

COMPANY REGISTRATION NUMBER 02779673

# **The Harts Corner Natural Sausage Company Limited**

## **Report and Financial Statements**

31 March 2019



## Company information

### Directors

M T P Davey  
J M Bottomley

### Secretary

S Glover

### Registered office

Crane Court  
Hesslewood Country Office Park  
Ferriby Road  
Hessle  
East Yorkshire  
HU13 0PA

### Independent Auditors

PricewaterhouseCoopers LLP  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

### Bankers

Lloyds Bank plc  
15 Market Place  
Drifffield  
East Yorkshire YO24 6AH

### Solicitors

Rollits  
Citadel House  
High Street  
Hull HU1 1QE

## Strategic report

The directors present their strategic report and the financial statements for the year ended 31 March 2019.

### Principal activities and review of the business

On 16 November 2016 the Company acquired 100% of the share capital of Dunbia (Ballymena) renamed Cranswick Country Foods (Ballymena). Prior to this the Company was dormant and has not traded in either the current or prior year.

The principal activity of the Company during the year was as an investment parent undertaking and will continue as such for the foreseeable future. The trading activity of the subsidiary undertaking during the year was primary pig processing.

### Results and dividends

During the year the Company has not traded, and has made neither a profit nor loss (2018: £nil). No dividend was paid during the year (2018: £nil) and the directors do not recommend a final dividend (2018: £nil). The net asset position at the year end was £nil (2018: £nil).

### Key performance indicators (KPIs)

Details of the Company's investments are provided in note 6. The Directors monitor the financial performance of the Company's investments on a regular basis.

### Principal risks and uncertainties

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.

Brexit continues to be an area of focus for the Group. There are specific areas where over the short to medium-term Brexit could potentially impact upon the Group including; the availability and cost of labour, volatility in Sterling and a downturn in overall consumer demand. Senior management and the Board will continue to closely monitor Brexit negotiations and make adjustments to the Group's strategic plan as necessary.

### Financial instruments and risk management

#### *Liquidity risk*

The Group has historically been very cash-generative. The bank position for each site is monitored on a daily basis and capital expenditure is approved at local management meetings at which members of the main Board are present and reported at the subsequent monthly main Board meeting. Major projects, in excess of £1 million, are approved by the main Board. Each part of the Group has access to the Group's overdraft facility and all term debt is arranged centrally. The Group has a bank facility made up of a revolving credit facility of £160.0 million including a committed overdraft facility of £20.0 million until November 2022. This was extended during the year to November 2023 by way of a reduced credit facility of £120.0 million including a committed overdraft facility of £20.0 million from November 2022. The Group manages the utilisation of the revolving credit facility through the monitoring of monthly consolidated cash flow projections and the daily borrowings position. The current arrangement provides the Group with reduced liquidity risk and medium-term funding to meet its objectives. The unutilised element of the facility at 31 March 2019 was £134.4 million (2018: £159.0 million).

By order of the Board



Steven Glover  
Company Secretary  
20 August 2019

## Directors' report

The directors present their annual report together with the audited financial statements of the Company for the year ended 31 March 2019.

### Principal activity and future developments

The Company is a holding company, and does not itself trade. The directors do not foresee any change in that status.

### Results and dividends

During the year the Company has not traded, and has made neither a profit nor loss (2018: £nil). No dividend was paid during the year (2018: £nil) and the directors do not recommend a final dividend (2018: £nil).

### Going concern

In view of the net current liabilities position the parent undertaking has agreed to provide adequate funding to fund the Company's operations for at least the next twelve months.

The Company, as part of the Cranswick plc Group, has considerable financial resources together with strong, long standing relationships with its customers and suppliers. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully.

After making enquires, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the report and financial statements.

### Directors

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

M T P Davey  
J M Bottomley

### Directors' indemnity

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.

### Financial risk management

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

### Independent auditors

A resolution to appoint PricewaterhouseCoopers LLP as independent external auditors was proposed at the Annual General Meeting and they were reappointed.

## Directors' report

### Statement of directors' responsibilities

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 101 "Reduced Disclosure Framework", 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 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 101, 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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for 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.

### Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the Board



Steven Glover  
Company Secretary  
20 August 2019

## **Independent auditors' report to the members of The Harts Corner Natural Sausage Company Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, The Harts Corner Natural Sausage Company Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 March 2019; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard; and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

## **Independent auditors' report to the members of The Harts Corner Natural Sausage Company Limited**

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated.

If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### ***Strategic report and Directors' report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

### **Responsibilities for the financial statements and the audit**

#### ***Responsibilities of the directors for the financial statements***

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

#### ***Auditors' 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 auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## **Independent auditors' report to the members of The Harts Corner Natural Sausage Company Limited**

### ***Use of this report***

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Other required reporting**

#### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

#### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to prepare financial statements in accordance with the small companies' regime. We have no exceptions to report arising from this responsibility.



