

Company Registration No. 00896298 (England and Wales)

**CRANSWICK PET PRODUCTS LIMITED**  
**(FORMERLY KNOWN AS GROVE PET FOODS LIMITED)**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**CRANSWICK PET PRODUCTS LIMITED**  
**(FORMERLY KNOWN AS GROVE PET FOODS LIMITED)**  
**COMPANY INFORMATION**

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<b>Directors</b>	J M Bottomley	(Appointed 28 January 2022)
	A Couch	(Appointed 28 January 2022)
	J R Walgate	

<b>Secretary</b>	S Glover
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<b>Company number</b>	00896298
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<b>Registered office</b>	Crane Court Hesslewood Country Office Park Ferriby Road Hessle East Riding of Yorkshire HU13 0PA
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<b>Auditor</b>	BHP LLP 2 Rutland Park Sheffield S10 2PD
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<b>Bankers</b>	The Royal Bank of Scotland plc 5 Church Street Sheffield S1 1HF
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**CRANSWICK PET PRODUCTS LIMITED  
(FORMERLY KNOWN AS GROVE PET FOODS LIMITED)  
CONTENTS**

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	<b>Page</b>
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10 - 23

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**CRANSWICK PET PRODUCTS LIMITED**  
**(FORMERLY KNOWN AS GROVE PET FOODS LIMITED)**  
**STRATEGIC REPORT**  
***FOR THE YEAR ENDED 31 DECEMBER 2021***

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The directors present the strategic report for the year ended 31 December 2021.

**Fair review of the business**

The principal activities of the company are the manufacture and sale of pet foods, under the Alpha, Vitalin and Richa brands, as well as under private label contracts.

During the year the company continued a strategy of focusing on the manufacture of premium products. This enabled turnover to increase to £22 million.

There was additional capital expenditure in a new packing facility and increased warehousing. The Directors expect this to continue in the year ahead as well as completion of the new Head Office. Investment also continued in the work force to improve skills and in environmental measures to meet the future expectations of a carbon neutral society.

The general economic climate was extremely challenging during 2021. There are additional costs and the administrative burden of Brexit, which has led to lost export sales. Later in the year the company faced issues with labour availability and the supply chain, similar to most manufacturing businesses. Inflationary pressures increased during the period and are expected to continue in 2022, impacting on margin. Despite this, the directors are satisfied with the result for the year.

At the end of the financial year Balance Sheet net assets increased from £4.94m to £5.64m.

In January 2022 the shareholders completed the sale of the company to Cranswick Country Foods Plc recognising the value built up over recent years and opportunity for future growth.

**Principal risks and uncertainties**

The main risk facing the company is fluctuation in raw material costs. The company uses forward contracts to manage risk in purchasing.

**Key performance indicators**

	<u>2021</u>	<u>2020</u>
Gross profit margin	25.27%	30.23%
Operating profit margin	6.02%	9.66%
Debtor days	32	27

On behalf of the board

J M Bottomley  
**Director**

30 September 2022

**CRANSWICK PET PRODUCTS LIMITED  
(FORMERLY KNOWN AS GROVE PET FOODS LIMITED)  
DIRECTORS' REPORT**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

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The directors present their report and financial statements for the year ended 31 December 2021.

**Principal activities**

The principal activity of the company continued to be the manufacture and supply of animal and pet foods, under the Alpha, Vitalin and Richa brands, as well as under private label contracts.

**Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A R Turner	(Resigned 28 January 2022)
J M Bottomley	(Appointed 28 January 2022)
A Couch	(Appointed 28 January 2022)
J R Walgate	

**Results and dividends**

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

**Statement of directors' responsibilities**

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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

**CRANSWICK PET PRODUCTS LIMITED  
(FORMERLY KNOWN AS GROVE PET FOODS LIMITED)  
DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

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**Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

J M Bottomley

**Director**

30 September 2022

**CRANSWICK PET PRODUCTS LIMITED  
(FORMERLY KNOWN AS GROVE PET FOODS LIMITED)  
INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF CRANSWICK PET PRODUCTS LIMITED**

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**Opinion**

We have audited the financial statements of Cranswick Pet Products Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**CRANSWICK PET PRODUCTS LIMITED  
(FORMERLY KNOWN AS GROVE PET FOODS LIMITED)  
INDEPENDENT AUDITOR'S REPORT (CONTINUED)  
TO THE MEMBERS OF CRANSWICK PET PRODUCTS LIMITED**

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**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of such regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error.

