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CRANSWICK MILL GROUP plc

CONTENTS

CRANSWICK MILL GROUP plc

FIVE YEAR STATEMENT

	1986	1985	1984	1983	1982
	£'000	£'000	£'000	£'000	£'000
Turnover	35,597	34,243	30,269	22,721	17,117
Profit before taxation	840	685	597	421	292
Taxation	330	300	280	208	132
Dividends	149	87	53	29	24
Retained profits	361	298	380	184	136
Earnings per share	11.6p	10.0p	8.2p	5.5p	4.2p
Shareholders funds	3,289	1,448	1,150	770	586

The above figures have been compiled from the published accounts for each year.

FINANCIAL CALENDAR

Preliminary Announcement of full year results	June
Publication of Annual Report	July
Annual General Meeting	July
Payment of final dividend	July
Announcement of interim results	December

DIRECTORS AND ADVISERS

Directors	**Richard Marginson**	*(Chairman)*
	Michael Field	*(Deputy Chairman)*
	Dr. Bernard Bell	*(Managing Director)*
	James C. W. Bloom	
	Martin T. P. Davey	*(Finance Director)*
	Hector Fraser	

Secretary and Registered Office

Martin T. P. Davey, F.C.A.,
The Airfield,
Cranswick, Driffield,
North Humberside YO25 9PF

Auditors

Ernst & Whinney, Chartered Accountants,
Lowgate House,
Lowgate,
Hull HU1 1JJ

Solicitors

Rollit, Farrell & Bladon,
King William House,
Market Place,
Hull HU1 1YJ

Bankers

Midland Bank plc,
12 Market Place,
Driffield,
North Humberside YO25 7AQ

Merchant Bankers

Lloyds Merchant Bank Limited,
40-66 Queen Victoria Street,
London EC4P 4EL

Stockbrokers

James Capel & Co.,
James Capel House,
P.O. Box 551,
6 Bevis Marks,
London EC3A 7JQ

Registrars

Regis Securities,
390/398 High Road,
Ilford,
Essex IG1 1NQ

CRANSWICK MILL GROUP plc

NOTICE OF MEETING

Notice is hereby given that the 13th Annual General Meeting of the Company will be held at The Bell Hotel, Driffield, North Humberside on the 28th July, 1986 at 11.30 a.m for the following purposes:

1. To receive and adopt the Report of the Directors and the Accounts for the Year ended 31st March, 1986.

2. To declare a Dividend of 2·66p per share on the Ordinary Share Capital.

3. To re-elect R. Marginson and to elect Dr. B. Bell and M. T. P. Davey as Directors, each of whom retires in accordance with the Company's Articles of Association.

4. To re-appoint Ernst & Whinney as Auditors and to authorize the Directors to fix their remuneration

5. As Special Business to consider and, if thought fit, to pass the following Ordinary Resolution: That the Executive Share Option Scheme created by Special Resolution of the Company dated 5th September, 1985 be and is hereby amended by the deletion from the end of Rule 6(b) of the Scheme of the words "at the Commencement Date".

6. As Special Business to consider and, if thought fit, to pass the following Special Resolution:

   (a) That the Directors be and they are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985) up to an aggregate nominal amount of £168,480 provided that this authority shall expire five years after the date of the passing of this Resolution, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired; and

   (b) That the Directors be and they are hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot, pursuant to the said authority, equity securities (within the meaning of Section 94 of the said Act) as if sub-section (1) of Section 89 did not apply to any such allotment, provided that this power shall be limited:

   (i) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective number of ordinary shares held by them; and

   (ii) to the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal value of £37,000.

The Airfield,
Cranswick,
Driffield
N. Humberside
YO25 9PF

By Order of the Board
M. T. P. Davey,
Secretary.

30th June, 1986.

Notes:

i) Any member of the Company entitled to attend and vote at the meeting may appoint a proxy to attend and, on a poll, to vote in his place. A proxy need not be a member of the Company.

