

## **Cranswick Pet Products Limited (formerly Grove Pet Foods Limited)**

### **Annual Report and Unaudited Financial Statements**

For the 15 month period ended 25 March 2023

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COMPANIES HOUSE

Registered Number: **00896298**

## **Company Information**

**Directors** J M Bottomley (appointed 28 January 2022)  
A H Couch (appointed 28 January 2022)  
A R Turner (resigned 28 January 2022)  
J R Walgate (resigned 7 July 2022)

**Secretary** S G Glover (appointed 28 January 2022)

**Company number** 00896298

**Registered office** Crane Court  
Hesslewood Country Office Park  
Ferriby Road  
Hessle  
East Riding of Yorkshire  
HU13 0PA

**Bankers** The Royal Bank of Scotland plc  
5 Church Street  
Sheffield  
S1 1HF

**Solicitors** Rollits  
Citadel House  
High Street  
Hull  
HU1 1QE

## Strategic report

The directors present their strategic report and the unaudited financial statements for the 15 month period ended 25 March 2023.

The Company, along with its immediate parent company, Holdco Alpha Limited, were acquired by a subsidiary of Cranswick plc on 28 January 2022, and now form part of the Cranswick plc group of companies. Following acquisition, the Company changed its name on 07 September 2022 from Grove Pet Foods Limited to Cranswick Pet Products Limited, and the Company's financial reporting period was aligned with that of the Cranswick plc group. *The current financial reporting period is for the 15 months ended 25 March 2023 and the comparative period is for the 12 months ended 31 December 2021.*

### Principal activities and 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.

Significant progress has been made on reshaping the Company for the future to create a more efficient manufacturing operation with a strong complementary customer base. Progress has included strengthening the management team, gaining British Retail Consortium approval for the principal manufacturing site in Lincolnshire and a multi-year capital investment programme to lower the cost of manufacturing, provide increased capacity for dry dog food, and increase the site's automated packing capability.

*During the period a legacy private label customer decided to exit the business, however the Company recently agreed terms to manufacture a range of established private label products for Pets at Home. Pets at Home is the largest specialist pet retailer in the UK with over 450 stores. This partnership, alongside reinvigorating the existing Vitalin and Alpha dog food brands, will support the ongoing strategic development of the Company and accelerate the Company's ambition to develop Pet Products into a leading British pet food manufacturer.*

### Results and dividends

The profit for the period after taxation was £280,000 (2021: profit of £696,000). No dividends were paid during the period (2021: Enil). Net assets at the period end were £5,917,000 (2021: £5,635,000).

### Future developments

As part of the Cranswick plc group of companies, the Company is well positioned to grow to meet additional customer requirements. The Company will continue its existing activities being the manufacture and sale of pet foods.

### Key performance indicators

The Board has assessed that the following KPIs are the most effective measures of progress towards achieving the Company's objectives:

- Organic sales growth – excluding the impact of the extending reporting period, like-for-like sales increased by 17.3% (2021: +1.9%). This increase in revenue is a result of increased trading volumes.
- Gross return on sales – gross profit as a percentage of sales revenue was 40.9% (2021: 25.3%). This increase in gross margin was the result of a change in sales mix.
- Net return on sales – operating profit as a percentage of sales revenue was 0.2% (2021: 6.0%). Decrease in operating margin is a result of inflationary pressures.

### Section 172(1) Statement

Section 172 of The Companies Act 2006 states that a director of a company must act in a way it considers, *in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:*

- a) The likely consequences of any decision in the long term;
- b) The interests of the company's employees;
- c) The need to foster the company's business relationship with suppliers, customers and others;
- d) The impact of the company's operations on the community and the environment;

## Cranswick Pet Products Limited (formerly Grove Pet Foods Limited)

### Strategic report (continued)

- e) The desirability of the company maintaining a reputation for higher standard of business conduct; and
- f) The need to act fairly as between members of the company.

Cranswick plc manages the operations of all subsidiaries at a group level. However, the group Board delegates some of the day-to-day responsibilities down to management teams which meet on a regular basis and have regular interaction with group Executive Directors. In addition, two Executive Directors of Cranswick plc are Directors of the Company.

As a group, the group Board continually assesses current performance. Annual budgets and longer-term plans are developed for the Company. Monthly preparation and review of Key Performance Indicators ensures that the Company is on course to meet its long-term objectives.

