Registered number: 2704051

WYNNSTAY GROUP PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2008

Directors' Report

for the year ended 31 October 2008

WYNNSTAY

The directors present their report and the audited financial statements for the year ended 31 October 2008.

Principal Activities, Business Review and Future Developments

The principal activities of the Group continue to be that of the supply of agricultural feeding stuffs, the distribution of arable farm inputs and the merchanting of general agricultural products. A review of the business and future developments of the Group and a discussion of the principal risks and uncertainties faced by the Group are presented in the Chairman's Statement and Chief Executive's Review.

The company is both domiciled and incorporated in the United Kingdom and the address of the registered office is as set out in the company information accompanying the financial statements.

SHARE CAPITAL

The movement in the share capital during the period is detailed in note 25 to the financial statements.

Results, Dividends and Transfers to Reserves

Reported under IFRS the profit before taxation is £5,107,000 *(2007: £3,063,000)*. After a taxation charge of £1,205,000 *(2007: £751,000)*, the profit for the year is £3,902,000 *(2007: £2,312,000)*.

The directors recommend a final ordinary dividend of 4.00p per ordinary 25p share net *(2007: 3.625p per ordinary 25p share net)*, to be paid on 30th April 2009, to shareholders on the Register at the close of business on 27th March 2009.

The share price will be marked ex dividend with effect from the 25th March 2009. In accordance with the rules of the Company's Scrip Dividend Scheme, eligible shareholders will be entitled to receive their dividend in the form of additional shares. New mandate forms for this scheme should be signed and lodged with the Company Secretary 14 days before the dividend payment date of 30th April 2009.

Donations

During the year ended 31 October 2008 the Group contributed £2,000 *(2007: £2,000)* in the UK for charitable purposes.

Land and Buildings

In the opinion of the Directors, the market value of land and buildings for the Group exceeds the book value at the 31 October 2008 (refer to note 12) by £5,700,000 *(2007: £5,700,000)*.

Directors' Appointments and Retirments

Under Article 91, Mr E. Gareth Owen, Mr Jeff C. Kendrick and Mr B. Paul Roberts retire from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election. Under Article 86, Mr Kenneth R. Greetham and Mr D. Andrew T. Evans, having been appointed to the Board during the year retire, and being eligible, offer themselves for re-election.

Mr B B Harris and Mr R G Griffiths retired from the Board on 28th May 2008.

Directors' and Officers' Liability Insurance

During the year the Company has purchased and maintained liability insurance for its directors and officers.

Substantial Shareholdings

At 31st October 2008, the following shareholders held 3% or more of the issued share capital of the Company:

- Vidacos Nominees Limited 9.98%
- Credit Suisse Client Nominees (UK) Limited 4.81%
- Pershing Keen Nominees Limited 4.43%
- BNY (OCS) Nominees Limited 3.49%

The directors are not aware that any other person, company or group of companies held 3% or more of the issued share capital of the Company.

Directors and their interests

The directors of the Company who served during the year and their interests in the share capital of the Company at the year end were as follows:

	25p Ordinary Shares		SAYE Options		Discretionary Options	
	2008	2007	2008	2007	2008	2007
J E Davies	52,060	50,933	-	-	-	-
E G Owen	23,175	22,673	-	-	-	-
J C Kendrick	9,233	9,033	-	-	-	-
E E Hughes	58,458	57,239	-	-	-	-
B B Harris	n/a	153,676	n/a	4,611	n/a	-
R G Griffiths	n/a	195,405	n/a	-	n/a	-
B P Roberts	111,872	122,872	7,599	5,380	36,500	-
J M Jones	141,419	149,206	6,148	6,148	-	-
Lord Carlile of Berriew	41,787	41,152	-	-	-	-
K R Greetham	15,245	n/a	7,455	n/a	54,000	n/a
D A T Evans	11,612	n/a	5,918	n/a	27,500	n/a

No director held any interest in any subsidiary or associate company. Biographical details of the directors are set out before the directors report.

Employees

The Company has procedures for keeping its employees informed about the progress of the business. The Company continues to encourage employee motivation by operating a Savings Related Share Option Scheme open to all employees and by making all staff shareholders by issuing free shares after a qualifying period of employment. The Company provides training and support for all employees where appropriate and gives a full and fair consideration to disabled applicants in respect of duties which may be effectively performed by a disabled person. Where existing employees become disabled, the Company will seek to continue employing them, bearing in mind their disability and provided suitable duties are available. Failing this, all attempts will be made to provide a continuing income.

Policy for Payment of Creditors

The Group agrees terms and conditions with suppliers before business takes place, and while there is no Group code or standard it is not Group policy to extend supplier payment terms beyond that agreed. There are no suppliers subject to special arrangements. The average credit terms for the Group as a whole based on the year-end trade payables figure and a 365 day year is 46 days *(2007: 49 days).*

Auditors

The auditors, Whittingham Riddell LLP have indicated their willingness to continue in office and a resolution proposing their re-appointment will be submitted to the Annual General Meeting.

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State that the financial statements comply with IFRSs;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985 and as regards the group financial statements, Article 4 of the IAS Regulations. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the Wynnstay Group website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

So far as each director was aware at the time the report was approved:

- To the best of each directors knowledge and belief, there is no audit information relevant to the preparation of their report of which the Group's auditors are unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

By order of the Board

B P Roberts

B P Roberts
Secretary

20th January 2009

The Principles of Good Governance

The Board is committed to high standards of corporate governance. The adoption and maintenance of good governance is the responsibility of the Board as a whole. The Board have considered the June 2008 revision to the Combined Code on Corporate Governance and continue to seek to comply with the provisions of the Code wherever possible provided they are not deemed disproportionate or inappropriate to the size of the Company for it to fully implement. The Board does consider that the Company's numerous and widespread shareholder base have the right to expect the highest possible level of corporate governance and are pleased to provide the following information:

The Board of Directors

The Board currently comprises nine directors, four of whom are executive and five non-executive. The roles of Chairman and Managing Director are separated. The Chairman is non-executive and is elected by the whole Board on an annual basis. A formal schedule of matters requiring Board approval is maintained, and covers such areas as Group strategy, approval of financial budgets and results, Board appointments, approval of major capital expenditure and dividend policy. The Board normally meets once a month with additional meetings as necessary. Directors are able, if necessary, to take independent professional advice in furtherance of their duties, at the Company's expense. All directors and some senior members of staff have adopted a set of guidelines in regard to their responsibilities for the management and conduct of the Company. Due to their length of service the existing non-executive directors are not deemed independent under the Combined Code on Corporate Governance. The Board have recognised this situation and intend to appoint an additional director who would fulfill the role of Senior Independent Director in the near future.

Board Committees

Audit Committee

This Committee consists of three non-executive directors Mr E E Hughes (Committee Chairman), Mr E G Owen and Mr J C Kendrick. The Committee meets at least three times a year with additional meetings as required. The Committee has standard terms of reference in place, which have been formally approved by the Board, and which include the supervision of the external audit process and the effectiveness of the internal financial controls. The terms of reference further task the Committee with identifying and evaluating significant internal and external risks faced by the Company, and then making recommendations to the Board on appropriate strategies for effectively managing these risks. Such risks include:

- The reliability of internal and external reporting systems;
- The safeguarding of assets from inappropriate use, loss and fraud;
- Identifying and properly managing liabilities;

  and
- Ensuring the business operates within all applicable legislation and uses best practice wherever possible.

The Audit Committee met three times during the year and all committee members attended. The Committee agreed the nature and scope of the audit with the auditors and monitored the findings of the auditors. The Committee also initiated a number of Internal Audit assignments to test the operating effectiveness of internal systems and controls. The Committee regularly meets the auditors without the presence of the Company's management and formulates and oversees the Company policy on maintaining auditor objectivity and independence in relation to non audit services. The policy is to ensure that the nature of the non audit services performed or the fee income relative to the audit does not compromise the auditors' independence, objectivity or integrity and complies with ethical standards.