To be valid, proxies must be lodged with the Company's registrars not less than 48 hours before the time appointed for the meeting.

ii) The following documents are available at the registered office during business hours until the date of the Annual General Meeting.:-

a) A statement of the transactions of Directors (and their family interests) in the ordinary shares of the Company and its subsidiaries.

b) Copies of Directors' Contracts of Service.

c) A copy of the rules of the Executive Share Option Scheme.

These statements will also be available for inspection during the Annual General Meeting and for at least fifteen minutes before it begins.

Explanatory note to resolution 5 above

At the extraordinary general meeting of shareholders held on the 5th September, 1985 the Company adopted an Executive Share Option Scheme, subject to obtaining the requisite Inland Revenue approval under the terms of Schedule 10 Finance Act 1984 The approval was obtained and subsequently Share Options were issued to certain key executives, as reported elsewhere in this Report. The Share Option Scheme contained a limitation, necessary in such Schemes, on the number of Options which could be granted at any particular time, and this limitation was calculated by reference to the issued share capital of the Company at the Commencement Date of the Scheme. Following the re organisation of the Share Capital and the sale of new shares in connection with the USM flotation of the Company, an amendment to the wording of the limitation is required so that it relates to the Share Capital at the time Options are granted, rather than at the Commencement Date of the Scheme The Directors have already approved this amendment and it now requires the approval of the Shareholders to become effective.

CRANSWICK MILL GROUP plc

CHAIRMAN'S STATEMENT

YEAR UNDER REVIEW

I am very pleased to be able to report record profits of £840,000 for the year, an increase of 23 per cent on the previous year, and in excess of the £825,000 forecast at the time of entry into the Unlisted Securities Market. In the light of these results and the statement made at the time of flotation the Directors are recommending to the members, at the Annual General Meeting, the payment of a dividend of 2·66p per share.

The Group's core activity, the manufacture of pig feed, showed excellent growth and further increased its sale of pig feed throughout the Yorkshire and Humberside region.

Profits in the grain division were also at a record level. This was particularly pleasing in a year in which volumes in the U.K. fell due to bad weather conditions affecting the 1985 harvest. Despite this reduction in volumes our enlarged grain store of 23,500 tonnes (15,000 tonnes 1985/86) was oversubscribed leading us to utilise third party storage facilities.

The livestock division continued to market an increasing number of pigs although the number in its own fattening units remained static and margins came under pressure.

I would like to record my appreciation to all employees of the Group whose efforts have enabled these results to be achieved and to express my thanks to our professional advisers and members of our own staff involved in the successful entry of the Group into the Unlisted Securities Market. As part of the reorganisation of the Group prior to flotation a Share Option Scheme was established. You will see that we need to make a small technical amendment to this and I recommend you to vote in favour of that resolution.

OUTLOOK

The current year has commenced encouragingly for the Group. The installation of a second production line, increasing output of pig feed by 60 per cent, is almost complete and the marketing and sales resources of the Group have been strengthened to increase further market share.

The volume of pigs being marketed through the livestock division remains buoyant with an increasing number under annual contracts.

The staff of our grain division has been increased in order to attract business from a wider area.

Our encouraging start in 1986/87 enables us to face the future with considerable enthusiasm and optimism.

Yours sincerely,

Richard Marginson

R. Marginson (Chairman)

CRANSWICK MILL GROUP plc

REPORT OF THE DIRECTORS

The Directors submit their report and the audited accounts of the Group for the year ended 31st March, 1986.

Status and Change of Name

On 5th September, 1985 the Company resolved to change its name from Cranswick Mill Limited to Cranswick Mill Group plc and to re-register as a public company prior to its admission into the Unlisted Securities Market in December 1985.

Details of changes in the share capital of the Company are set out in note 16 to the accounts. The proceeds of the issue of shares were used to reduce bank borrowings and to finance the additional production line in the feed mill.

Principal Activities

The principal activities of the Group have continued to be the manufacture of animal feeds, the fattening and wholesale marketing of pigs and the merchanting and storing of grain. In October 1985 the business and assets of the Company were transferred to a newly formed subsidiary, Cranswick Mill Limited.