We focused on laws and regulations relevant to the company which could give rise to a material misstatement in the financial statements. Our testing included discussions with management, directors and reviewing legal expenses. There are inherent limitations in the audit procedures described and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

As part of our audit, we addressed the risk of management override of internal controls, including testing of journals and review of the nominal ledger. We evaluated whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



**CRANSWICK PET PRODUCTS LIMITED  
(FORMERLY KNOWN AS GROVE PET FOODS LIMITED)  
INDEPENDENT AUDITOR'S REPORT (CONTINUED)  
TO THE MEMBERS OF CRANSWICK PET PRODUCTS LIMITED**

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**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Lisa Leighton (Senior Statutory Auditor)  
for and on behalf of BHP LLP**

30 September 2022

**Chartered Accountants  
Statutory Auditor**

2 Rutland Park  
Sheffield  
S10 2PD

**CRANSWICK PET PRODUCTS LIMITED**  
**(FORMERLY KNOWN AS GROVE PET FOODS LIMITED)**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £	2020 £
<b>Turnover</b>	<b>3</b>	21,959,717	21,541,728
Cost of sales		(16,410,891)	(15,029,440)
<b>Gross profit</b>		5,548,826	6,512,288
Administrative expenses		(4,247,770)	(4,432,245)
Other operating income		21,649	-
<b>Operating profit</b>	<b>4</b>	1,322,705	2,080,043
Interest receivable and similar income	<b>7</b>	567	-
Interest payable and similar expenses	<b>8</b>	(46,141)	(68,261)
<b>Profit before taxation</b>		1,277,131	2,011,782
Tax on profit	<b>9</b>	(581,108)	(328,000)
<b>Profit for the financial year</b>		696,023	1,683,782
<b>Other comprehensive income</b>			
Revaluation of tangible fixed assets		(35,213)	(32,746)
<b>Total comprehensive income for the year</b>		660,810	1,651,036

The Profit and Loss account has been prepared on the basis that all operations are continuing operations.

**CRANSWICK PET PRODUCTS LIMITED**  
**(FORMERLY KNOWN AS GROVE PET FOODS LIMITED)**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2021**

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Intangible assets	10	79,537		62,189	
Tangible assets	11	5,569,467		4,766,439	
		<u>5,649,004</u>		<u>4,828,628</u>	
<b>Current assets</b>					
Stocks	13	2,099,324		1,681,294	
Debtors	14	2,867,469		2,372,065	
Cash at bank and in hand		200,638		688,299	
		<u>5,167,431</u>		<u>4,741,658</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(3,988,005)</u>		<u>(3,462,433)</u>	
<b>Net current assets</b>			1,179,426		1,279,225
<b>Total assets less current liabilities</b>			<u>6,828,430</u>		<u>6,107,853</u>
<b>Creditors: amounts falling due after more than one year</b>	16		(223,406)		(779,852)
<b>Provisions for liabilities</b>			<u>(970,000)</u>		<u>(389,000)</u>
<b>Net assets</b>			<u>5,635,024</u>		<u>4,939,001</u>
<b>Capital and reserves</b>					
Called up share capital	21	2,000,000		2,000,000	
Revaluation reserve		57,352		92,565	
Profit and loss reserves		3,577,672		2,846,436	
<b>Total equity</b>			<u>5,635,024</u>		<u>4,939,001</u>

The financial statements were approved by the board of directors and authorised for issue on 30 September 2022 and are signed on its behalf by:

J M Bottomley  
**Director**

**Company Registration No. 00896298**

**CRANSWICK PET PRODUCTS LIMITED**  
**(FORMERLY KNOWN AS GROVE PET FOODS LIMITED)**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
<b>Balance at 1 January 2020</b>	2,000,000	125,311	1,129,908	3,255,219
<b>Year ended 31 December 2020:</b>				
Profit for the year	-	-	1,683,782	1,683,782
Other comprehensive income:				
Transfer of excess depreciation on revalued tangible fixed assets	-	(32,746)	32,746	-
Total comprehensive income for the year	-	(32,746)	1,716,528	1,683,782
<b>Balance at 31 December 2020</b>	2,000,000	92,565	2,846,436	4,939,001
<b>Year ended 31 December 2021:</b>				
Profit for the year	-	-	696,023	696,023
Other comprehensive income:				
Transfer of excess depreciation on revalued tangible fixed assets	-	(35,213)	35,213	-
Total comprehensive income for the year	-	(35,213)	731,236	696,023
<b>Balance at 31 December 2021</b>	2,000,000	57,352	3,577,672	5,635,024

**CRANSWICK PET PRODUCTS LIMITED  
(FORMERLY KNOWN AS GROVE PET FOODS LIMITED)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**1 Accounting policies**

**Company information**

Cranswick Pet Products Limited is a private company limited by shares incorporated in England and Wales. The registered office is Crane Court, Hesslewood Country Office Park, Ferriby Road, Hessle, East Riding of Yorkshire, HU13 0PA.

