295	4,389
Corporation tax	83	214
Other taxation and social security	210	257
Other creditors	391	340
Accruals and deferred income	682	700
	<u>4,661</u>	<u>5,900</u>

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

	<i>31 March 2009 £000</i>	<i>31 March 2008 £000</i>
Amounts owed to group undertakings	<u>3,977</u>	<u>3,977</u>

16. Pension commitments

The company operates a defined contribution 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 £13,000 (2008: £131,000).

Notes to the financial statements

at 31 March 2009

17. Provisions for liabilities and charges

	<i>Deferred tax</i> £000
At 31 March 2008 (note 7(c))	85
Deferred tax charge in profit and loss account (note 7(a))	(45)
At 31 March 2009 (note 7(c))	<u>40</u>

18. Commitments under operating leases

At 31 March 2009 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>31 March 2009</i>		<i>31 March 2008</i>	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	£000	£000	£000	£000
<i>Operating leases which expire:</i>				
Within one year	42	239	-	-
In two to five years	22	276	18	305
In over five years	147	-	188	-
	<u>211</u>	<u>515</u>	<u>206</u>	<u>305</u>

19. Contingent liability

The company, together with other companies in the Cranswick group, has entered into a cross guarantee with Lloyds TSB Bank plc, The Royal Bank of Scotland plc and Clydesdale Bank plc in respect of the group's facilities with those banks.

20. Share capital

	<i>Authorised</i>	
	<i>31 March 2009</i>	<i>31 March 2008</i>
	£000	£000
Ordinary shares of £0.01 each	2,253	2,253
7% preference shares of £1 each	4,803	4,803
	<u>7,056</u>	<u>7,056</u>

	<i>Allotted, called up and fully paid</i>			
	<i>31 March 2009</i>		<i>31 March 2008</i>	
	<i>No.</i>	<i>£000</i>	<i>No.</i>	<i>£000</i>
Ordinary shares of £0.01 each	225,200,000	<u>2,252</u>	225,200,000	<u>2,252</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.

Notes to the financial statements

at 31 March 2009

21. 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 Cranswick plc Group. These conditions are based on total shareholder return over the performance period and require the Cranswick Group to be in the top half of a basket of food companies quoted on the London Stock Exchange selected by the Cranswick plc remuneration committee. Options have a contractual life of ten years.

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

	31 March 2009		31 March 2008	
	No.	WAEP £	No.	WAEP £
Outstanding as at 31 March	45,000	6.01	45,000	6.01
Exercisable at 31 March	45,000	6.01	-	-

For share options outstanding as at 31 March 2009, the weighted average remaining contractual life is 6.25 years (2008: 7.25 years).

There were no options granted during the year.

The range of exercise prices for options outstanding at the end of the year was £6.01.

Notes to the financial statements

at 31 March 2009

21. Share based payments (continued)

Long term incentive plan

During the course of the year no options were granted. There is a three 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 EPS target allows 25 per cent of the shares subject to the target to be issued at nil cost at an outperformance of 3 per cent and 100 per cent of the shares at an outperformance of 7 per cent with outperformance between 3 and 7 per cent rewarded pro-rata. The TSR target allows 50 per cent of the shares subject to the target to be issued at nil cost at the 50th percentile and 100% at the 75th percentile with performance between the 50th and 75th percentile rewarded pro-rata. The comparison companies are Carrs Milling Industries plc, Dairy Crest Group plc, Devro plc, Glanbia plc, Greencore plc, Northern Foods plc, Robert Wiseman Dairies plc, Premier Foods plc and Uniq plc. The options have a contractual life of ten years. No options were forfeited during the year leaving 5,000 outstanding.

	31 March 2009		31 March 2008	
	No.	WAEP £	No.	WAEP £
Outstanding as at 31 March	5000	-	5,000	-
Exercisable at 31 March	-	-	-	-

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.

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 2009		31 March 2008	
	No.	WAEP £	No.	WAEP £
Outstanding as at 1 April	36,576	5.58	39,353	5.17
Granted during the year (note i)	25,729	4.74	7,382	6.65
Forfeited during the year	(16,420)	6.34	(4,571)	6.43
Exercised during the year (note ii)	(5,348)	3.66	(5,588)	3.44
Outstanding as at 31 March	40,537	5.02	36,576	5.58
Exercisable at 31 March	794	4.71	-	-

- (i) The share options granted during the year were at 474p, representing a 20 per cent discount on the price at the relevant date.
- (ii) The weighted average share price at the date of exercise for the options exercised during the year was £6.37 (2008: £6.70).

Notes to the financial statements

at 31 March 2009

21. Share based payments (continued)

For the share options outstanding as at 31 March 2009 the weighted average remaining contractual life is 3.92 years (2008: 2.82 years).

The weighted average fair value of options granted during the year was £1.54 (2008: £2.96). The range of exercise prices for options outstanding at the end of the year was £3.75 - £6.79 (2008: £2.55 - £6.79).

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 2009 and 31 March 2008:

	31 March 2009	31 March 2008
Dividend yield	1.9% - 4.3%	1.9% - 4.1%
Expected share price volatility	24.5% - 31.0%	24.5% - 31.0%
Risk free interest rate	3.00% - 5.80%	4.29% - 5.80%
Expected life of option (years)	3, 5, 7 years	3, 5, 7 years
Exercise prices	£nil - £6.79	£nil - £6.79

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 conditions.

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

	Share capital £000	Share premium account £000	Share- based payments £000	Profit and loss account £000	Total £000
At 31 March 2007	2,252	3,928	81	4,639	10,900
Profit for the year	-	-	-	528	528
Dividends	-	-	-	(345)	(345)
Share-based payments	-	-	45	-	45
At 31 March 2008	2,252	3,928	126	4,822	11,128
Profit for the year	-	-	-	(211)	(211)
Dividends	-	-	-	(197)	(197)
Share-based payments	-	-	26	-	26
At 31 March 2009	2,252	3,928	152	4,414	10,746

23. 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 74 Helsinki Road, Sutton Fields Industrial Estate, Hull, HU7 0YW.