Results and Dividends

The profit before taxation was £840,000 (1985 £685,000).

The Directors now recommend the payment of a dividend for the year of 2.66p per ordinary share totalling £149,000 (1985 2.25p per ordinary share as adjusted totalling £87,000). Subject to approval at the Annual General Meeting, the dividend will be paid on 30th July, 1986 to members on the register at the close of business on 11th July, 1986.

After the above dividend and a taxation charge of £330,000 (1985 £300,000) the retained profit for the year is £361,000 (1985 £298,000).

Fixed Assets

The additions to fixed assets are summarized in note 10 to the accounts and principally comprise the provision of an additional production line in the feed mill.

Directors

The Directors of the Company are as stated on page 3. Dr. B. Bell and M. T. P. Davey were appointed to the board on 5th September, 1985 and are subject to election at the Annual General Meeting. R. Marginson, the Chairman, is the Director retiring by rotation and, being eligible, offers himself for re-election.

The beneficial interests of the Directors and their families in the Ordinary Shares of the Company were as follows:

	At 31st March, 1986 10p Ordinary Shares	At 1st April, 1985 or date of appointment £1 Ordinary Shares
R. Marginson	180,800	8,671
M. Field	262,280	6,857
Dr. B. Bell	1,000	—
J. C. W. Bloom	166,420	5,748
M. T. P. Davey	1,000	—
H. Fraser	224,200	5,682

On 25th November, 1985 options were granted to Dr. B. Bell and M. T. P. Davey to subscribe for 28,800 Ordinary Shares each, at 92.5p per share under the terms of the Executive Share Option Scheme.

The Directors have no other interests as defined by Section 324 of the Companies Act 1985.

Between 31st March, 1986 and 16th June, 1986 there were no changes in the above holdings.

The unexpired portion of the service contracts of each of the Directors retiring at the Annual General Meeting is twenty-seven months.

Certain of the Directors have interests in transactions to supply the Group with livestock and grain and to purchase pig feed from the Group. Such transactions are conducted on normal commercial terms. Details are given in note 19 to the accounts.

CRANSWICK MILL GROUP plc

Major Shareholders

The Directors are not aware of any shareholding which represented 5% or more of the issued share capital at 16th June, 1986.

Donations

During the year the Group made donations of £465 for charitable purposes. No political donations were made.

Close Company Provisions

The Company is not a close company within the provisions of the Income and Corporation Taxes Act 1970.

Auditors

Ernst and Whinney have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

By order of the board,
M. T. P. Davey, F.C.A. Martin Davey
Secretary
30th June, 1986.

CRANSWICK MILL GROUP plc

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March, 1986

	Note	1986 £'000	1985 £'000
Turnover	2	35,597	34,243
Cost of sales		33,819	32,772
Gross profit		1,778	1,471
Selling and distribution expenses		362	336
Administrative expenses		440	350
Operating profit	3	976	785
Interest payable (Net)	5	136	100
Profit on ordinary activities before taxation		840	685
Taxation	6	330	300
Profit available for appropriation	7	510	385
Dividend	8	149	87
Retained profit for the year		361	298
Earnings per share	9	11.6p	10.0p

CRANSWICK MILL GROUP plc

CONSOLIDATED BALANCE SHEET

31st March, 1986

	Note	1986 £'000	1985 £'000
Fixed assets			
Tangible assets	10	1,589	1,346
Current assets			
Stocks	12	1,774	959
Debtors	13	2,763	2,677
Cash at bank and in hand		396	1
		4,933	3,637
Creditors -- amounts falling due within one year			
Bank overdraft		—	907
Trade and other creditors	14	2,250	2,086
Corporation tax		534	196
Proposed dividend		149	—
		2,933	3,189
Net current assets		2,000	448
Total assets less liabilities		3,589	1,794
Provision for liabilities and charges			
Deferred taxation	15	(279)	(324)
Accruals and deferred income			
Government grants		(21)	(22)
Total assets less liabilities		3,289	1,448
Capital and reserves			
Called-up share capital	16	560	96
Reserves	17	2,729	1,352
		3,289	1,448

R. Marginson } Directors R Marginson
M. Field } M Field

30th June, 1986.