Remuneration Committee

This Committee of the Board consists of three non-executive directors, Mr E E Hughes, Mr J C Kendrick and is chaired by Lord Carlile of Berriew. The Committee meets at least twice a year and has standard terms of reference in place which have been formally approved by the Board. These terms of reference include the formulation of remuneration policies for executive directors and senior managers, and the supervision of employee benefit structures throughout the Company. The Remuneration Committee met twice during the year and all committee members attended.

Nomination Committee

This Committee of the Board currently consists of Mr E E Hughes, Mr K R Greetham and is chaired by Mr J E Davies. The Committee meets at least once a year and has standard terms of reference in place which have been formally approved by the Board. The Committee is tasked with reviewing the leadership needs of the Company and to make recommendations to ensure the continuity of such leadership through the identification, evaluation and appointment of both executive and non-executive directors.

The Nomination Committee met twice during the year and all committee members attended.

Relations with Shareholders

The Board recognises the importance of communicating with its shareholders and maintains dialogue with institutional shareholders and analysts, and presentations are made when financial results are announced. Lord Carlile of Berriew QC is considered the Senior Non Executive Director on the Board and as such makes himself available to shareholders who may require an independent contact.

The Annual General Meeting is the principal forum for dialogue with private shareholders who are given the opportunity to raise questions at the meeting. The Company aims to send out notice of the Annual General meeting at least 21 working days before the meeting. Shareholders also have access to the Company's website at www.wynnstay.co.uk

Going Concern

The Directors have prepared the financial statements on a going concern basis, having satisfied themselves from a review of internal budgets and forecasts and current bank facilities that the Group has adequate resources to continue in operational existence for the foreseeable future.

Internal Control

The Board of Directors has overall responsibility for the system of internal controls, including financial, operational and compliance, operated by the Group and for its effectiveness. Such a system can only provide reasonable and not absolute assurance against material misstatement or loss, as it is designed to manage rather than eliminate the failure to achieve business objectives.

The key procedures within the control structure include:

- Managers at all levels in the Group have clear lines of reporting responsibility within a clearly defined organisational structure.
- Comprehensive financial reporting procedures exist with budgets covering profits, cash flows and capital expenditure being prepared and adopted by the Board annually. Actual results are reported monthly to the Board and results compared with budgets and last year's actual. Revised forecasts are prepared as appropriate.
- There is a structural process for appraising and authorising capital projects with clearly defined authorisation levels.

Auditor Independence
The Board is satisfied that Whittingham Riddell LLP has adequate policies and safeguards in place to ensure that auditor objectivity and independence is maintained. The Company meets its obligations for maintaining the appropriate relationship with the external auditors through the Audit Committee whose terms of reference include an obligation to consider and keep under review the degree of work undertaken by the external auditors, other than the statutory audit, to ensure such objectivity and independence is safeguarded.

By order of the Board

BP Roberts

B P Roberts
Secretary

20th January 2009

Independent Auditors' Report

to the Shareholders of Wynnstay Group Plc

WYNNSTAY

We have audited the Group and Parent Company financial statements ("the financial statements") of Wynnstay Group Plc for the year ended 31 October 2008 set out on pages 20 to 46. These financial statements have been prepared under the accounting policies set out herein and in accordance with International Financial Reporting Standards.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985 and Article 4 of the IAS Regulation. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities the Company's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company and other members of the Group is not disclosed.

We read the Directors' Report, and the financial highlights contained in the Chairman's Statement and Managing Director's Review and consider the implications for our report if we become aware of any apparent misstatements.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- The financial statements of the Company and the Group give a true and fair view in accordance with IFRS's as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985,of the state of the Company's and Group's affairs as at 31 October 2008 and of its profit and cashflow for the year then ended.
- The financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation; and
- The information given in the directors' report is consistent with the financial statements.

Whittingham Riddell LLP

Whittingham Riddell LLP
Chartered Accountants
Registered Auditors
Shrewsbury
20th January 2009

Consolidated Income Statement

for the year ended 31 October 2008

		2008		2007	
	Note	£000	£000	£000	£000
Continuing operations					
Revenue	2		234,580		157,047
Cost of sales			(202,708)		(133,832)
Gross Profit			31,872		23,215
Distribution costs			(22,499)		(17,553)
Administrative expenses			(3,165)		(2,535)
Goodwill impairment			-		(257)
Operating profit before non-recurring items			6,208		2,870
Provision for business restructuring	23		(625)		-
Operating Profit	4		5,583		2,870
Net finance costs	3		(743)		(355)
Share of profits/losses in associates and joint ventures		383		732	
Share of tax incurred in associates and joint ventures	5	(116)	267	(184)	548
Profit before taxation			5,107		3,063
Taxation	8		(1,205)		(751)
Profit for the year	28		3,902		2,312
Earnings per 25p share	10		29.26p		19.63p
Diluted earnings per 25p share	10		29.09p		18.89p

All of the above are derived from continuing operations.

There were no recognised income and expenses for 2008 and 2007 other than those included in the consolidated income statement above.

The notes on pages 23 to 46 form part of these financial statements.

Consolidated and Company Balance Sheet

as at 31 October 2008

WYNNSTAY

		Group		Company	
		2008	2007	2008	2007
	Note	£000	£000	£000	£000
Assets					
Non-current assests					
Goodwill	11	**8,606**	3,614	**2,451**	2,144
Property, plant and equipment	12	**14,772**	11,534	**10,537**	9,991
Investment in subsidiaries	13	**-**	-	**11,650**	4,732
Investments accounted for using equity method	13	**3,580**	3,972	**720**	2,107
		26,958	19,120	**25,358**	18,974
Current Assets					
Inventories	16	**14,805**	9,186	**9,155**	7,623
Biological assets	16	**1,296**	1,675	**1,296**	1,675
Trade and other receivables	17	**30,815**	24,476	**26,273**	19,357
Financial Assets					
- loan to joint venture		**3,802**	4,852	**3,802**	4,852
Cash and cash equivalents	18	**768**	722	**25**	27
		51,486	40,911	**40,551**	33,534
Liabilities					
Current Liabilities					
Financial liabilities - borrowings	21	**(5,813)**	(4,763)	**(4,452)**	(4,148)
Trade and other payables	19	**(28,416)**	(23,050)	**(24,236)**	(19,446)
Current tax liabilities	20	**(1,871)**	(435)	**(735)**	(117)
		(36,100)	(28,248)	**(29,423)**	(23,711)
Net current assets		**15,386**	12,663	**11,128**	9,823
Non-current liabilities					
Financial liabilities - borrowings	21	**(4,961)**	(2,843)	**(4,272)**	(2,537)
Deferred tax liabilities	24	**(444)**	(551)	**(172)**	(379)
Provisions	23	**(625)**	-	**(625)**	-
		(6,030)	(3,394)	**(5,069)**	(2,916)
Net Assets		**36,314**	28,389	**31,417**	25,881
Equity					
Ordinary shares	25	**3,605**	3,125	**3,605**	3,125
Share premium	28	**12,732**	8,597	**12,732**	8,597
Other reserves	28	**1,947**	1,778	**1,778**	1,778
Retained earnings	28	**18,030**	14,889	**13,302**	12,381
Total Equity	28	**36,314**	28,389	**31,417**	25,881

The financial statements were approved by the Board of Directors on 20th January 2009 and signed on its behalf.

