**Registered number: 2704051**

# Wynnstay Group Plc
# Annual Report and Accounts 2010

# Directors' Report

for the year ended 31 October 2010

The Directors present their report together with the audited financial statements of the Parent Company ("the Company") and the Group for the year ended 31 October 2010

Wynnstay Group Plc ("the Company") is a public limited Company incorporated and domiciled in the United Kingdom under the Companies Act 2006

The address of the Company's registered office is Wynnstay Group Plc Eagle House, Llansantffraid Powys, SY22 6AQ

The Company has its primary listing on AIM, part of the London Stock Exchange

The Group financial statements were authorised for issue by the Board of Directors on 25 January 2011

**Principal Activities**

The principal activities of the Group continue to be that of the supply of agricultural farm inputs to both livestock and arable enterprises and the retailing of specialist merchandise through country stores and specialist pet product centres

**Business Review and Future Development**

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 on pages 6 to 11

**Share Capital**

The movement in the share capital during the period is detailed in note 27 to the financial statements

**Results, Dividends and Transfers to Reserve**

Reported under IFRS the Group profit before taxation is £5,877,000 *(2009 £5,118,000)* After a taxation charge of £1,645 000 *(2009 £1,297,000),* the Group profit for the year is £4 232,000 *(2009 £3,821 000)*

The Directors recommend a final ordinary dividend of 4 70p per ordinary 25p share net *(2009 4 30p per ordinary 25p share net)* to be paid on 28 April 2011, to shareholders on the Register at the close of business on 1 April 2011

The share price will be marked ex dividend with effect from the 30 March 2011 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 28 April 2011

**Donations**

During the year ended 31 October 2010 the Group made charitable donations of £2,320 *(2009 £2,005)* principally to local charities servicing the communities in which the Group operates

**Land and Buildings**

In the opinion of the Directors, the current open market value of the Groups interest in land and buildings exceeds the book value at 31 October 2010 (refer to note 13) by approximately £5,165 000 *(2009 £5 180 000)*

**Directors' Appointments and Retirements**

Under Article 91, Mr E G Owen, Mr J C Kendrick and Mr D A T Evans retire from the Board by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election Mr E E Hughes also retires by rotation and will not be seeking re-election having reached the Board's agreed retirement age He will leave the Board following the Annual General Meeting

**Directors' and Officers' Liability Insurance**

During the year the Company purchased and maintained liability insurance for its Directors Officers which remained in force at the date of this 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 The Company provides training and support for all

## Directors and their Interests

The Directors of the Company who held office 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 | |
|---|---|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 | **2010** | 2009 |
| J E Davies | **39,815** | 55 105 | | | | |
| E G Owen | **24,530** | 23,944 | | | | |
| J C Kendrick | **9,773** | 9,540 | | | | |
| E E Hughes | **61,926** | 60,446 | | | | |
| B P Roberts | **110,000** | 114,872 | **5,046** | 7 599 | **36,500** | 36,500 |
| Lord Carlile of Berriew QC | **30,999** | 42,758 | | | | |
| K R Greetham | **34,668** | 29,712 | **7,331** | 7,455 | **54,000** | 54,000 |
| D A T Evans | **12,290** | 11,996 | **5,918** | 5 918 | **27,500** | 27,500 |

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

## Substantial Shareholders

At 31 October 2010, the following shareholders held 3% or more of the issued share capital of the Company

| Registered Shareholder | | Beneficial Holder |
|---|---|---|
| Vidacos Nominees Limited | 7 76% | Blackrock Investment Management |
| Credit Suisse Client Nominees (UK) Limited | 3 93% | Discretionary management funds of Laxey Partners Ltd |
| Pershing Nominees Limited | 3 65% | Discretionary management funds of Deutsche Bank Wealth Management |
| Europe Nominees Limited | 3 61% | Polar Capital |

The Directors are not aware that any other person, Company or Group of Companies whichheld 3% or more of the issued share capital of the Company 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 55 days *(2009 43 days)*

**Disclosure of Information to Auditors**

The Directors who were members of the Board at the time of approving the Directors' Report are listed on page 2 Having made enquires of fellow Directors each of these Directors at the date of this report, confirms that

- to the best of each Director s knowledge and belief there is no relevant audit information 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 be aware of relevant audit information and to establish that the Group's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