CRANSWICK MILL GROUP plc

BALANCE SHEET

31st March, 1986

	Note	1986 £'000	1985 £'000
Fixed assets			
Tangible assets	10	-	1,346
Investment in subsidiaries	11	11	
		11	1,346
Current assets			
Stocks	12	—	959
Debtors	13	61	2,677
Amount due by Group Company		3,621	—
Cash in hand		—	1
		3,682	3,637
Creditors – amounts falling due within one year			
Bank overdraft		—	907
Trade and other creditors	14	—	2,086
Amount due to Group Company		1	—
Corporation tax		447	196
Proposed dividend		149	—
		597	3,189
Net current assets		3,085	448
Total assets less current liabilities		3,096	1,794
Provision for liabilities and charges			
Deferred taxation		—	(324)
Accruals and deferred income			
Government grants		—	(22)
Total assets less liabilities		3,096	1,448
Capital and reserves			
Called-up share capital	16	560	96
Reserves	17	2,536	1,352
		3,096	1,448

R. Marginson } Directors R Marginson
M. Field } M. Field

30th June, 1986.

CRANSWICK MILL GROUP plc

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended 31st March, 1986

	1986 £'000	1985 £'000
Source of funds		
From operations		
Profit on ordinary activities before taxation	840	685
Items not involving the movement of funds:		
Depreciation (net of Government Grants release)	164	132
Deficit/(Surplus) on sale of fixed assets	1	(3)
	1,005	814
Other sources		
Sales proceeds of fixed assets	2	18
Net proceeds of share issue	1,480	—
	1,482	18
Total sources of funds	2,487	832
Application of Funds		
Purchase of fixed assets	411	509
Taxation paid	37	165
Dividend paid	—	87
	448	761
Increase in working capital	2,039	71
Arising from movements in.		
Stocks	815	354
Debtors	86	687
Trade and other creditors	(164)	(318)
	737	723
Liquid funds	1,302	(652)
	2,039	71

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) Accounting convention

The accounts have been prepared under the historical cost convention.

(b) Basis of consolidation

The consolidated accounts incorporate the accounts of the Company and each of its subsidiaries made up to the 31st March.

(c) Depreciation

Freehold land is not depreciated. The cost (after deducting E.E.C. Grants) of other tangible fixed assets is written off by equal instalments over their expected useful lives, commencing in the quarter in which they were brought into use, as follows:

Freehold buildings	20 years
Plant and equipment	5 – 10 years
Motor vehicles	4 years

(d) Government grants

(i) U.K. Regional Development Grants in respect of expenditure on fixed assets are credited to a separate account from which amounts are released to revenue over the relevant depreciation period.

(ii) U.K. Selective Assistance Grants in the form of interest relief grants are credited to revenue in the year of receipt

(iii) E.E.C. Grants from the Agricultural Directorate in respect of capital expenditure are credited to the relevant asset account and depreciation calculated on the net amount.

(e) Stocks

Stocks (including livestock) are valued at the lower of cost, on a first in, first out basis, and net realisable value after making allowance for any obsolete or slow moving 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.

(f) Deferred taxation

Provision is made for deferred taxation, using the liability method, on short term timing differences and all other material timing differences which are not expected to continue in the future.

(g) Research and development

Expenditure on research and development is written off in the year in which it is incurred

2. TURNOVER

Turnover comprises the invoiced value of goods and services supplied to third parties, exclusive of V.A.T. All sales are within the United Kingdom.