**1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain plant and machinery assets, and financial instruments, at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures.

The financial statements of the company are consolidated in the financial statements of Holdco Alpha Limited. These consolidated financial statements are available from its registered office or can be obtained from Companies House.

**1.2 Going concern**

The company has cash reserves and a net current asset position of £1,179,426 at the year-end. Post year-end, the invoice discounting facility was repaid, and the company has no external financing in place outside of the Group.

The directors have prepared forecasts which cover a period of at least twelve months from the signing date of these financial statements. The forecasts show that the company can meet its obligations as they fall due.

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

In forming its opinion as to going concern, the Directors have considered the financial support available from Group should it be required; thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

**1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**CRANSWICK PET PRODUCTS LIMITED**  
**(FORMERLY KNOWN AS GROVE PET FOODS LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**1 Accounting policies**

**(Continued)**

**1.4 Intangible fixed assets - goodwill**

Goodwill represents the excess of the cost of acquisition of businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is ten years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

**1.5 Intangible fixed assets other than goodwill**

Intangible assets acquired are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Branding	4 years
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**1.6 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	over 3 - 10 years
Fixtures, fittings & equipment	over 4 - 10 years
Motor vehicles	over 4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

**1.7 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

**CRANSWICK PET PRODUCTS LIMITED  
(FORMERLY KNOWN AS GROVE PET FOODS LIMITED)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**1 Accounting policies**

**(Continued)**

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**1.8 Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

**1.9 Cash at bank and in hand**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**1.10 Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

**Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

**CRANSWICK PET PRODUCTS LIMITED  
(FORMERLY KNOWN AS GROVE PET FOODS LIMITED)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**1 Accounting policies**

**(Continued)**

***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

***Classification of financial liabilities***

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans and loans from connected companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

**1.11 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Under FRS102, the deferred tax liability must be measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.



**CRANSWICK PET PRODUCTS LIMITED  
(FORMERLY KNOWN AS GROVE PET FOODS LIMITED)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**1 Accounting policies (Continued)**

**1.12 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense.

**1.13 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**1.14 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

**1.15 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

**2 Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**3 Turnover and other revenue**

An analysis of the company's turnover is as follows:

	2021 £	2020 £
<b>Turnover analysed by class of business</b>		
Pet food	21,959,717	21,541,728

**CRANSWICK PET PRODUCTS LIMITED**  
**(FORMERLY KNOWN AS GROVE PET FOODS LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**3 Turnover and other revenue** **(Continued)**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Turnover analysed by geographical market</b>		
UK	21,594,750	21,039,053
Europe	207,880	345,588
Other	157,087	157,087
	<u>21,959,717</u>	<u>21,541,728</u>

**4 Operating profit**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(46,669)	33,242
Fees payable to the company's auditor for the audit of the company's financial statements	13,150	13,150
Depreciation of owned tangible fixed assets	753,032	597,769
Depreciation of tangible fixed assets held under finance leases	70,682	71,896
Profit on disposal of tangible fixed assets	(769)	(7,672)
Amortisation of intangible assets	32,602	44,391
Operating lease charges	<u>303,515</u>	<u>182,573</u>

**5 Employees**

The average monthly number of persons (including directors) employed by the company during the year was:

	<b>2021</b>	<b>2020</b>
	<b>Number</b>	<b>Number</b>
Production	71	70
Administration	20	21
Management	14	12
	<u>105</u>	<u>103</u>

Their aggregate remuneration comprised:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Wages and salaries	3,049,985	2,727,343
Pension costs	73,310	67,497
	<u>3,246,568</u>	<u>3,123,296</u>

**CRANSWICK PET PRODUCTS LIMITED**  
**(FORMERLY KNOWN AS GROVE PET FOODS LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**6 Directors' remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	240,847	154,650
	<u>240,847</u>	<u>154,650</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	240,847	-
	<u>240,847</u>	<u>-</u>

As total directors' remuneration was less than £200,000 in the prior year, no disclosure is provided for that year.