*The Company operates in a balanced and responsible way, making decisions for the long-term success of the business. The Company understands that its wide range of stakeholders is fundamental to the long-term growth and success of the Company. The focus on regular interaction with various stakeholder groups, allows the Company to include their respective needs and expectations into the key decision making.*

For details of how the Company engages with its stakeholders and stakeholder interests please refer to pages 5 of the Directors' report.

#### Principal risks and uncertainties

The ultimate parent company of Cranswick Pet Products Limited (formerly Grove Pet Foods Limited) is Cranswick plc. All risks and uncertainties are considered on a group basis.

Strategic, commercial, financial and operational risks are all considered in establishing and maintaining the Company's control environment, which is designed to manage rather than eliminate the risk of failure to achieve business objectives. Therefore, the controls can only provide reasonable, not absolute, assurance against material misstatement or loss.

The Cranswick Group Risk Committee, which includes representatives from key operations and functions across the business, aims to identify and assess the impact of risks facing the business as well as understand the controls in place to mitigate them. These risks include: competitor activity, climate change, growth & change, consumer demand, reliance on key customers & exports, health & safety, Brexit disruption, IT systems & cyber security, food scares & product contamination, adverse media attention, disease & infection within livestock, disruption to group operations, recruitment & retention of key personnel, labour availability & cost, COVID-19 pandemic and interest rate, currency, liquidity & credit risk.

Whilst the Board considers the principal risks and uncertainties as at 25 March 2023 to be the same as those described in the Cranswick plc Report & Accounts for the 52 weeks ended 26 March 2022, the war in Ukraine continues to create economic uncertainty across markets in which the group operates, *impacting, in particular, the cost and availability of materials in the group's supply chain. To manage these uncertainties, the group identified potential future scenarios which allowed timely and appropriate mitigating actions to be put in place.*

#### Financial instruments and risk management

##### *Foreign currency risk*

The Company looks to undertake transactions in its functional currency where possible to eliminate any foreign currency risk, where this is not possible, the Company operates multi-currency bank accounts.

##### *Interest rate risk*

The monitoring of interest rate risk is managed at Cranswick plc Head Office, based on the monthly consolidation of cash flow projections and the daily borrowings position.

## Strategic report (continued)

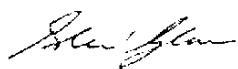
### *Credit risk*

Practically all sales are made on credit terms. Overdue accounts are reviewed at monthly management meetings. The historical incidence of bad debts is low. For all major customers, credit terms are agreed by negotiation and for all other customers, credit terms are set by reference to external credit agencies and/or commercial awareness.

### *Liquidity risk*

The Company bank position is monitored on a daily basis and is managed in conjunction with the Cranswick group Head Office finance team. Capital expenditure is approved in line with the Cranswick plc group approval process.

By order of the Board



S G Glover  
Company Secretary  
15 December 2023

## Directors' report

The directors present their report and unaudited financial statements for the 15 month period ended 25 March 2023.

### Results and dividends

The results of the Company and dividends are discussed in the Strategic report.

### Future developments

As considered within the Review of the business, the Company continues to invest in its asset base to ensure that the Company continues to have sufficient headroom in production capacity to facilitate future growth.

The Company remains focused on meeting the consumer's needs with best value offerings. With the continued capital investment programme, and proven track record of its teams, the on-going development of and entry into new categories and continued organic growth, the Company is in a strong position to meet the challenges which lay ahead.

### Going concern

The ultimate parent undertaking has agreed to provide necessary resources to fund the Company's operations for at least the next twelve months from the date of signing these financial statements.

After reviewing the available information, including business plans and downside scenario modelling and making enquiries, the Directors have a reasonable expectation that the ultimate parent undertaking has adequate resources to continue in operational existence for the twelve months from the date of signing the Company's financial statements. For this reason, the going concern basis is used in preparing these financial statements.

### Directors

The directors of the Company who were in office during the period and up to the date of signing the financial statements were:

J M Bottomley (appointed 28 January 2022)

A H Couch (appointed 28 January 2022)

A R Turner (resigned 28 January 2022)

J R Walgate (resigned 7 July 2022)

### Qualifying third party indemnity provisions

The Company has in place directors' and officers' liability insurance which gives appropriate cover against the costs of defending themselves in civil proceedings taken against them in their capacity as a director or officer of the Company and in respect of damages resulting from any unsuccessful defence of any proceedings. The insurance has been in place throughout the period and continues to be in place up to the date of signing the financial statements.