3. OPERATING PROFIT is stated after charging:

	1986 £'000	1985 £'000
Depreciation (Net of Government Grants)	164	132
Auditors' remuneration	12	10
Emoluments of Directors of the Company (including pension costs and benefits in kind)	80	35

9. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit after taxation of £510,000 (1985 £385,000) and on the weighted average number of shares in issue during the current financial year of 4,403,000. The earnings per share for 1985 is based on the adjusted share capital of 3,846,000 10p Ordinary Shares.

10. TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £'000	Plant, equipment & vehicles £'000	Total £'000
Cost			
At 31st March, 1985	805	1,017	1,822
Additions	120	291	411
Disposals	–	(15)	(15)
At 31st March, 1986	925	1,293	2,218
Depreciation			
At 31st March, 1985	78	398	476
Charge for the year	38	127	165
Relating to disposals	–	(12)	(12)
At 31st March, 1986	116	513	629
Net book amounts			
At 31st March, 1985	727	619	1,346
At 31st March, 1986	809	780	1,589

Company	Freehold land and buildings £'000	Plant, equipment & vehicles £'000	Total £'000
Cost			
At 31st March, 1985	805	1,017	1,822
Additions	96	56	152
Disposals	–	(15)	(15)
Group transfers	(901)	(1,058)	(1,959)
At 31st March, 1986	–	–	–
Depreciation			
At 31st March, 1985	78	398	476
Charge for the year	19	73	92
Relating to disposals	–	(12)	(12)
Relating to Group transfers	(97)	(459)	(556)
At 31st March, 1986	–	–	–
Net book amounts			
At 31st March, 1985	727	619	1,346
At 31st March, 1986	–	–	–

Included in additions during the year is expenditure incurred on assets under construction and not yet brought into use of £232,000.

11. INVESTMENT IN SUBSIDIARIES

Shares at cost	£'000
At 31st March, 1985	–
Acquired during the year	11
At 31st March, 1986	11

The subsidiary companies are Cranswick Mill Limited and Cranswick Mill Enterprises Limited (which has not yet traded) both of which are wholly owned and incorporated in England.

12. STOCKS

	Group 1986 £'000	Group 1985 £'000	Company 1986 £'000	Company 1985 £'000
Raw materials	1,340	526		526
Finished goods	62	64		64
Livestock	372	369		369
	1,774	959	–	959

There is no significant difference between the replacement cost and the balance sheet value of stocks. Raw materials include grain stocks for resale.

13. DEBTORS

	Group 1986 £'000	Group 1985 £'000	Company 1986 £'000	Company 1985 £'000
Amounts falling due within one year:				
Trade debtors	2,561	2,634	–	2,634
Other debtors	93	37	–	37
Prepayments and accrued income	109	6	–	6
Advance Corporation Tax recoverable	–	–	61	–
	2,763	2,677	61	2,677

14. TRADE AND OTHER CREDITORS

	Group 1986 £'000	Group 1985 £'000	Company 1986 £'000	Company 1985 £'000
Trade creditors	2,012	1,889	–	1,889
Other creditors (including social security and taxation £15,000 (1985 – £18,000))	197	118	–	118
Accruals and deferred income	41	79	–	79
	2,250	2,086	–	2,086

15. DEFERRED TAXATION

Deferred taxation at 31st March, 1986 comprises:

	1986 £'000	1985 £'000
Tax on the excess of capital allowances claimed over related depreciation	340	324
Advance corporation tax recoverable	61	–
	279	324

There are no further potential liabilities.

16. CALLED-UP SHARE CAPITAL

	1986 £'000	1985 £'000
Authorised		
Ordinary shares of 10p each (1985 £1 each)	740	500
Allotted, called up and fully paid		
Ordinary shares of 10p each (1985 £1 each)	560	96

(a) On 25th November, 1985 the Directors granted to four Group employees options to subscribe for an aggregate of 115,200 ordinary shares of 10p each at 92.5p per share under the terms of the Executive Share Option Scheme. These options are exercisable between November 1988 and November 1995.

(b) On 28th November, 1985 a special resolution of the Company was passed, subject to and with effect from the grant of permission by the Council of The Stock Exchange for the ordinary share capital of the Company to be dealt in on the Unlisted Securities Market, to the effect that.