J E Davies - Director

B P Roberts - Director

Consolidated and Company Cashflow Statement

for year ended 31 October 2008

		Group		Company	
		2008	2007	2008	2007
	Note	£000	£000	£000	£000
Cash flows from operating activities					
Cash generated from operations	35	**4,222**	1,447	**1,908**	(697)
Interest received		**199**	298	**175**	298
Interest paid		**(942)**	(653)	**(730)**	(534)
Tax paid		**(176)**	(686)	**353**	(628)
Net cash flows from operating activities		**3,303**	406	**1,706**	(1,561)
Cash flows from investing activities					
Acquisition of subsidiaries (net of cash acquired)		**(5,413)**	(769)	**(5,908)**	(740)
Proceeds from sale of property, plant and equipment		**151**	375	**155**	346
Purchase of property, plant and equipment		**(1,637)**	(1,532)	**(1,133)**	(1,386)
Purchase of intangible assets		**(307)**	(114)	**(307)**	(114)
Proceeds on sale of investments		**595**	-	**595**	-
Purchase of investments		**-**	(91)	**-**	(91)
Dividends received		**-**	-	**500**	-
Net cash used by investing activities		**(6,611)**	(2,131)	**(6,098)**	(1,985)
Cash flows from financing activities					
Net proceeds from the issue of ordinary share capital		**4,615**	1,182	**4,615**	1,182
Net proceeds from drawdown of new loans		**4,490**	2,663	**3,990**	2,263
Finance lease principal repayments		**(463)**	(434)	**(391)**	(338)
Repayment of aquired borrowings		**(1,585)**	-	**-**	-
Repayment of borrowings		**(2,019)**	(1,501)	**(2,058)**	(1,434)
Dividends paid to shareholders		**(761)**	(643)	**(761)**	(643)
Net cash generated from financing activities		**4,277**	1,267	**5,395**	1,030
Net increase (decrease) in cash and cash equivalents		**969**	(458)	**1,003**	(2,516)
Cash and cash equivalents at the beginning of the period		**(1,154)**	(696)	**(1,369)**	1,147
Cash and cash equivalents at the end of the period	18	**(185)**	(1,154)	**(366)**	(1,369)

Principal Accounting Policies

WYNNSTAY

Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention other than certain assets which are at deemed cost under the transition rules and share based payments which are included at fair value. A summary of the more important Group accounting policies is set out below.

The preparation of financial statements in conformity with generally accepted principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Basis of consolidation

The consolidated financial statements comprise Wynnstay Group Plc and all its subsidiaries together with the Group's share of the results of its associates and joint ventures. Group inter-company transactions are eliminated in full.

Results of subsidiary undertakings acquired, are included in the financial statements on an acquisition basis, from the effective date of control. The separable net assets, both tangible and intangible, of acquired subsidiary undertakings are incorporated into the financial statements on the basis of their fair value as at the effective date of control. All business combinations are accounted for by applying the purchase method.

Subsidiaries are entities where the Group has the power to govern the financial and operating policies, generally accompanied by a share of more than 50% of the voting rights. Subsidiaries are consolidated from the date on which control is assumed by the Group and are included until the date the Group ceases to control them. Associates are entities over which the Group has significant influence but not control, generally accompanied by a share of between 20% and 50% of the voting rights. Joint ventures are entities over which the Group has joint control. Investments in associates and joint ventures are accounted for using the equity method.

Revenue recognition

Revenue represents the invoiced value of sales which fall within Wynnstay Group's ordinary activities. Revenue is measured at the fair value of the contract net of rebates excluding value added tax.

Segmental reporting

The Group's primary reporting format is business segments. A business segment is a component of the Group that is engaged in providing a group of related products and is subject to the risk and returns that are different from other business segments. The Group operates in one geographical segment being the UK.

Non-recurring items

Non-recurring items that are material by size and/or by nature, that management consider fall into this category, are disclosed on the face of the Consolidated Income statement and within a note to the financial statements. The separate disclosure of non-recurring items help provide a better indication of the Group's underlying performance.

Financial instruments

Financial assets and liabilities are recognised on the Group's consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are recorded at their nominal amount less an allowance for doubtful debts.

Investments

Investments are initially measured at cost, including transaction costs. They are classified as either 'available-for-sale', 'fair values through profit or loss' or 'held to maturity'. Where securities designated as 'at fair value' are included in net profit or loss, gains or losses arising from changes in fair value are included in net profit or loss for the period. For 'available-for-sale' investments, gains or losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

Equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured by other means are held at cost.

Principal Accounting Policies (continued)

Financial liability and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Bank borrowings

Interest-bearing loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are stated at their nominal value.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Leases

Leases are classified as finance leases at inception where substantially all of the risks and rewards of ownership are transferred to the Group. Assets classified as finance leases are capitalised on the consolidated balance sheet and are depreciated over the expected useful life of the asset. The interest element of the rental obligations is charged to the consolidated income statement over the period of the lease.

Rentals paid under operating leases are charged to the consolidated income statement on a straight-line basis over the term of the lease. Leasehold land is normally classified as an operating lease. Payments made to acquire leasehold land are included in repayments at cost and are amortised over the life of the lease. Any incentives to enter into operating leases are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and any provision for impairment losses.

Depreciation is provided at rates calculated to write-off the cost of fixed assets over their expected useful lives as follows:

Freehold property	-	2.5% - 5% per annum straight line
Lease premium	-	over the period of the lease
Leasehold land and buildings	-	over the period of the lease
Plant and machinery/office equipment	-	10% - 33% per annum straight line
Motor vehicles	-	20% - 30% per annum straight line

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity at the date of the acquisition.

At the date of acquisition, goodwill is allocated to cash generating units for the purpose of impairment testing. Goodwill is recognised as an asset and assessed for impairment annually. Any impairment is recognised immediately in the income statement. Once recognised, an impairment of goodwill is not reversed under any circumstance.

Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes an estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is written down to its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use, and is deemed for an individual asset. If the asset does not generate cash flows that are largely independent of those from other assets or groups of assets, the recoverable amount of the cash generating unit to which the asset belongs is determined. Discount rates reflecting the asset specific risks and the time value of money are used for the value in use calculation.

Employment benefit costs

The company operates a defined contribution pension scheme. Contributions to this scheme are charged to the income statement, as they are incurred in accordance with the rules of the scheme.

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Inventories & biological assets

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Where appropriate, cost is calculated on a specific identification basis. Otherwise inventories are valued using the first-in-first-out method.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Biological assets which are comprised of horticultural growing stocks (separately identifiable plants) are measured at fair value based on estimated selling price less estimated point of sale costs in accordance with IAS 41.

Taxation including deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised directly in equity. In this case tax is also recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date, and management provides where appropriate on the basis of amounts expected to be paid to the tax authorities.

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

Dividends

Final equity dividends to the shareholders of the Company are recognised in the period that they are approved by the shareholders. Interim equity dividends are recognised in the period that they are paid.

Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is measured by use of a valuation model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

Investments

Investments held as fixed assets are shown at cost less provisions for their permanent impairment.

Cash and cash equivalents

Cash and cash equivalents for the purposes of the consolidated cash flow statement comprise cash at bank and in hand, money market deposits and other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are presented in borrowings within current liabilities in the consolidated balance sheet.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the income statement.

Employee share ownership trust

The company operates an employee share ownership trust. The assets, liabilities, income and cost of the ESOP are incorporated into the financial statements of the Group.

Significant judgments, key assumptions and estimates

Application of certain Group accounting policies requires management to make judgments, assumptions and estimates concerning the future as detailed below.

Valuation of share-based payments

The fair value of share-based payments is determined using valuation models and is charged to the income statement over the vesting period. Estimations of vesting and satisfaction of performance criteria are required to determine fair value.

Impairment of goodwill

The carrying value of goodwill must be assessed for impairment annually. This requires an estimation of the value in use of the cash generating units to which goodwill is allocated. Value in use is dependent on estimations of future cash flows from the cash generating unit and the use of an appropriate discount rate to discount those cash flows to their present value.