**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 accounting estimates that are reasonable and prudent,
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 adequate accounting records that are sufficient to show and explain the Company s and the Group s transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 and as regards the Group financial statement, 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 Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Each of the Directors whose names and functions are listed on page 3 confirm that, to the best of their knowledge

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets liabilities financial position and profit of the Group and
- The Chief Executive's Review includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces

By order of the Board

B P Roberts

**B P Roberts**
Secretary

25 January 2011

# Corporate Governance

for the year ended 31 October 2010

**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 has 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 eight directors, three of whom are executive and five non-executives The roles of Chairman and Chief Executive 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 Independant Non executive 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 four 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 organise Internal Audit assignments to test the operating effectiveness of internal systems and controls The Committee has procedures in place to enable it to meet with the auditors without the presence of the Company s management and it 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 QC 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 once 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 and
- 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

**B P Roberts**
Secretary
25 January 2011

# 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 2010 which comprise the Group Statement of Comprehensive Income the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Changes in Equity and the related notes

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the Parent Company financial statements as applied in accordance with the Companies Act 2006

**Respective Responsibilities of Directors and Auditors**

As explained more fully in the Directors' responsibilities statement set on out pages 14 to 15, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board s Ethical Standards for Auditors

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

**Scope of the Audit of the Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of, whether the accounting policies are appropriate to the Group and the Parent Company s circumstances and have been consistently applied and adequately disclosed the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

**Opinion on Financial Statements**

In our opinion

- the financial statements give a true and fair view of the state of the Group s and of the Parent Company s affairs as at 31 October 2010 and of the Group's profit and the Group's and Parent Company's cash flows for the year then ended
- the Group s financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union
- the Parent Company's financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and as regards the Group financial statements, Article 4 of the IAS Regulation

**Opinion on Other Matters Prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

**Matters on which we are Required to Report by Exception**

We have nothing to report in respect of the following Under the Companies Act 2006 we are required to report to you if, in our opinion

- adequate accounting records have not been kept by the Parent Company or returns adequate for our audit have not been received from branches not visited by us or
- the Parent Company's financial statements and part of the Renumeration report to be audited are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- a corporate governance statement has not been prepared by the Parent Company, or
- we have not received all the information and explanations we are require for our audit,

Whittingham Riddell LLP

Andrew Malpass BA FCA (Senior Statutory Auditor)

For and on behalf of
**Whittingham Riddell LLP**

Chartered Accountants
Statutory Auditors

Belmont House
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG

25 January 2011

# Consolidated Statement of Comprehensive Income

for the year ended 31 October 2010

| | Note | 2010 £000 | 2010 £000 | 2009 £000 | 2009 £000 |
|---|---|---|---|---|---|
| **Continuing operations** | | | | | |
| **Revenue** | 3 | | 243,744 | | 214 952 |
| Cost of sales | | | (204,946) | | (181 532) |
| **Gross Profit** | | | 38,798 | | 33 420 |
| Distribution costs | | | (28,539) | | (24 640) |
| *Administrative expenses* | | | (3,712) | | (3,276) |
| **Group Operating Profit Before Goodwill Impairment and Share Based Payment Costs** | | | 6,547 | | 5,504 |
| Goodwill impairment and share based payments | | | (474) | | (24) |
| **Group Operating Profit** | 5 | | 6,073 | | 5 480 |
| Net finance costs | 4 | | (381) | | (546) |
| Share of profits/losses in associates and joint ventures | | 253 | | 263 | |
| Share of tax incurred in associates and joint ventures | | (68) | 185 | (79) | 184 |
| **Profit Before Taxation** | | | 5,877 | | 5,118 |
| *Taxation* | 9 | | (1,645) | | (1 297) |
| **Profit for the Year** | | | 4,232 | | 3,821 |
| Earnings per 25p share | 11 | | 27.48p | | 26 42p |
| Diluted earnings per 25p share | 11 | | 27.06p | | 26 14p |

All of the above are derived from continuing operations

There were no recognised income and expenses for 2010 and 2009 other than those included in the consolidated statement of comprehensive income above