**7 Interest receivable and similar income**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Interest on bank deposits	567	-
	<u>567</u>	<u>-</u>

**8 Interest payable and similar expenses**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Interest on bank overdrafts and loans	-	3,512
Interest on finance leases and hire purchase contracts	24,641	34,049
Other interest	21,500	30,700
	<u>46,141</u>	<u>68,261</u>

**9 Taxation**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	108	-
	<u>108</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	581,000	328,000
	<u>581,000</u>	<u>328,000</u>
<b>Total tax charge</b>	<u>581,108</u>	<u>328,000</u>

**CRANSWICK PET PRODUCTS LIMITED**  
**(FORMERLY KNOWN AS GROVE PET FOODS LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**9 Taxation**

**(Continued)**

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Profit before taxation	1,277,131	2,011,782
	<u>          </u>	<u>          </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	242,655	382,239
Tax effect of expenses that are not deductible in determining taxable profit	10,617	364
Change in unrecognised deferred tax assets	176	(22,518)
Other permanent differences	(19,190)	(32,085)
Remeasurement of deferred tax for changes in tax rates	232,956	-
Chargeable gains/(losses)	133,010	-
Fixed asset differences	(19,116)	-
	<u>          </u>	<u>          </u>
Taxation charge for the year	581,108	328,000
	<u>          </u>	<u>          </u>

**10 Intangible fixed assets**

	<b>Total</b>
	<b>£</b>
<b>Cost</b>	
At 1 January 2021	2,858,953
Additions	49,950
	<u>          </u>
At 31 December 2021	2,908,903
	<u>          </u>
<b>Amortisation and impairment</b>	
At 1 January 2021	2,796,764
Amortisation charged for the year	32,602
	<u>          </u>
At 31 December 2021	2,829,366
	<u>          </u>
<b>Carrying amount</b>	
At 31 December 2021	79,537
	<u>          </u>
At 31 December 2020	62,189
	<u>          </u>

**CRANSWICK PET PRODUCTS LIMITED**  
**(FORMERLY KNOWN AS GROVE PET FOODS LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**11 Tangible fixed assets**

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
<b>Cost or valuation</b>				
At 1 January 2021	7,784,782	530,938	133,093	8,448,813
Additions	1,551,936	110,425	9,000	1,671,361
Disposals	(3,413)	-	(21,664)	(25,077)
Transfer to intangible fixed assets	(42,094)	-	-	(42,094)
At 31 December 2021	9,291,211	641,363	120,429	10,053,003
<b>Depreciation and impairment</b>				
At 1 January 2021	3,142,082	415,824	124,468	3,682,374
Depreciation charged in the year	761,994	56,470	5,250	823,714
Eliminated in respect of disposals	(888)	-	(21,664)	(22,552)
At 31 December 2021	3,903,188	472,294	108,054	4,483,536
<b>Carrying amount</b>				
At 31 December 2021	5,388,023	169,069	12,375	5,569,467
At 31 December 2020	4,642,700	115,114	8,625	4,766,439

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2021 £	2020 £
Plant and machinery	363,406	434,088
Depreciation charge for the year in respect of leased assets	70,682	71,896

Included within plant and machinery are certain assets which were revalued in 2014. If revalued assets were stated on a historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2021 £	2020 £
Cost	802,523	802,523
Accumulated depreciation	(784,532)	(780,547)
Carrying value	17,991	21,976

**12 Financial instruments**

All financial assets and liabilities are measured at amortised cost.

**CRANSWICK PET PRODUCTS LIMITED**  
**(FORMERLY KNOWN AS GROVE PET FOODS LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**13 Stocks**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Raw materials and consumables	857,285	701,393
Finished goods and goods for resale	1,242,039	979,901
	<u>2,099,324</u>	<u>1,681,294</u>

**14 Debtors**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	2,605,049	1,954,227
Amounts owed by related party undertakings	21,605	288,217
Other debtors	6,639	10,992
Prepayments and accrued income	234,176	118,629
	<u>2,867,469</u>	<u>2,372,065</u>

**15 Creditors: amounts falling due within one year**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
	<b>Notes</b>	
Bank loans and overdrafts	<b>17</b>	-
Obligations under finance leases	<b>18</b>	10,120
Trade creditors		210,992
Corporation tax		1,933,065
Other taxation and social security		108
Other creditors		455,584
Accruals and deferred income		835,831
		200,827
		352,384
		<u>3,988,005</u>
		<u>3,462,433</u>

Included within other creditors are advances against invoices of £811,526 (2020: £nil). The advances against invoices are secured by first charge over trade debtors.

For details of the bank loan security, please see note 17.

For details of the finance lease security, please see note 18.