### Stakeholder Engagement

The Company understands that its wide range of stakeholders is fundamental to the long-term growth and success of the business. A focus on a regular interaction with various stakeholder groups, enables the Company to include the stakeholder groups respective needs and expectations into the key decision making.

### Employee involvement

The Company's policy on employee involvement is to adopt an open management style, thereby encouraging informal consultation at all levels about the Company's operations. Employment policies are designed to provide equal opportunities irrespective of race, colour, nationality, religion or belief, gender, marital status or civil partnership, family status, pregnancy or maternity, sexual orientation, gender reassignment, disability or age. Full consideration is given to applications for employment by and the continuing employment, training and career development of disabled people, including any individual who becomes disabled during their employment with the Company.

## Directors' report (continued)

As an employer, the Company takes reasonable steps to ensure that recruitment processes and terms of employment do not discriminate for reasons related to disability and that opportunities offered for promotion, transfer, training or other benefits are the same for all employees and that a disabled person is not put at a disadvantage because of their disability.

Employees of the Company are encouraged to understand the key business drivers and financial performance of the Company and the wider Cranswick group and the part they play in helping to successfully deliver against the Company and Cranswick group strategy. Employees have access to an internal staff intranet site which regularly shares news on matters relating to the Company and Cranswick group including financial performance, new product launches, relationships with customers, and wider economic related considerations and how they relate to the Company and Cranswick group.

### Financial risk management

Financial risk management of the Company is discussed in the Strategic report.

### Statement of directors' responsibilities in respect of the financial statements

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

*Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).*

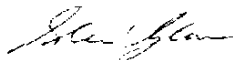
Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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 also 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.

By order of the Board



S G Glover  
Company Secretary  
15 December 2023

## Cranswick Pet Products Limited (formerly Grove Pet Foods Limited)

### Profit and loss account

for the 15 month period ended 25 March 2023

	Note	2023 £'000	2021 £'000
Turnover	3	32,208	21,960
Cost of sales		(19,046)	(16,411)
<b>Gross profit</b>		<b>13,162</b>	<b>5,549</b>
Administrative expenses		(13,185)	(4,248)
Other operating income		86	21
<b>Operating profit</b>	4	<b>63</b>	<b>1,322</b>
Interest receivable and similar income	7	-	1
Interest payable and similar expenses	8	(115)	(46)
<b>(Loss)/profit before taxation</b>		<b>(52)</b>	<b>1,277</b>
Tax on (loss)/profit	9	332	(581)
<b>Profit for the financial period</b>		<b>280</b>	<b>696</b>

All amounts relate to continuing operations of the Company.

There is no other comprehensive income other than the profit of £280,000 in the 15 month period ended 25 March 2023 (2021: profit of £696,000).

Cranswick Pet Products Limited (formerly Grove Pet Foods Limited)

**Balance sheet**

**at 25 March 2023**

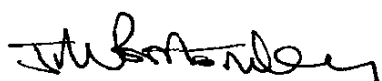
	Note	2023 £'000	2021 £'000
<b>Fixed assets</b>			
Intangible assets	10	52	80
Tangible assets	11	8,322	5,569
		<u>8,374</u>	<u>5,649</u>
<b>Current assets</b>			
Stocks	12	3,687	2,099
Debtors	13	4,446	2,867
Cash at bank and in hand		596	201
		<u>8,729</u>	<u>5,167</u>
Creditors: amounts falling due within one year	14	(10,397)	(3,988)
<b>Net current (liabilities)/assets</b>		<u>(1,668)</u>	<u>1,179</u>
<b>Total assets less current liabilities</b>		<u>6,706</u>	<u>6,828</u>
Creditors: amounts falling due after more than one year	15	(52)	(223)
Deferred tax liabilities	9	(737)	(970)
<b>Net assets</b>		<u><u>5,917</u></u>	<u><u>5,635</u></u>
<b>Capital and reserves</b>			
Called up share capital	17	2,000	2,000
Revaluation reserve		10	57
Share-based payments reserve		2	-
Profit and loss reserves		3,905	3,578
<b>Total equity</b>		<u><u>5,917</u></u>	<u><u>5,635</u></u>