Provision for impairment of trade receivables

The financial statements include a provision for impairment of trade receivables that is based on management's estimation of recoverability. There is a risk that the provision will not match the trade receivables that ultimately prove to be irrecoverable.

Provision for impairment of inventories

The financial statements include a provision for impairment of inventories that is based on management's estimation of recoverability. There is a risk that he provision will not match the inventories that ultimately prove to be impaired.

New standards and interpretations

The following new standards and interpretations, which are in issue at the balance sheet date but not yet effective, have not been applied in the financial statements.

	Effective for periods commencing on or after
IAS 1 (Revised)-Presentation of financial statements	1 January 2009
IFRS 8 Operating Segments	1 January 2009
IFRIC 12 Service Concession Arrangements	1 January 2009
IFRIC 13 Customers Loyalty Programmes	1 January 2009
IFRS 5 (amendment) - Non- current assets held-for-sale and discontinued operations	1 July 2009
IAS 28 (amendment) - Investments in associates	1 January 2009
IAS 36 (amendment) - Impairment of assets	1 January 2009
IAS 38 (amendment) - Intangible assets	1 January 2009
IAS 1 (amendment) - Presentation of financial statements	1 January 2009
IAS 27 (amendment) - Consolidated and separate financial statements	1 January 2009
IAS 28 (amendment) - Interests in joint ventures	1 January 2009
IAS 41 (amendment) - Agriculture	1 January 2009
IAS 23 (amendment) - Borrowing costs	1 January 2009
IAS 32 (amendment) - Financial instruments: Presentation and IAS 1 (amendment)	
Presentation of financial statements	
Puttable financial instruments and obligations arising on liquidation	1 January 2009
IAS 27 (Revised) Consolidated and separate financial statements	1 July 2009
IAS 39 (amendment) - Eligible hedged items	1 January 2009
IFRS 2 (amendment) Share-based payment Amendment Vesting conditions and cancellations	1 January 2009
IFRS 3 (Revised) Business combinations	1 July 2009

It is considered that the above standards and interpretations will not have a significant effect on the results or net assets of the Group. IAS 1 Revised and IFRS 8 will have no impact on the results or net assets of the Group but will increase the level of disclosure to be made in the financial statements.

Notes to the Financial Statements

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1. The company has taken advantage of the exemption, under section 230 of the Companies Act 1985, from presenting its own income statement. The profit after tax for the period dealt with in the financial statement under IFRS of the company was £1,682,000 *(2007: £1,050,000)*.

2. **Segmental reporting**

Primary reporting format – business segments

The segment results for the year ended 31 October 2008 are as follows:

	Agriculture Supply	Retail	Other	Total
Year ended 31 October 2008	**£000**	**£000**	**£000**	**£000**
Revenue	**185,203**	**49,222**	**155**	**234,580**
Segment result	**3,889**	**2,530**	**(211)**	**6,208**
Provision for business restructuring	**-**	**(625)**	**-**	**(625)**
Share of results of associates and joint ventures	**-**	**119**	**264**	**383**
	3,889	**2,024**	**53**	**5,966**
Interest income				**199**
Interest expense				**(942)**
Profit before tax				**5,223**
Corporation taxes				**(1,321)**
Profit for the year attributable to equity shareholders				**3,902**
Segment assets	**15,384**	**24,933**	**6,256**	**46,573**
Unallocated net assets				**(253)**
Corporate net borrowings				**(10,006)**
Total Net Assets				**36,314**

Year ended 31 October 2007				
Revenue	122,133	34,627	287	157,047
Segment result	1,832	1,311	(273)	2,870
Share of results of associates and joint ventures	194	26	512	732
	2,026	1,337	239	3,602
Interest income				298
Interest expense				(653)
Profit before tax				3,247
Corporation taxes				(935)
Profit for the year attributable to equity shareholders				2,312
Segment assets	9,820	17,803	6,980	34,603
Unallocated net assets				670
Corporate net borrowings				(6,884)
Total Net Assets				28,389

The Group operates in one geographical segment being the UK.

3. Finance costs - net

	2008 £000	2007 £000
Interest expense:		
Interest payable on borrowings	**(816)**	(577)
Interest payable on finance leases	**(86)**	(61)
Interest payable on other loans	**(40)**	(15)
Interest and similar charges payable	**(942)**	(653)
Interest income	**196**	287
Income from other fixed asset investors	**3**	11
Interest receivable	**199**	298
Finance costs net	**743**	355

4. Group operating profit

The following items have been included in arriving at operating profit:

		2008 £000	2007 £000
Staff costs		**14,720**	11,358
Depreciation of property plant and equipment:	- owned assets	**1,172**	1,034
	- under finance leases	**314**	235
Impairment of goodwill		**-**	257
(Profit) on disposal of fixed assets		**(13)**	(160)
Other operating lease rentals payable – Property		**1,038**	368
Repairs and maintenance expenditure on plant, property and equipment		**1,198**	646
Trade receivables impairment		**192**	182

Services provided by the Group's auditors

During the year the group obtained the following services from the Group's auditor

	2008 £000	2007 £000
Audit services – statutory audit	**77**	54
Tax services	**8**	18

Included in the Group audit fee are fees of £39,625 *(2007: £40,000)* paid to the Group's auditor in respect of the parent company.

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5. Share of post-tax profit/(loss) of associates and joint ventures

	2008 £000	2007 £000
Share of post-tax profits in associates	49	74
Share of post-tax profits in joint ventures	218	474
Total share of post-tax profits of associates and joint ventures	267	548

6. Staff costs

The aggregate payroll costs, including directors' emoluments, charged in the financial statements for the group and the average number of "full time equivalent" persons employed were as follows:

	2008 £000	2007 £000
Wages and salaries	12,971	9,851
Social security costs	1,203	950
Pension and other costs	546	468
Cost of share based reward	-	89
	14,720	11,358

The average monthly number of full time equivalent employees, including directors and key management personnel, during the year was as follows:

	2008 No.	2007 No.
Administration	69	54
Production	79	71
Sales, distribution and retail	318	252
	466	377

7. Directors' emoluments

	2008 £000	2007 £000
Directors' emoluments	628	528
Company contributions to money purchase pension schemes	25	51
	653	579
Aggregate gains made on the exercise of share options	-	772
	653	1,351

The remuneration of the highest paid Director included above was:

	2008 £000	2007 £000
Salary	116	136
Benefits	11	9
Bonus	43	28
Company contributions to pension scheme (note 32)	-	32
	170	205

During the year, 5 directors *(2007: 4)* were accruing benefits under money purchase pension schemes.
There were no directors who exercised savings related or discretionary share options during the year *(2007: 4)*.

Notes to the Financial Statements (continued)

8. Taxation

(a) Analysis of tax charge in year	2008 £000	2007 £000
Current tax		
- continuing operations	1,708	726
- adjustments in respect of prior years	(290)	2
Total current tax	1,418	728
Deferred tax		
- Origination and reversal of timing differences	(213)	23
Tax on profit on ordinary activities	1,205	751

Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applicable to the Group (30%/28%). The differences are explained below:

	2008 £000	2007 £000
Profit on ordinary activities before tax	5,107	3,063
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%/28% *(2007 - 30%)*	1,472	918
Effects of:		
Tax effect of share of (profit)/loss of associates and joint ventures	(80)	(164)
Expenses not deductible for tax purposes	12	40
Capital allowances less than/(in excess of) depreciation	125	(2)
Adjustment to tax charge in respect of prior years	(290)	2
Utilisation of tax losses	-	(10)
Origination and reversal of timing differences	(213)	23
Other items	179	(56)
Total tax charge for year	1,205	751

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

9. Dividends

	2008 £000	2007 £000
Final dividend paid for prior year	474	408
Interim dividend paid for current year	287	235
	761	643

Subsequent to the year end it has been recommended in the Directors' Report that a final dividend of 4.00p net per ordinary share *(2007: 3.625p)* be paid on the 30th April 2009. Together with the interim dividend already paid on the 31st October 2008, of 2.00p net per ordinary share *(2007: 1.875p)* this would result in a total dividend for the financial year of 6.00p net per ordinary share *(2007: 5.50p)*.