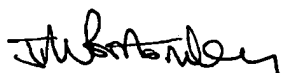
Rachel Greveson (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds  
23 August 2019

## Balance sheet

at 31 March 2019

	Note	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Investments	6	14,794	14,794
<b>Current assets</b>			
Debtors	7	3,353	3,353
<b>Creditors:</b> amounts falling due within one year	8	(18,147)	(18,147)
<b>Net current liabilities</b>		(14,794)	(14,794)
<b>Net assets</b>		-	-
<b>Capital and reserves</b>			
Called up share capital	9	-	-
<b>Total shareholders' funds</b>		-	-

The financial statements on pages 8 to 13 were approved for issue by the Board of Directors on 20 August 2019:



J M Bottomley  
Director  
20 August 2019

## Notes to the financial statements

for the year ended 31 March 2019

### 1. Authorisation of financial statements and statement of compliance with FRS101

The financial statements of The Harts Corner Natural Sausage Company Limited (the "Company") for the year ended 31 March 2019 were authorised for issue by the board of directors on 20 August 2019 and the balance sheet was signed on the board's behalf by Mark Bottomley. The Harts Corner Natural Sausage Company Limited is a private company limited by shares and is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS101) and in accordance with applicable accounting standards.

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 year ended 31 March 2019. The financial statements of the Company have been prepared under FRS 101 and in accordance with the Companies Act 2006 as applicable to companies using FRS 101 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 101 as, where required, equivalent disclosures are included in the parent company's consolidated financial statements:

- (a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment because the share based payment arrangement concerns the instruments of another group entity;
- (b) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- (c) the requirements of IFRS 7 Financial Instruments: Disclosures
- (d) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- (e) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - (iii) paragraph 118(e) of IAS 38 Intangible Assets;
  - (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property; and
  - (v) paragraph 50 of IAS 41 Agriculture
- (f) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- (g) the requirements of IAS 7 Statement of Cash Flows;
- (h) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (i) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- (j) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- (k) the requirements of paragraphs 134(d)- 134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets; and
- (l) the effects of new but not yet effective International Financial Reporting Standards.

## Notes to the financial statements

for the year ended 31 March 2019

### 2. Accounting policies (continued)

#### Judgements and key sources of estimation uncertainty

The preparation of financial statements can require 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 year. However, the nature of estimation means that actual outcomes could differ from those estimates.

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.

#### Group financial statements

The Company is exempt from the requirement to present group financial statements under section 400 of the Companies Act 2006 and accordingly the financial statements present information about the Company as an individual undertaking and not about its group. The financial statements have been included in the Group financial statements of its ultimate parent undertaking, Cranswick plc.

#### Dividends

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

#### Investments

Fixed asset investments are stated at cost less any provisions necessary for diminution in value.

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

#### 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:

- i) 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
- ii) 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:

- i) 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
- ii) 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.

## Notes to the financial statements

for the year ended 31 March 2019

### 2. Accounting policies (continued)

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.

#### Going concern

As the parent undertaking, and in view of the net current liabilities position Cranswick plc has agreed to provide adequate funding to fund the Company's operations for at least twelve months from the date of approval of these financial statements.

The Company, as part of the Cranswick plc Group, has considerable financial resources. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the report and financial statements.

### 3. Auditors' remuneration

Auditors' remuneration is borne by another Group Company.

### 4. Directors' remuneration

The directors of the Company were paid by the ultimate parent undertaking and fellow subsidiary companies. The directors received total remuneration for the year, in relation to their qualifying services to the Cranswick plc Group as a whole of £1,155,000 (2018 – £2,008,000), of which £nil (2018 – £nil) was paid by this company. 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.

### 5. Staff costs

There were no active employees of the Company during either year.

## Notes to the financial statements

for the year ended 31 March 2019

### 6. Investments

*Shares in Group companies*  
*£'000*

Cost:

At 31 March 2018 and 31 March 2019

14,794

Details of the investments are as follows:

<i>Name</i>	<i>Holding</i>	<i>Country of domicile</i>	<i>Business</i>	<i>Registered office</i>
Cranswick Gourmet Sausage Company Limited	50%	England and Wales	Non-trading	Crane Court, Hesslewood Country Office Park, Ferriby Road, Hessle, East Yorkshire, HU13 0PA
Cranswick Country Foods (Ballymena)	100%	Northern Ireland	Manufacture of pork products	166 Fenaghy Road, Cullybackey, County Antrim, BT42 1EA

### 7. Debtors

*2019*      *2018*  
*£000*      *£000*

Amounts owed by Group undertakings

3,353      3,353

Amounts owed by Group undertakings are repayable on demand and have no fixed repayment date.

### 8. Creditors: amounts falling due within one year

*2019*      *2018*  
*£000*      *£000*

Amounts owed to Group undertakings

18,147      18,147

Amounts owed to Group undertakings are repayable on demand and have no fixed repayment date.

## Notes to the financial statements

for the year ended 31 March 2019

### 9. Share capital

	<i>Authorised</i>	
	<i>2019</i>	<i>2018</i>
	<i>£'000</i>	<i>£'000</i>
Ordinary shares of £0.10 each	-	-

	<i>Allotted, called up and fully paid</i>			
	<i>2019</i>		<i>2018</i>	
	<i>No.</i>	<i>£'000</i>	<i>No.</i>	<i>£'000</i>
Ordinary shares of £0.10 each	5,000	-	5,000	-

### 10. 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 IAS24 from disclosing transactions with Cranswick plc and its wholly owned subsidiaries.

### 11. Ultimate parent company

The Company is a wholly owned subsidiary of Cranswick Country Foods plc, a company registered in England and Wales. The ultimate parent undertaking and controlling party is Cranswick plc, a company registered in England and Wales. Copies of Cranswick plc Group financial statements can be obtained from the registered office at Crane Court, Hesslewood Country Office Park, Ferriby Road, Hessle, East Yorkshire, HU13 0PA.