For the 15 month period ended 25 March 2023 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the Company to obtain an audit of its accounts for the period in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements on pages 7 to 23 were approved and authorised for issue by the Board of Directors on 15 December 2023 and were signed on its behalf by:



J M Bottomley  
Director  
15 December 2023

Cranswick Pet Products Limited (formerly Grove Pet Foods Limited)

**Statement of changes in equity**  
for the 15 month period ended 25 March 2023

	Called-up share capital Note (a) £'000	Revaluation reserve Note (b) £'000	Share- based payments reserve Note (c) £'000	Profit and loss account £'000	Total shareholders' funds £'000
<b>At 1 January 2020</b>	<b>2,000</b>	<b>92</b>	<b>-</b>	<b>2,847</b>	<b>4,939</b>
Profit for the year and total comprehensive income	-	-	-	696	696
Transfer of excess depreciation on revalued tangible fixed assets	-	(35)	-	35	-
<b>At 31 December 2021</b>	<b>2,000</b>	<b>57</b>	<b>-</b>	<b>3,578</b>	<b>5,635</b>
Profit for the 15 month period and total comprehensive income	-	-	-	280	280
Transfer of excess depreciation on revalued tangible fixed assets	-	(47)	-	47	-
Share-based payments	-	-	2	-	2
<b>At 25 March 2023</b>	<b>2,000</b>	<b>10</b>	<b>2</b>	<b>3,905</b>	<b>5,917</b>

a) *Called-up share capital*

The balance classified as share capital represents the nominal value of ordinary £1 shares issued.

b) *Revaluation reserve*

This reserve records the revaluation adjustments to certain plant and machinery assets.

c) *Share-based payments reserve*

This reserve records the fair value of share-based payments expensed in the profit and loss account.

## Notes to the financial statements

for the 15 month period ended 25 March 2023

### 1. Authorisation of financial statements and statement of compliance with FRS102

The financial statements of Cranswick Pet Products Limited (formerly Grove Pet Foods Limited) (the "Company") for the 15 month period ended 25 March 2023 were authorised for issue by the board of directors on 15 December 2023 and the balance sheet was signed on the board's behalf by J M Bottomley. Cranswick Pet Products Limited (formerly Grove Pet Foods Limited) is a private company limited by shares, incorporated and domiciled in England, United Kingdom. The address of the registered office is Crane Court, Hesslewood Country Office Park, Ferriby Road, Hessle, East Yorkshire, HU13 0PA.

These financial statements were prepared in accordance with Financial Reporting Standard 102 – The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102) and in accordance with applicable accounting standards.

The financial statements of the Company are prepared to the Saturday nearest to 31 March. The Company's reporting period was extended during the period so that the annual financial statements are now presented for the 15 month period ending 25 March 2023. Comparatives are for the 12 months ended 31 December 2021. The balance sheets for 2023 and 2021 have been prepared as at 25 March 2023 and 31 December 2021 respectively.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except where otherwise indicated.

### 2. Accounting policies

#### *Basis of preparation*

The accounting policies which follow set out those policies which apply in preparing the financial statements for the 15 month period ended 25 March 2023. The financial statements of the Company have been prepared under FRS 102 and in accordance with the Companies Act 2006 as applicable to companies using FRS 102 under the historic cost convention modified by revaluation of financial assets and liabilities held at their fair value through profit and loss. The accounting policies have been applied consistently, other than where new policies have been adopted. The financial statements have been prepared on a going concern basis. The Company has taken advantage of the following disclosure exemptions under FRS 102 as, where required, equivalent disclosures are included in the parent company's consolidated financial statements:

- a) The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv)
- b) The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d)
- c) The requirements of Section 11 paragraphs 11.39 to 11.48A and Section 12 paragraphs 12.26 to 12.29 as the equivalent disclosures required by this FRS are included in the consolidated financial statements of the group in which the entity is consolidated
- d) The requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23, as the company is a subsidiary, the share-based payment arrangement concerns equity instruments of another group entity
- e) The requirement of Section 33 Related Party Disclosures paragraph 33.7.