10. Earnings per share

	Basic earnings per share		Diluted earnings per share	
	2008	2007	2008	2007
	000	000	000	000
Earnings attributable to shareholders (£000)	3,902	2,312	3,902	2,312
Weighted average number of shares in issue during the year (No.'s)	13,333	11,775	13,411	12,238
Earnings per ordinary 25p share (pence)	29.26	19.63	29.09	18.89

Basic earnings per 25p ordinary share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year excluding those held in the Employee Share Ownership Trust (note 33) which are treated as cancelled.

For diluted earnings per share, the weighted average number of ordinary shares is adjusted to assume conversion of all dilutive potential ordinary shares (share options and warrants) taking into account their exercise price in comparison with the actual average share price during the year.

11. Goodwill

After initial recognition, the goodwill is subject to annual impairment tests, or more frequently if events or changes in circumstances indicate that it might be impaired, in accordance with IAS 36.

Group	£000
Cost	
At 1 November 2007	4,651
Additions	4,992
At 31 October 2008	**9,643**
Aggregate Impairment	
At 1 November 2007 and 31 October 2008	**1,037**
Net book value	
At 31 October 2008	**8,606**
At 31 October 2007	3,614

Company	£000
Cost	
At 1 November 2007	3,038
Additions	307
At 31 October 2008	**3,345**
Aggregate Impairment	
At 1 November 2007 and 31 October 2008	**894**
Net book value	
At 31 October 2008	**2,451**
At 31 October 2007	2,144

Notes to the Financial Statements (continued)

12. Property, plant and equipment

Group	Leasehold land and buildings £000	Freehold land and buildings £000	Plant, machinery and office equipment £000	Motor vehicles £000	Total £000
Cost					
At 1 November 2007	688	8,699	9,140	3,815	22,342
Additions	124	592	930	712	2,358
Acquisition	332	1,200	3,858	54	5,444
Disposals	-	(78)	(46)	(463)	(587)
At 31 October 2008	**1,144**	**10,413**	**13,882**	**4,118**	**29,557**
Depreciation					
At 1 November 2007	12	2,115	6,007	2,674	10,808
Accumulated depreciation on acquisitions	154	16	2,731	39	2,940
Charge for the year	49	223	757	457	1,486
On disposals	-	(7)	(25)	(417)	(449)
At 31 October 2008	**215**	**2,347**	**9,470**	**2,753**	**14,785**
Net book value					
At 31 October 2008	**929**	**8,066**	**4,412**	**1,365**	**14,772**
At 31 October 2007	676	6,584	3,133	1,141	11,534

The net book value of plant and machinery and motor vehicles above includes amounts of £1,384,790 *(2007: £1,056,606)*, representing assets held under finance leases.

Company	Freehold land and buildings £000	Plant, machinery and office equipment £000	Motor vehicles £000	Total £000
Cost				
At 1 November 2007	8,682	8,224	3,462	20,368
Additions	592	474	712	1,778
Assets transferred	-	46	73	119
Disposals	(78)	(46)	(463)	(587)
At 31 October 2008	**9,196**	**8,698**	**3,784**	**21,678**
Depreciation				
At 1 November 2007	2,097	5,842	2,438	10,377
Charge for the year	218	486	423	1,127
Depreciation on assets transferred	-	32	53	85
On disposals	(7)	(25)	(416)	(448)
At 31 October 2008	**2,308**	**6,335**	**2,498**	**11,141**
Net book value				
At 31 October 2008	**6,888**	**2,363**	**1,286**	**10,537**
At 31 October 2007	6,585	2,382	1,024	9,991

The net book value of plant and machinery and motor vehicles above includes amounts of £1,092,404 *(2007: £778,795)* representing assets held under finance leases.

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13. Fixed asset investments

Group	Joint ventures £000	Associates £000	Long term loan to joint ventures £000	Other unlisted investments £000	Total £000
Cost					
At 1 November 2007	2,321	878	625	155	3,979
Reclassification	(444)	-	(1,585)	-	(2,029)
Additions	1,023	-	960	-	1,983
Disposals	-	(595)	-	-	(595)
Share of profit / investment income	217	49	-	3	269
At 31 October 2008	**3,117**	**332**	-	**158**	**3,607**
Provision for impairment					
At 1 November 2007	-	-	-	7	7
Charge for the year	-	-	-	20	20
At 31 October 2008	-	-	-	**27**	**27**
Net book value					
At 31 October 2008	**3,117**	**332**	-	**131**	**3,580**
At 31 October 2007	2,321	878	625	148	3,972

Company	Share in group undertakings £000	Joint ventures £000	Associates £000	Long term loan to joint ventures £000	Other unlisted investments £000	Total £000
Cost						
At 1 November 2007	4,732	700	643	625	146	6,846
Reclassification	150	(150)	-	(1,585)	-	(1,585)
Disposal	-	-	(595)	-	-	(595)
Additions / Investment income	6,768	-	-	960	3	7,731
At 31 October 2008	**11,650**	**550**	**48**	-	**149**	**12,397**
Provision for impairment						
At 1 November 2007	-	-	-	-	7	7
Charge for the year	-	-	-	-	20	20
At 31 October 2008	-	-	-	-	**27**	**27**
Net book value						
At 31 October 2008	**11,650**	**550**	**48**	-	**122**	**12,370**
At 31 October 2007	4,732	700	643	625	139	6,839

Notes to the Financial Statements (continued)

14. **Principal subsidiaries, joint ventures and associates**

Principal subsidiaries

Subsidiary undertakings represent the following limited companies, all of which were incorporated in the UK:

Company name	Proportion of shares held ordinary %	Nature of business
Glasson Grain Limited	100	Grain merchants
Glasson Group (Lancaster) Limited	100	Holding company
Shropshire Grain Limited	100	Grain merchants
Wynnstay Country Farmstock Limited	100	Livestock marketing
C A Davies & Sons Limited	100	Dormant company
Griffiths & Simpson Limited	100	Dormant company
L N Jones (Tattenhall) Limited	100	Dormant company
E W Webster Limited	100	Dormant company
Wynnstay & Clwyd Farmers Limited	100	Dormant company
Eifionydd Farmers Limited	100	Dormant company
Glasson Shipping Services Limited	100	Dormant company
Glasson Fertilizers Limited	100	Dormant company
Westhope Livestock Supplies Limited	100	Dormant company
MVZ Farm Supplies Limited	100	Dormant company
Just for Pets Limited	100	Retailer of Pet products
Wilsons Pet Centres Limited	100	Dormant company
Welsh Feed Producers Limited	100	Agricultural merchant

Investments in the subsidiaries listed above are held directly by Wynnstay Group Plc, with the exception of the following which are direct subsidiaries of Glasson Group (Lancaster) Limited :

Glasson Shipping Services Limited
Glasson Grain Limited
Glasson Fertilizers Limited

Principal joint ventures

Principal joint ventures

The above interests in joint ventures are represented by the following limited companies, all of which were incorporated in the UK:

Company name	Interest	Nature of business
Youngs Animal Feeds Limited	50%	Manufacture and distribution of equine feeds
Wyro Developments Limited	50%	Property development
Bibby Agriculture Limited	50% - ordinary 50% - preference	Distribution of compound animal feeds

Joint ventures are accounted for using the equity method.