The notes on pages 22 to 46 form part of these financial statements

# Consolidated and Company Balance Sheet

as at 31 October 2010
Registered number 2704051

WYNNSTAY

| | Note | Group 2010 £000 | Group 2009 £000 | Company 2010 £000 | Company 2009 £000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Non-Current Assets** | | | | | |
| Goodwill | 12 | 11,455 | 8,606 | 2,451 | 2 451 |
| Property plant and equipment | 13 | 17,040 | 15,489 | 12,481 | 11,381 |
| Investment in subsidiaries | 14 | | - | 16,780 | 11,650 |
| Investments accounted for using equity method | 14 | 3,073 | 3,771 | 1,256 | 729 |
| | | 31,568 | 27 866 | 32,968 | 26,211 |
| **Current Assets** | | | | | |
| Inventories | 17 | 17,994 | 12,879 | 11,618 | 9,968 |
| Biological assets | 17 | - | 441 | - | 441 |
| Trade and other receivables | 18 | 36,001 | 25,856 | 25,176 | 20 477 |
| Financial assets | | | | | |
| - loan to joint venture | | 3,461 | 3,402 | 3,461 | 3 402 |
| Cash and cash equivalents | 19 | 2,083 | 957 | 1,176 | 318 |
| | | 59,539 | 43,535 | 41,431 | 34 606 |
| **Liabilities** | | | | | |
| **Current Liabilities** | | | | | |
| Financial liabilities - borrowings | 22 | (3,977) | (3,549) | (2,516) | (2 816) |
| Trade and other payables | 20 | (36,583) | (23,645) | (30,589) | (21 800) |
| Current tax liabilities | 21 | (1,067) | (1 074) | (721) | (568) |
| | | (41,627) | (28 268) | (33,826) | (25,184) |
| **Net Current Assets** | | 17,912 | 15,267 | 7,605 | 9,422 |
| **Non-current Liabilities** | | | | | |
| Financial liabilities - borrowings | 22 | (1,577) | (3,123) | (1,444) | (2 718) |
| Deferred tax liabilities | 25 | (461) | (367) | (122) | (227) |
| Government grants | 26 | (68) | - | - | - |
| Provisions | 24 | - | (151) | - | (151) |
| | | (2,106) | (3 641) | (1,566) | (3 096) |
| **Net Assets** | | 47,374 | 39 492 | 39,007 | 32 537 |
| **Equity** | | | | | |
| Ordinary shares | 27 | 4,127 | 3,635 | 4,127 | 3,635 |
| Share premium | | 16,932 | 12,931 | 16,932 | 12 931 |
| Other reserves | | 2,153 | 1,971 | 1,984 | 1 802 |
| Retained earnings | | 24,162 | 20,955 | 15,964 | 14 169 |
| **Total Equity** | | 47,374 | 39 492 | 39,007 | 32 537 |

The financial statements were approved by the Board of Directors on 25 January 2011 and signed on its behalf

J E Davies - Director JED B P Roberts - Director BP Roberts

The notes on pages 22 to 46 form part of these financial statements

# Consolidated Statement of Changes in Equity

for year ended 31 October 2010

| Group | Share capital £000 | Share premium account £000 | General reserves £000 | Retained earnings £000 | Total £000 |
|---|---|---|---|---|---|
| At 1 November 2008 | 3 605 | 12,732 | 1 947 | 18 030 | 36,314 |
| Profit retained for the year | - | - | | 3 821 | 3,821 |
| Shares issued during the year | 30 | 199 | - | - | 229 |
| Dividends | - | - | - | (896) | (896) |
| Adjustment in respect of share based payments | - | - | 24 | - | 24 |
| At 31 October 2009 | 3,635 | 12,931 | 1,971 | 20,955 | 39,492 |
| Profit retained for the year | - | - | - | **4,232** | **4,232** |
| Shares issued during the year | **492** | **4,001** | - | - | **4,493** |
| Dividends | - | - | - | **(1,025)** | **(1,025)** |
| Adjustment in respect of share based payments | - | - | **182** | - | **182** |
| **At 31 October 2010** | **4,127** | **16,932** | **2,153** | **24,162** | **47,374** |