## **Notes to the financial statements**

### **for the 15 month period ended 25 March 2023**

#### **2. Accounting policies (continued)**

##### ***New standards, amendments and IFRIC interpretations***

##### ***New and revised standards and interpretations applied***

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the 52 week period ended 25 March 2023 that have a material impact on the Company's financial statements.

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period.

Management has not been required to make any judgements or estimates that have a significant risk of causing material adjustment to carrying amounts in the next 12 months.

Estimates and judgements have been applied by management in producing the financial statements including, but not limited to, depreciation rates, and provision for impairment of trade receivables. However, these are not considered to have a significant risk of material adjustment.

##### ***Going concern***

The ultimate parent undertaking has agreed to provide necessary resources to fund the Company's operations for at least the next twelve months from the date of signing these financial statements.

After reviewing the available information, including business plans and downside scenario modelling and making enquiries, the Directors have a reasonable expectation that the ultimate parent undertaking has adequate resources to continue in operational existence for the twelve months from the date of signing the Company's financial statements. For this reason, the going concern basis is used in preparing these financial statements.

##### ***Revenue***

Revenue is recognised as the performance obligation to deliver goods to customers is satisfied and is recorded based on the amount of consideration expected to be received in exchange for satisfying the performance obligation. The performance obligation is satisfied when control of the goods has passed to the buyer which, depending on the contract, is either on despatch of goods or delivery of goods. Revenue on the sale of goods is recognised when control of the goods has passed to the buyer on despatch and represents the value of sales to customers net of discounts, similar allowances and estimates of returns and excludes value added tax.

Sales related discounts and similar allowances comprise (commercial accruals):

- Volume rebates and similar allowances – which are sales incentives to customers to encourage them to purchase increased volumes and are related to total volumes purchased and sales growth.
- Advertising and marketing contributions – which are directly related to promotions run by customers.

For commercial accruals that must be earned, management make estimates related to customer performance, sales volume and agreed terms, to determine total amounts earned and to be recorded in deductions from revenue.

## Notes to the financial statements

for the 15 month period ended 25 March 2023

### 2. Accounting policies (continued)

#### *Stocks*

Stocks are valued at the lower of cost, on a first in, first out basis, and net realisable value after making due allowance for any obsolete items. In the case of finished goods, cost comprises direct materials, direct labour and an appropriate proportion of manufacturing fixed and variable overheads. The allocation of manufacturing fixed overheads has regard to budgeted normal production.

#### *Cash and cash equivalents*

Cash and cash equivalents are defined as cash at bank and in hand including short-term deposits with original maturity within three months.

Cash and cash equivalents includes BACs receipts in flight at the reporting date for transactions where control is considered to have passed to the Company. BACs payments in flight at the reporting date are excluded from cash and cash equivalents as control is deemed to have passed from the Company.

#### *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 provided on all tangible fixed assets, other than freehold land, 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:

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

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

At each reporting period end date, the Company reviews the carrying amounts of its tangible 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.

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.

## Notes to the financial statements

for the 15 month period ended 25 March 2023

### 2. Accounting policies (continued)

#### **Taxation**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date. Deferred tax is provided on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of goodwill or the *initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and*
- in respect of taxable temporary differences associated with investments in subsidiaries, except where *the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.*

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will *reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.*

Deferred income tax assets and liabilities are measured at the tax rates that apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Income taxes relating to items recognised in other comprehensive income or directly in equity are also recognised in other comprehensive income or directly in equity and not in the profit and loss account. Otherwise income tax is recognised in the profit and loss account.

#### **Equity-settled share-based payments**

The Cranswick plc group operates a savings related share option scheme under which options have been granted to group employees (SAYE scheme). In addition, the group operates a Long Term Incentive Plan (LTIP) for Senior Executives. Share options awarded are exercisable subject to the attainment of certain market-based and non-market-based performance criteria.

*The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using Black-Scholes or stochastic option pricing models. In valuing equity-settled transactions, no account is taken of any service and performance (vesting conditions), other than performance conditions linked to the price of the shares of the Company (market conditions). Any other conditions which are required to be met in order for an employee to become fully entitled to an award are considered to be non-vesting conditions. Like market performance conditions, non-vesting conditions are taken into account in determining the grant date fair value.*

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance or service conditions are satisfied.