(i) the authorised share capital of the Company was increased to £740,000 by the creation of an additional 240,000 ordinary shares of £1 each;

(ii) each of the issued and unissued ordinary shares of £1 was sub-divided into 10 ordinary shares of 10p each;

(iii) the sum of £288,450 (being part of the amount standing to the credit of the Company's profit and loss account) was capitalised and applied in paying up in full and allotting and distributing to the members of the Company, credited as fully paid, 2,884,500 ordinary shares of 10p each in the proportion of 3 ordinary shares of 10p each for every ordinary share of 10p then held by such members (following the sub division referred to in (ii) above).

16. CALLED-UP SHARE CAPITAL – *continued*

(c) On 29th November, 1985 1,754,000 ordinary shares of 10p each were issued for cash at a premium of 85p per share raising a total of £1,666,300 subject to expenses of issue.

(d) Following the above, 5,600,000 ordinary shares of 10p each are in issue and 1,800,000 ordinary shares of 10p each remain unissued of which 192,000 ordinary shares of 10p each are reserved for issue in connection with the Executive Share Option Scheme.

17. RESERVES

	Group		Company	
	£'000	£'000	£'000	£'000
SHARE PREMIUM ACCOUNT				
At 31st March, 1985		—		—
Premium on shares issued		1,491		1,491
Expenses of issue		186		186
		1,305		1,305
PROFIT AND LOSS ACCOUNT				
At 31st March, 1985	1,352		1,352	
Amount applied in capitalisation issue	289		289	
	1,063		1,063	
Retained profit for the year	361		168	
		1,424		1,231
		2,729		2,536

18. CAPITAL COMMITMENTS

The Directors have authorised and contracted for future capital expenditure, which without taking account of Government grants, amounts to £47,000 (1985 £117,000).

19. PARTICULARS OF TRANSACTIONS INVOLVING DIRECTORS AS REQUIRED BY SECTIONS 232 AND 233 OF THE COMPANIES ACT 1985

During the year each of the following Directors has been interested in trading transactions with the Group as follows:

	Purchases from the Group	Sales to the Group	Net Balances due to the Group at 31st March 1986	1985
	£'000	£'000	£'000	£'000
R. Marginson	270	457	—	2
M. Field	305	449	11	—
J. C. W. Bloom	230	439	8	9
H. Fraser	305	382	10	—

These transactions were on normal commercial terms.

CRANSWICK MILL GROUP plc

REPORT OF THE AUDITORS

TO THE MEMBERS OF CRANSWICK MILL GROUP plc

We have examined the accounts set out on pages 8 to 16. These have been prepared under the historical cost convention. Our audit has been carried out in accordance with approved auditing standards.

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group, so far as concerns members of the Company, at 31st March, 1986 and of the profit, changes in retained profits and source and application of funds of the Group for the year then ended and comply with the Companies Act 1985.

Ernst & Whinney

ERNST & WHINNEY
Chartered Accountants.