The aggregate amounts of the Group's share of joint venture assets and liabilities are:

	2008	2007
	£000	£000
Non-current assets	**1,366**	1,541
Current assets	**7,058**	6,992
Current liabilities	**(6,031)**	(5,261)
Non-current liabilities	**(263)**	(1,210)

The aggregate of the Group's share of revenue and expenses included in these financial statements are:-

	2008	2007
	£000	£000
Revenue	**1,725**	2,552
Expenses	**(1,405)**	(1,900)

Principal associates

The above interests in associates are represented by the following limited companies, all of which were incorporated in the UK:

Company name	Interest	Nature of business
Wynnstay Fuels Limited	40%	Supply of petroleum products

Summarised financial information in respect of the Groups associate is as follows:

	2008	2007
	£000	£000
Total assets	**3,663**	6,102
Total liabilities	**(2,957)**	(5,532)
Net assets	**706**	570
Group's share of associates' net assets	**283**	230

	2008	2007
	£000	£000
Total revenue	**19,153**	36,351
Profit for the period	**157**	275
Group's share of associates' profit for the period	**63**	80

For the purposes of consolidation, the following periods of account have been used for each of the associated undertakings and joint ventures:

Company	Accounting period
Youngs Animal Feeds Limited	30th April 2008
Wyro Developments Limited	31st October 2008
Wynnstay Fuels Limited	31st December 2007
Bibby Agriculture Limited	31st August 2008

IAS 27 "Consolidated and separate financial statements" and IAS 28 "Investments in Associates" require the use of accounting periods within 3 months of the year end. Because of the other parties involved, Wynnstay Group Plc are unable to influence a change in accounting reference date of Youngs Animal Feeds Limited and Wynnstay Fuels Limited. In the opinion of the directors there is no material effect on the reported figures as a result of this departure.

Notes to the Financial Statements (continued)

Trading transactions:

During the year, the group and company entered into the following trading transactions with subsidiaries, associates and joint ventures:

	Group		Company	
Transactions with subsidiaries	**2008**	2007	**2008**	2007
	£000	£000	**£000**	£000
Balance sheet items				
Amounts due from subsidiaries undertakings: Trade receivables	-	-	**2,140**	551
Amounts due to subsidiaries undertakings:				
Trade payables	-	-	**2,680**	1,884
Transactions reported in the income statement				
Revenue	-	-	**2,187**	1,239
Purchases	-	-	**9,759**	3,424

	Group		Company	
Transactions with associates	**2008**	2007	**2008**	2007
	£000	£000	**£000**	£000
Balance sheet items				
Amounts due from associated undertakings:				
Trade receivables	**5**	28	**5**	28
	5	28	**5**	28
Amounts due to associated undertakings:				
Trade payables	**133**	1,080	**133**	1,080
	133	1,080	**133**	1,080
Transactions reported in the income statement				
Revenue	**54**	362	**54**	362
Purchases	**823**	1,355	**823**	1,355

	Group		Company	
Transactions with joint ventures	**2008**	2007	**2008**	2007
	£000	£000	**£000**	£000
Balance sheet items				
Amounts due from joint ventures:				
Trade receivables	**872**	359	**42**	336
Loans	**3,802**	4,852	**3,802**	4,852
	4,674	5,211	**3,844**	5,188
Amounts due to joint ventures:				
Trade payables	**185**	557	**184**	557
	185	557	**184**	557
Transactions reported in the income statement				
Revenue	**5,006**	1,908	**3,036**	1,695
Purchases	**2,855**	2,391	**2,847**	2,380
Interest receivable	**133**	287	**133**	287

Sales of goods to related parties were made at the Group's usual list prices, less average discounts. Purchases were made at market price discounted to reflect the quantity of goods purchased and relationships between the parties.

15. **Aquisitions**

During the year the Group completed four acquisitions, two of which were structured as asset purchases and two as share purchases. The asset transactions were the purchase of goodwill and certain assets, including two agricultural retail outlets, from Wrekin Country Stores Ltd on the 10th December 2007, for a consideration of £293,010, consisting of fixed assets of £33,010 and stock of £260,000. In the year to the 31st May 2007, these acquired activities generated revenues of approximately £1.6 million. On the 4th January 2008, the Group acquired the goodwill and certain assets, including an agricultural products distribution centre in Lancaster, of J. Hatton Agriculture for a consideration of £585,183, consisting of fixed assets of £36,965, stock of £240,967, and goodwill of £307,251. In the last available financial statements of this business, the acquired activities generated revenues of £1.7 million in the year to December 2006.

An assessment of the combined fair value of these two asset acquisitions is given below :

	£000
Property, plant and equipment	70
Other current assets	501
Net assets acquired	571
Goodwill arising on acquisition – provisional	307
Consideration	878
Consideration satisfied by :	
Cash paid	622
Contingent Deferred consideration	256
	878

Details of fair value of the two material share acquisitions are given below, which on an annualised proforma basis would have contributed aggregate revenue of £24.9 million and aggregate profits before tax of £856,000 in the year to the 31st October 2008 :

On the 11th January 2008 the Group acquired the entire share capital of Wilsons Pet Centres Ltd for a gross cash consideration of up to £5.96 million. After utilising cash acquired with the business of £696,000, as set out in the table below, the net consideration of £5.26 million was satisfied by £4.40 million paid in cash on completion and £0.86 million in deferred payments. Expenses of the transaction amounting to £106,000 are included in the above figures. The business currently operates a chain of 12 pet retail outlets which now trade under the Groups' pet retailing brand "Just for Pets".

Details of the acquisition costs and net assets acquired of Wilsons Pet Centres Ltd are as follows:

	Book Value		Fair value
	£000	£000	£000
Property plant & equipment	634		634
Cash & cash equivalents	1,190	(696)	494
Other current assets	1,014		1,014
Other current liabilities	(881)		(881)
	1,957	(696)	1,261
Goodwill	4,003		4,003
Total Consideration	5,960	(696)	5,264
Consideration satisfied by:			
Cash paid			4,298
Expenses			106
Deferred consideration			860
			5,264

15. Aquisitions (continued)

On the 15th August 2008 the Group acquired the remaining 50% of the share capital in Welsh Feed Producers Ltd for a gross cash consideration inclusive of expenses of £1.45 million.

	Book Value	Fair Value Adjustment	Fair value
	£000	£000	£000
Property plant & equipment	796	1,074	1,870
Cash & cash equivalents	1		1
Investments	1,023		1,023
Other current assets	3,347		3,347
Other current liabilities	(1,349)		(1,349)
Acquired debt	(3,511)		(3,511)
	307	1,074	1,381
Asset revaluation surplus			(169)
Previously attributable retained earnings			(293)
Goodwill			682
Total Consideration			1,601
Consideration satisfied by:			
Cash paid			1,433
Expenses			18
Existing investment cost			150
			1,601

In addition a further new asset adjustment payment of £53,000 was made during the year in relation to the MVZ Farm Supplies Limited acquisition from October 2007.

16. Inventories and biological assets

	Group		Company	
	2008	2007	**2008**	2007
	£000	£000	**£000**	£000
Inventories				
Raw materials and consumables	**1,106**	583	**553**	583
Finished goods and goods for resale	**13,699**	8,603	**8,602**	7,040
	14,805	9,186	**9,155**	7,623
Biological Assets				
Horticultural growing stocks	**1,296**	1,675	**1,296**	1,675
	1,296	1,675	**1,296**	1,675

17. Trade and other receivables

	Group		Company	
	2008	2007	**2008**	2007
	£000	£000	**£000**	£000
Current				
Trade receivables	**29,588**	24,230	**23,909**	18,583
Amounts owed by group undertakings	**-**	-	**2,140**	551
Other receivables	**1,227**	246	**224**	223
	30,815	24,476	**26,273**	19,357

Trade receivables are stated after a provision for impairment of £625,467 *(2007: £526,000)*. Concentration of credit risk with respect to trade receivables is limited due to the Group's customer base being large and unrelated. Due to this, management believe that there is no further credit risk provision required in excess of the normal provision for doubtful receivables.