**CRANSWICK PET PRODUCTS LIMITED**  
**(FORMERLY KNOWN AS GROVE PET FOODS LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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

	Notes	2021 £	2020 £
Obligations under finance leases	18	223,406	339,852
Other creditors		-	440,000
		<u>223,406</u>	<u>779,852</u>

**17 Loans and overdrafts**

	2021 £	2020 £
Bank loans	-	10,120
	<u>-</u>	<u>10,120</u>
Payable within one year	-	10,120
	<u>-</u>	<u>10,120</u>

Bank loans of £nil remain outstanding at the year end. The bank loans were secured by way of a fixed and floating charge over the assets of the company, a personal guarantee provided by A R Turner of up to £500,000 and a guarantee of £850,000 provided by Holdco Alpha Limited.

**18 Finance lease obligations**

	2021 £	2020 £
Future minimum lease payments due under finance leases:		
Within one year	130,279	210,992
In two to five years	217,443	339,852
	<u>347,722</u>	<u>550,844</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The finance leases are secured against the assets to which they relate.

Included within finance leases is an amount outstanding to Close Brothers of £nil (2020: £66,915).

A personal guarantee limited to £50,000 had been provided by A R Turner in respect of this finance lease.

**CRANSWICK PET PRODUCTS LIMITED**  
**(FORMERLY KNOWN AS GROVE PET FOODS LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**19 Deferred taxation**

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	<b>Liabilities 2021 £</b>	<b>Liabilities 2020 £</b>
<b>Balances:</b>		
Accelerated capital allowances	970,000	389,000
	<u>          </u>	<u>          </u>
<b>Movements in the year:</b>		<b>2021 £</b>
Liability at 1 January 2021		389,000
Charge to profit or loss		581,000
		<u>          </u>
Liability at 31 December 2021		970,000
		<u>          </u>

**20 Retirement benefit schemes**

	<b>2021 £</b>	<b>2020 £</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	86,205	73,310
	<u>          </u>	<u>          </u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

**21 Share capital**

	<b>2021 Number</b>	<b>2020 Number</b>	<b>2021 £</b>	<b>2020 £</b>
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of £1 each	2,000,000	2,000,000	2,000,000	2,000,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**22 Operating lease commitments**

**Lessee**

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>2021 £</b>	<b>2020 £</b>
Within one year	135,297	149,391
Between two and five years	353,011	454,044
In over five years	114,583	169,583
	<u>          </u>	<u>          </u>
	602,891	773,018
	<u>          </u>	<u>          </u>



**CRANSWICK PET PRODUCTS LIMITED**  
**(FORMERLY KNOWN AS GROVE PET FOODS LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**23 Capital commitments**

Amounts contracted for but not provided in the financial statements:

	2021	2020
	£	£
Acquisition of tangible fixed assets	67,055	388,307
	<u>67,055</u>	<u>388,307</u>

**24 Events after the reporting date**

The current UK corporation tax rate is 19% and was expected to increase to 25% from 1 April 2023. The deferred tax closing balance is therefore calculated at 25%, which is the rate enacted at the year-end date.

Following the announcement made on Friday 23 September by The Chancellor of the Exchequer, Kwasi Kwarteng, it has been confirmed that the planned increase in corporation tax from 19% to 25% has been cancelled.

**25 Related party transactions**

A R Turner was a director until 28 January 2022.

*H Turner & Son Limited*

At the year end £1,250 (2020: £206,667) was due to H Turner & Son Limited (a company in which A R Turner is a director), of which £nil is included in creditors due over one year, and £1,250 is shown in creditors due within one year.

*Holdco HTS Limited*

At the year end £nil (2020: £413,333) was due to Holdco HTS Limited (a company in which A R Turner is a director), of which £nil is included in creditors due over one year, and £nil is shown in creditors due within one year.

*Darlington Hall Estates Ltd*

At the year end a balance of £2,807 (2020: £256,308 creditor) is due from Darlington Hall Estates Ltd (a company in which A R Turner is a director).

*Chestnut Bulk Bins Ltd*

At the year end £18,799 (2020: £31,906) was due from Chestnut Bulk Bins Ltd (a company in which A R Turner is a director).

*Peter Masters Limited*

At the year end £5,650 (2020: £7,972) was due from Peter Masters Limited (a company in which A R Turner is a director).

A R Turner had provided personal guarantees as disclosed in notes 17 and 18 of the accounts.

**CRANSWICK PET PRODUCTS LIMITED**  
**(FORMERLY KNOWN AS GROVE PET FOODS LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
***FOR THE YEAR ENDED 31 DECEMBER 2021***

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**26 Ultimate controlling party**

The ultimate holding company is Holdco Alpha Limited, a company registered in England and Wales.

The ultimate controlling party up until 28 January 2022 was A R Turner, a director of the company. On 28 January 2022 the entire Ordinary share capital of Holdco Alpha Limited was acquired by Cranswick Country Foods Plc.

Copies of group financial statements may be obtained from Companies House.

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