## Notes to the financial statements

for the 15 month period ended 25 March 2023

### 2. Accounting policies (continued)

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the number of equity instruments

that will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled (including when a non-vesting condition within the control of the entity or employee is not met), it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

#### *Foreign currencies*

Individual transactions denominated in foreign currencies are translated into functional currency at the actual exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the rates ruling at the balance sheet date. Profits and losses on settlement of individual foreign currency transactions and movements on monetary assets and liabilities are dealt with in the profit and loss account.

#### *Pensions*

The Company operates defined contribution pension schemes for employees under which contributions are paid into schemes managed by major insurance companies. Contributions are calculated as a percentage of employees' earnings and obligations for contributions to the schemes are recognised as cost of sales or operating expenses in the profit and loss account in the period in which they arise.

#### *Leasing and hire purchase commitments*

Assets which are financed by leasing agreements that transfer substantially all the risks and rewards of ownership to the lessee (finance leases) are capitalised at the inception of the lease at fair value or, if lower, the present value of the minimum lease payments, in 'Plant and machinery' and the corresponding capital cost is shown as an obligation to the lessor in 'Creditors'. Depreciation is charged to the profit and loss account over the shorter of the estimated useful life of the asset and the term of the lease. The interest element of the rental obligations is allocated to accounting periods during the lease term to reflect a constant rate of interest on the remainder of the capital amount outstanding.

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

#### *Intangible assets*

Goodwill is the excess of the fair value of the consideration paid for a business over the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is capitalised and amortised over its estimated useful life, being 10 years. Goodwill is subject to an impairment review, both annually and when there are indications that the carrying value may not be recoverable.

## Notes to the financial statements

### for the 15 month period ended 25 March 2023

#### 2. Accounting policies (continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised.

Intangible assets acquired as part of an acquisition of a business are capitalised at fair value separately from goodwill only if the fair value can be measured reliably on initial recognition and the future economic benefits are expected to flow to the Company. Branding is amortised evenly over the expected useful life of four years, with amortisation charged through administration expenses in the income statement.

#### *Financial assets*

Basic financial assets, which include trade debtors, are amounts due from customers for goods sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

#### *Financial liabilities*

Financial liabilities, which include creditors, are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Creditors are presented as amounts falling due within one year unless payment is not due within 12 months after the reporting period.

#### 3. Revenue

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

	2023 £'000	2021 £'000
<b>Turnover analysed by class of business</b>		
Pet food	32,208	21,960
	2023 £'000	2021 £'000
<b>Turnover analysed by geographical market</b>		
UK	29,661	21,595
Europe	2,046	208
Other	501	157
	<u>32,208</u>	<u>21,960</u>

## Notes to the financial statements

for the 15 month period ended 25 March 2023

### 4. Operating profit

	2023	2021
	£'000	£'000
Operating profit for the period is stated after charging/(crediting):		
Exchange losses/(gains)	-	(47)
Depreciation of owned tangible fixed assets	1,253	753
Depreciation of tangible fixed assets held under finance leases	202	71
Profit on disposal of tangible fixed assets	(15)	(1)
Amortisation of intangible assets	39	33
Share-based payments	2	-
Operating lease charges	343	304

As the Company was entitled to exemption from audit in the current period under section 479A of the Companies Act 2006, no audit fees were incurred in the current period (2021: £13,000). There were no non-audit fees for the Company in the current or prior period.

### 5. Employees

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

	2023	2021
	Number	Number
Production	67	71
Administration	32	20
Management	13	14
	<u>112</u>	<u>105</u>

Their aggregate remuneration comprised:

	2023	2021
	£'000	£'000
Wages and salaries	4,395	3,050
Share-based payment charges	2	-
Pension costs	124	73
	<u>4,521</u>	<u>3,123</u>

The Company participates in a defined contribution pension scheme. Contributions to be paid are determined as a percentage of employees' earnings and the amount charged to the profit and loss account is shown above. Pension contributions totalling £17,000 remained outstanding at the period end (2021: £nil).

The Company considers the Directors to be the key management personnel. Details of the Directors' remuneration can be found in Note 6.