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18. Cash and cash equivalents and bank overdrafts

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Cash and cash equivalents per balance sheet	768	722	25	27
Bank overdrafts	(953)	(1,876)	(391)	(1,396)
Cash and cash equivalents per cashflow statement	(185)	(1,154)	(366)	(1,369)

19. Trade and other payables - current

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Trade payables	25,432	20,703	19,721	15,915
Amounts owed to group undertakings	-	-	2,680	1,884
Other taxes and social security	517	484	400	432
Other creditors	326	913	101	842
Accruals and deferred income	1,891	700	1,084	123
Deferred consideration	250	250	250	250
	28,416	23,050	24,236	19,446

20. Current tax liabilities

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Current tax liabilitles	1,871	435	735	117
	1,871	435	735	117

21. Financial liabilities - borrowings

	Group		Company	
Current	2008	2007	2008	2007
	£000	£000	£000	£000
Bank loans and overdrafts due within one year or on demand				
Secured overdrafts	953	1,876	391	1,396
Secured loans	2,315	1,531	2,058	1,456
	3,268	3,407	2,449	2,852
Loan capital (unsecured)	749	742	749	742
Convertible loanstock	18	19	18	19
Secured loan notes	1,360	250	860	250
Net obligations under finance leases	418	345	376	285
	5,813	4,763	4,452	4,148

Notes to the Financial Statements (continued)

21. **Financial liabilities - borrowings** (continued)

Non-current	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Bank loans:				
Secured	**4,402**	2,471	**3,787**	2,213
	4,402	2,471	**3,787**	2,213
Net obligations under finance leases	**559**	372	**485**	324
	4,961	2,843	**4,272**	2,537

After 31st August 2006 the loanstock is redeemable at par at the option of the Company. Interest at 4% per annum is payable to the holders of the Convertible Unsecured Loanstock.

The bank loans include term loans repayable by installments as follows :

Lender	Monthly installment	Balance outstanding	Interest rate
Barclays Bank Plc	£90,293	£1,533,616	0.72% over Base Rate
HSBC Bank Plc	£38,863	£1,575,380	0.95% over Base Rate
Bank of Scotland	£8,274	£126,614	Fixed rate of 6.5%
HSBC Bank Plc	£58,707	£2,608,991	1.00% over Base Rate
Royal Bank of Scotland	£19,670	£656,827	1.00% over Base Rate
Barclays Bank Plc	£4,167	£216,164	1.10% over Base Rate

These loans are secured by legal charges over certain of the Company's freehold property.

Bank loans and overdrafts include overdrafts totaling £562,895 (2007: £479,940) relating to subsidiary companies, which are secured by debentures over the assets of those companies.

Finance lease obligations are secured on the assets to which they relate.

	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Borrowings are repayable as follows:				
On demand or within one year	**5,813**	4,763	**4,452**	4,148
In the second year	**2,103**	1,270	**1,804**	1,167
In the third to fifth years inclusive	**2,858**	1,573	**2,468**	1,370
	10,774	7,606	**8,724**	6,685
Finance leases included above are repayable as follows:				
On demand or within one year	**418**	345	**376**	285
In the second year	**294**	230	**264**	207
In the third to fifth years inclusive	**265**	142	**221**	117
	977	717	**861**	609
The net borrowings are:				
Borrowings as above	**10,774**	7,606	**8,724**	6,685
Cash and cash equivalents	**(768)**	(722)	**(25)**	(27)
	10,006	6,884	**8,699**	6,658

22. Financial instruments

The group does not have derivative financial instruments.

Fair values of non-derivative financial assets and financial liabilities

The fair value of current asset and current liabilities are assumed to approximate to book value due to the short-term maturity of their instruments.

Where market values are not available, fair values of financial assets and financial liabilities have been calculated by discounting expected future cash flows at prevailing interest rates. The fair value of current assets and current liabilities are assumed to approximate to the book value due to the short term maturity of the instruments. The fair value of the non current borrowings have been assessed and are not deemed to differ materially from book value.

Risks associated with financial instruments

The main risks to which the Group is exposed are as follows:

Interest rate risk
While currently most of the Group's term debt is floating base rate linked, the Board constantly review their option to fix the rates attached to this debt through the use of Interest rate swap derivatives. Fixed rate term finance is used for the acquisition of vehicles.

Foreign currency
The main currency related risk to the Group comes from the forward purchasing of imported raw materials for our Glasson and Foxmoor businesses. This risk is mainly managed by entering into currency purchase agreements at the time the underlying transaction is completed.

Commodity price
While the Group does not engage in the taking of speculative commodity positions, it does have to make significant forward purchases of certain raw materials, particularly for use in it's animal feed manufacturing activities. Position reporting systems are in place to ensure the Board is appraised of the exposure level on a monthly basis, and where possible hedging tools, primarily wheat futures contracts on the London LIFFE market are used to manage price decisions.

Credit
A significant proportion of the Group's trade is conducted on credit terms and as such a risk of non payment is always present. Detailed systems of credit approval before initial supply, the operation of credit limits and an active credit control policy act to minimise this risk and historically the incidence of bad debts is minimal.

Liquidity risk
The Group has appropriate overdraft facilities in place to allow flexibility in managing liquidity.

The effective interest rates at the balance sheet dates were as follows:

	Group		Company	
	2008	2007	**2008**	2007
Bank overdraft	**5.50%**	6.75%	**5.50%**	6.75%
Bank borrowings	**5.45%**	6.60%	**5.41%**	6.55%
Loan capital	**4.00%**	4.00%	**4.00%**	4.00%
Loan note	**0%**	0%	**0%**	0%
Finance leases	**6.00%**	7.00%	**6.00%**	7.00%

Notes to the Financial Statements (continued)

23. Provisions

	Group		Company	
	2008	2007	**2008**	2007
	£000	£000	**£000**	£000
At 1 November	**-**	-	**-**	-
Charge for the year	**625**	-	**625**	-
At 31 October	**625**	-	**625**	-

The provision charge relates to restructuring costs of the Group's Foxmoor horticultural business announced on the 22nd October 2008.

24. Deferred Taxation

	Group		Company	
	2008	2007	**2008**	2007
	£000	£000	**£000**	£000
At 1 November	**551**	528	**379**	379
Charge for the year	**(213)**	23	**(207)**	-
On acquisition of subsidiary	**106**	-	**-**	-
At 31 October	**444**	551	**172**	379

The provision for deferred taxation is made up as follows:

	Group		Company	
	2008	2007	**2008**	2007
	£000	£000	**£000**	£000
Accelerated capital allowances	**632**	564	**360**	392
Tax losses brought forward	**(10)**	(10)	**(10)**	(10)
Short term timing differences	**(3)**	(3)	**(3)**	(3)
Provisions charged to profits	**(175)**	-	**(175)**	-
	444	551	**172**	379

25. Share Capital

	2008		2007	
	No.of shares		No. of shares	
	000	**£000**	000	£000
Authorised				
Ordinary shares of 25p each	**40,000**	**10,000**	40,000	10,000
Allotted, called up and fully paid				
Ordinary shares of 25p each	**14,422**	**3,605**	12,501	3,125

During the year 98,826 shares *(2007: 90,788)* were issued with an aggregate nominal value of £24,706 *(2007: £22,697)* and were fully paid up for equivalent cash of £250,608 *(2007: £223,821)* to shareholders exercising their right to receive dividends under the Company's scrip dividend scheme.