Lowgate House,
Hull.
30th June, 1986

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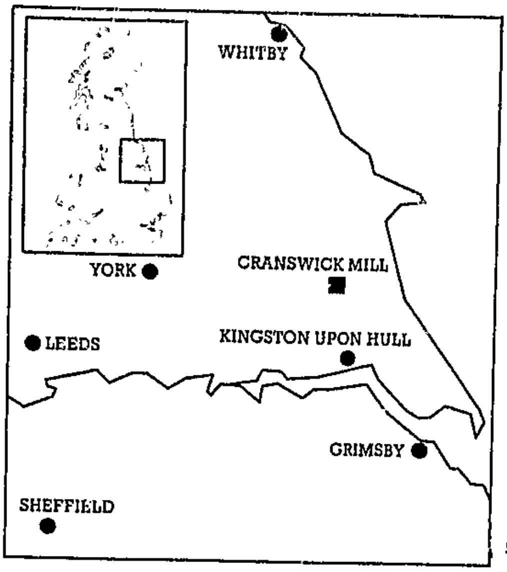
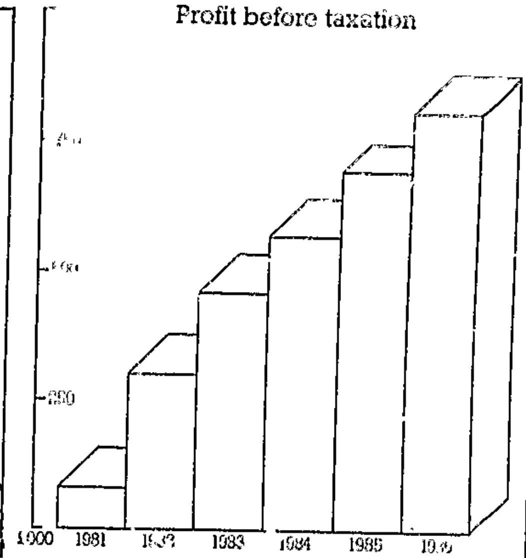
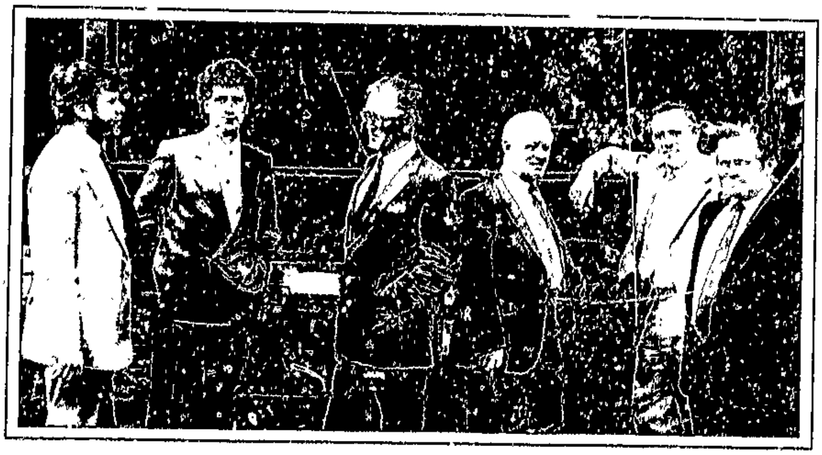
CRANSWICK MILL GROUP plc

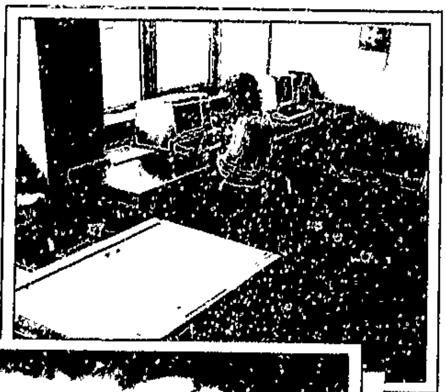
REPORT AND ACCOUNTS

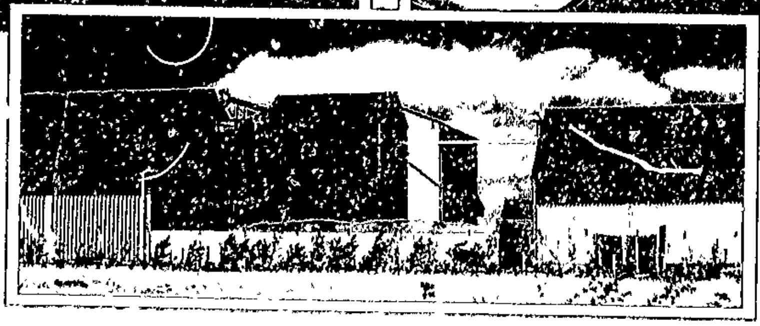
1986











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Front Cover

Inside Front Cover
1 Map of catchment area
2 Profit performance
3 The Cranswick Board from left to right
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5 [illegible]
6 [illegible]