## Cranswick Pet Products Limited (formerly Grove Pet Foods Limited)

### Notes to the financial statements for the 15 month period ended 25 March 2023

#### 6. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2023 £'000	2021 £'000
Remuneration	72	241
Company contributions paid to defined contribution pension schemes	3	-
	2023 No.	2021 No.
Number of directors who exercised share options	2	-
Members of defined contribution pension schemes	1	-

The directors of the Company were paid by the ultimate parent undertaking and this Company. The directors received total remuneration for the period, in relation to their qualifying services to the Cranswick plc group as a whole, of £3,199,000 of which £75,000 was paid by this Company including pension costs and payments in lieu of pension of £3,000. The directors do not believe it is practicable to apportion their total remuneration between their services as directors of the Company and as directors of the holding and fellow subsidiary companies.

#### 7. Interest receivable and similar income

	2023 £'000	2021 £'000
Interest income		
Interest on bank deposits	-	1

#### 8. Interest payable and similar expenses

	2023 £'000	2021 £'000
Interest on finance leases and hire purchase contracts	21	25
Intercompany interest payable	89	-
Bank interest paid and similar charges	5	21
	115	46

Intercompany interest relates to intercompany loans and is charged on a net basis.

## Notes to the financial statements

for the 15 month period ended 25 March 2023

### 9. Taxation

#### (a) Tax on profit

The tax (credit)/charge is made up as follows:

	2023 £'000	2021 £'000
<b>Current tax:</b>		
UK corporation tax on the profit for the period	(99)	-
Adjustments in respect of previous periods	-	-
Total current tax	(99)	-
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(157)	348
Effect of change in tax rate	(50)	233
Adjustments in respect of previous periods	(26)	-
Total deferred tax (note 9(c))	(233)	581
Tax (credit)/charge on profit	(332)	581

#### (b) Factors affecting the tax charge for the period

The tax assessed for the period differs from (2021: differs from) the standard rate of corporation tax in the UK. The differences are explained below:

	2023 £'000	2021 £'000
(Loss)/profit before taxation	(52)	1,277
(loss)/profit multiplied by standard rate of corporation tax in the UK of 19% (2021 – 19%)	(10)	243
Disallowed expenses and non-taxable income	(2)	10
Effect of change in tax rate	(50)	233
Fixed asset differences	(42)	(19)
Chargeable gains	-	133
Adjustments in respect of previous periods	(26)	-
Super deduction	(45)	-
Other permanent differences	(157)	(19)
	(332)	581

#### (c) Deferred tax

Deferred taxation provided in the financial statements is as follows:

	2023 £'000	2021 £'000
Fixed asset timing differences	1,046	981
Short term timing differences	(2)	(2)
Losses and other deductions	(307)	(9)
Deferred tax liability	737	970

**Cranswick Pet Products Limited (formerly Grove Pet Foods Limited)**

**Notes to the financial statements**  
for the 15 month period ended 25 March 2023

**9. Taxation (continued)**

	£'000
At 1 January 2022	970
Profit and loss account movement arising during the period	(207)
Adjustments in respect of prior periods	(26)
At 25 March 2023	<u>737</u>

(d) Factors that may affect future tax charge

An increase in the UK corporation rate from 19 per cent to 25 per cent (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly. The deferred tax liability as at 25 March 2023 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences.

**10. Intangible fixed assets**

	Goodwill £'000	Branding £'000	Total £'000
<b>Cost</b>			
At 1 January 2022	2,523	386	2,909
Additions	-	11	11
At 25 March 2023	<u>2,523</u>	<u>397</u>	<u>2,920</u>
<b>Amortisation and impairment</b>			
At 1 January 2022	(2,514)	(315)	(2,829)
Amortisation charged for the period	(4)	(35)	(39)
At 25 March 2023	<u>(2,518)</u>	<u>(350)</u>	<u>(2,868)</u>
<b>Carrying amount</b>			
At 31 December 2021	<u>9</u>	<u>71</u>	<u>80</u>
At 25 March 2023	<u>5</u>	<u>47</u>	<u>52</u>

## Notes to the financial statements

for the 15 month period ended 25 March 2023

### 11. Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 January 2022	9,291	641	120	-	10,052
Additions	781	164	-	3,408	4,353
Disposals	(280)	-	(29)	-	(309)
Transfers between categories	346	18	-	(364)	-
Transfer to intangible assets	-	-	-	(11)	(11)
At 25 March 2023	10,138	823	91	3,033	14,085
<b>Depreciation</b>					
At 1 January 2022	3,903	472	108	-	4,483
Charge for the period	1,365	83	7	-	1,455
Disposals	(146)	-	(29)	-	(175)
At 25 March 2023	5,122	555	86	-	5,763
<b>Net book value</b>					
At 31 December 2021	5,388	169	12	-	5,569
At 25 March 2023	5,016	268	5	3,033	8,322