A total of 120,000 *(2007: 925,212)* shares with an aggregate nominal value of £30,000 *(2007: £231,303)* were issued for a cash value of £228,000 *(2007: £931,119)* to relevant holders exercising options and warrants in the Company. In addition 1,702,650 *(2007: 17,459)* shares were issued during the year for a total net cash receipt of £4,136,842 *(2007: £27,480)*.

26. Share based payments

The following options were exercised and outstanding at the year end:

	Exercise Price per share £	Exercisable by	As at 1 November 2007	(Exercised)/ issued in year	Lapsed in year	As at 31 October 2008
Discretionary share option schemes						
Granted May 2005	2.4000	June 2008 - May 2010	120,000	(27,500)	-	92,500
Granted August 2008	2.5300	Sept 2013 - Aug 2018	-	244,000	-	244,000
Granted October 2008	0.2500	Oct 2013 - Mar 2014	-	177,000	-	177,000
			120,000	393,500	-	513,500
Savings related option schemes						
Granted October 2004	2.1500	December 2009 - May 2010	206,555	-	(13,677)	192,878
Granted August 2008	2.2000	September 2013 - Feb 2014	-	382,659	-	382,659
			206,555	382,659	(13,677)	575,537
			326,555	776,159	(13,677)	1,089,037

During the year 27,500 Discretionary Share Options *(2007: 571,892)* and nil Savings Related Options *(2007: 354,549)* were exercised and satisfied by the transfer of 27,500 *(2007: 925,212)* shares from the Company's Employee Share Ownership Trust. The change in the numbers of other Savings Related Options relates to members withdrawing from the scheme by leaving employment or closing their savings contracts.

At the beginning of the year the Company also had in issue 120,000 warrants. The warrants, granted in May 2004 at £Nil consideration were exercised in April 2008 at a price of £1.90 each.

Fair Value of Options after 7 November 2002

During the year, the Group charged £Nil *(2007: £89,397)* of share based remuneration cost to its Income Statement based on an immaterial movement in the fair value of outstanding options granted after November 2002.The weighted average fair value of these options were estimated by using the Black-Scholes option-pricing model and the following assumptions:

Weighed average assumption

	2008	2007
Share price	**£2.06**	£2.65
Exercise price	**£1.97**	£2.27
Expected volatility	**0.79%**	0.64%
Expected life	**3.92 years**	1.417 years
Number of options	**1,089,037**	326,555
Risk free interest rate	**4.5%**	5.75%

27. Post balance sheet events

On the 1 January 2009 the trade and assets of the subsidiary Welsh Feed Producers Limited were hived up into Wynnstay Group Plc company at net book value.

Notes to the Financial Statements (continued)

28. Statement of changes in shareholders equity

Group	Share capital £000	Share premium account £000	Loanstock redemption reserve £000	General reserves £000	Retained earnings £000	Total £000
At 1 November 2006	2,867	7,673	-	1,582	13,220	25,342
Profit retained for the year	-	-	-	-	2,312	2,312
Shares issued during the year	258	924	-	-	-	1,182
Dividends	-	-	-	-	(643)	(643)
Adjustment in respect of share based payments	-	-	-	196	-	196
At 31 October 2007	3,125	8,597	-	1,778	14,889	28,389
Profit retained for the year	-	-	-	-	**3,902**	**3,902**
Shares issued during the year	**480**	**4,135**	-	-	-	**4,615**
Dividends	-	-	-	-	**(761)**	**(761)**
Asset revaluation surplus	-	-	-	**169**	-	**169**
At 31 October 2008	**3,605**	**12,732**	-	**1,947**	**18,030**	**36,314**

Company	Share capital £000	Share premium account £000	Loanstock redemption reserve £000	General reserves £000	Retained earnings £000	Total £000
At 1 November 2006	2,867	7,673	-	1,582	11,974	24,096
Profit retained for the year	-	-	-	-	1,050	1,050
Shares issued during the year	258	924	-	-	-	1,182
Dividends	-	-	-	-	(643)	(643)
Adjustment in respect of ESOP	-	-	-	196	-	196
At 31 October 2007	3,125	8,597	-	1,778	12,381	25,881
Profit retained for the year	-	-	-	-	**1,682**	**1,682**
Shares issued during the year	**480**	**4,135**	-	-	-	**4,615**
Dividends	-	-	-	-	**(761)**	**(761)**
At 31 October 2008	**3,605**	**12,732**	-	**1,778**	**13,302**	**31,417**

WYNNSTAY

29. Capital commitments

At 31 October 2008 the Group and Company had capital commitments as follows:

	Group 2008 £000	Company 2008 £000
Contracts placed for future capital expenditure not provided in the financial statements	**249**	**83**

30. Operating lease commitments

At 31 October 2008 the Group had annual commitments under non cancellable operating leases as follows:

	Land and buildings		**Other**	
Group	**2008 £000**	2007 £000	**2008 £000**	2007 £000
Expiry date:				
Within 1 year	**123**	13	**16**	9
Between 2 and 5 years	**453**	209	**99**	99
Over 5 years	**664**	189	**-**	-

31. Other financial commitments

The Group has guaranteed the bank overdrafts of three *(2007: four)* of its associated undertakings and joint ventures (note 14) to a maximum amount of £450,000 *(2007: £550,000)*.

32. Pension commitments

The Group operates two defined contribution pension schemes which are administered on separate bases. The pension and associated costs charge for the year was £546,000 *(2007: £468,000)*. The liability owed to the pension schemes at 31st October 2008 was £Nil *(2007: £NIL)*.

33. Employee share ownership trust

The Company operates an employee share ownership trust (ESOP). As at 31st October 2008, 4,900 ordinary 25p shares *(2007: 51 ordinary 25p shares)* were held by the trust with a market value of £10,045 *(2007: £130)*. The assets, liabilities, income and costs of the ESOP are incorporated into the financial statements of the Group.

34. Related party transactions

During the year trading took place between the Company and some of the directors. All transactions were carried out on an arm's length basis.

	Total Sales	
	2008	2007
	£	£
J E Davies	**42,886**	78,730
E G Owen	**102,101**	70,481
E E Hughes	**24,381**	18,937
B B Harris - resigned 28 May 2008	-	2,459
R G Griffiths - resigned 28 May 2008	-	574
J M Jones	**50**	61
Lord Carlile of Berriew	-	-
K Greetham - appointed 22 April 2008	**702**	-
A Evans - appointed 20 May 2008	**2,484**	-
B P Roberts	**2,925**	1,304
	175,529	172,546

35. Cash generated from/(used in) operations

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Profit for the year	**3,902**	2,312	**1,682**	1,050
Adjustments for:				
Tax	**1,205**	751	**58**	442
Dividend received	-	-	**(500)**	-
Depreciation of tangible fixed assets	**1,486**	1,269	**1,127**	1,107
Amortisation of other intangible fixed assets	**20**	257	**20**	257
Profit on disposal of property, plant and equipment	**(13)**	(160)	**(16)**	(175)
Interest income	**(199)**	(298)	**(175)**	(298)
Interest expense	**942**	653	**730**	534
Share of results of joint ventures	**(267)**	(548)	-	-
Loans made to joint ventures	**1,050**	(2,102)	**1,050**	(2,102)
Share based payments	-	89	-	89
Changes in working capital				
(excluding effects of acquisitions and disposals of subsidiaries):				
(Increase) in inventories & biological assets	**(3,672)**	(1,018)	**(1,153)**	(1,447)
(Increase) in trade and other receivables	**(3,542)**	(4,537)	**(6,291)**	(2,761)
Increase in payables	**2,685**	4,779	**4,751**	2,607
Increase in provisions	**625**	-	**625**	-
Cash generated from operations	**4,222**	1,447	**1,908**	(697)