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

	2023	2021
	£'000	£'000
Plant and machinery	129	363
Depreciation charge for the period in respect of leased assets	202	71

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:

	2023	2021
	£'000	£'000
Cost	803	803
Accumulated depreciation	(792)	(785)
Carrying value	11	18

**Cranswick Pet Products Limited (formerly Grove Pet Foods Limited)**

**Notes to the financial statements**  
for the 15 month period ended 25 March 2023

**12. Stocks**

	<b>2023</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Raw materials and consumables	1,317	857
Finished goods and goods for resale	2,370	1,242
	<u>3,687</u>	<u>2,099</u>

Inventories are shown net of any provision for slow-moving or obsolete inventory. As at 25 March 2023 the provision against inventory was £187,000 (2021: £64,000).

**13. Debtors**

	<b>2023</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	4,166	2,605
Amounts owed by related party undertakings	-	22
Other debtors	-	7
Prepayments and accrued income	280	233
	<u>4,446</u>	<u>2,867</u>

Amounts owed by group undertakings are unsecured, repayable on demand and have no fixed repayment date.

**14. Creditors: amounts falling due within one year**

	<b>2023</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	2,795	2,220
Amounts owed to group undertakings	5,716	-
Corporation tax	172	-
Other taxation and social security	307	456
Other creditors	293	836
Accruals and deferred income	1,037	352
Obligations under finance leases	77	124
	<u>10,397</u>	<u>3,988</u>

Amounts owed to group undertakings are unsecured, repayable on demand and have no fixed repayment date. Interest on intercompany loans is charged at 1.3%.

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

	<b>2023</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Obligations under finance leases	<u>52</u>	<u>223</u>

## Notes to the financial statements

### for the 15 month period ended 25 March 2023

#### 16. Financial commitments

- a) As at 25 March 2023, the Company had future minimum lease payments due under finance leases as follows:

	2023 £'000	2021 £'000
Within one year	81	130
In two to five years	53	217
	<u>134</u>	<u>347</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.

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

	2023 £'000	2021 £'000
Within one year	85	135
Between two and five years	96	353
In over five years	-	115
	<u>181</u>	<u>603</u>

- c) The directors have contracted for future capital expenditure totalling £4,055,000 (2021: £67,000).

#### 17. Share capital

	2023 Number	2021 Number	2023 £'000	2021 £'000
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary shares of £1 each	2,000,000	2,000,000	2,000	2,000

#### 18. Related party transactions

The Company is a wholly owned subsidiary of Cranswick plc, the group financial statements of which are publicly available. Accordingly, the Company has taken advantage of the exemption in FRS 102 from disclosing transactions with Cranswick plc and its wholly owned subsidiaries.

#### 19. Share-based payments

The Company operates two share option schemes, a Revenue approved scheme (SAYE) and a long-term incentive plan (LTIP), both of which are equity settled. The total expense charged to the profit and loss account during the period in relation to share-based payments was £2,000 (2021: £nil).

The share-based payment expense is a recharge from Cranswick Plc, as the parent entity.

In these financial statements, the award is treated as an equity-settled share-based payment, as Cranswick Pet Products Limited (formerly Grove Pet Foods Limited) does not have an obligation to settle the award. An expense for the grant date fair value of the award is recognised over the vesting period, with a credit recognised in equity. The credit to equity is treated as a capital contribution in line with IFRS 2.

The Company has taken advantage of the exemption within FRS102 not to disclose full details of these plans as the equivalent information is available.

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**Cranswick Pet Products Limited (formerly Grove Pet Foods Limited)**

**Notes to the financial statements**

**for the 15 month period ended 25 March 2023**

**20. Ultimate parent undertaking and controlling party**

*The Company is a wholly owned subsidiary of Holdco Alpha Limited, a company registered in England and Wales.*

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Cranswick plc. Copies of the financial statements of Cranswick plc can be obtained from Crane Court, Hesslewood Country Office Park, Ferriby Road, Hessle, East Yorkshire, HU13 0PA.