| Company | Share capital £000 | Share premium account £000 | General reserves £000 | Retained earnings £000 | Total £000 |
|---|---|---|---|---|---|
| At 1 November 2008 | 3 605 | 12 732 | 1 778 | 13 302 | 31 417 |
| Profit retained for the year | | | - | 1 763 | 1 763 |
| Shares issued during the year | 30 | 199 | - | - | 229 |
| Dividends | - | - | - | (896) | (896) |
| Adjustment in respect of share based payments | - | - | 24 | - | 24 |
| At 31 October 2009 | 3,635 | 12,931 | 1,802 | 14,169 | 32,537 |
| Profit retained for the year | - | - | - | **2,820** | **2,820** |
| Shares issued during the year | **492** | **4,001** | - | - | **4,493** |
| Dividends | - | - | | **(1,025)** | **(1,025)** |
| Adjustment in respect of share based payments | - | - | **182** | - | **182** |
| **At 31 October 2010** | **4,127** | **16,932** | **1,984** | **15,964** | **39,007** |

The notes on pages 22 to 46 form part of these financial statements

# Consolidated and Company Cash Flow Statement

As at 31 October 2010

WYNNSTAY

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2010** | 2009 | **2010** | 2009 |
| | Note | **£000** | £000 | **£000** | £000 |
| **Cash flows from operating activities** | | | | | |
| Cash generated from operations | 35 | 6,867 | 10 248 | 5,653 | 5,884 |
| Interest received | | 31 | 63 | 25 | 56 |
| Interest paid | | (412) | (609) | (352) | (474) |
| Tax paid | | (1,712) | (2,171) | (703) | (685) |
| Net cash flows from operating activities | | 4,774 | 7,531 | 4,623 | 4,781 |
| **Cash flows from investing activities** | | | | | |
| Acquisition of subsidiaries | | (3,535) | - | (3,535) | - |
| Net liquid debt acquired | | (426) | - | | - |
| Proceeds from sale of property, plant and equipment | | 244 | 71 | 73 | 49 |
| Purchase of property plant and equipment | | (1,502) | (2,059) | (694) | (941) |
| Purchase of investments | | (16) | (7) | (916) | (7) |
| Dividends received | | 100 | - | 100 | 800 |
| Net cash used by investing activities | | (5,135) | (1 995) | (4,972) | (99) |
| **Cash flows from financing activities** | | | | | |
| Net proceeds from the issue of ordinary share capital | | 4,493 | 229 | 4,493 | 229 |
| Finance lease principal repayments | | (661) | (503) | (556) | (453) |
| Repayment of borrowings | | (1,966) | (3,646) | (1,705) | (2,878) |
| Dividends paid to shareholders | | (1,025) | (896) | (1,025) | (896) |
| Net cash generated from financing activities | | 841 | (4,816) | 1,207 | (3,998) |
| **Net increase in cash and cash equivalents** | | 480 | 720 | 858 | 684 |
| Cash and cash equivalents at the beginning of the period | | 535 | (185) | 318 | (366) |
| Cash and cash equivalents at the end of the period | 19 | 1,015 | 535 | 1,176 | 318 |

The notes on pages 22 to 46 form part of these financial statements

# Principal Accounting Policies

### Accounting Policies

The Group s 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

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ('IFRS'), International Financial Reporting Interpretation Committee ('IFRIC') interpretations and those provisions of the Companies Act 2006 applicable to companies reporting under IFRS The Group financial statements have been prepared on 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 are set out below The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting 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 Group's consolidated financial statements incorporate the financial statements of Wynnstay Group Plc ('the company ) and entities controlled by Wynnstay Group Plc (its subsidiaries') together with the Group's share of the results of its associate and joint ventures Group inter-company transactions are eliminated in full Results of subsidiary undertakings acquired, are included in the financial statements 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 acquisition 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 and after eliminating sales within the Group

### 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 on the consolidated statement of comprehensive income and within a note to the financial statements The separate disclosure of non-recurring items helps provide a better indication of the Group's underlying business performance

### Financial instruments

Financial assets and liabilities are recognised on the Company and Group s consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument The main categories of financial instruments are

Trade receivables

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

Investments

Investments are initially measured at cost They are classified as either 'available-for-sale 'fair value or 'held to maturity' Where securities are designated as at 'fair value gains or losses arising from changes in fair value are included in the 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

*Financial liabilities and bank borrowings*

Financial liabilities and bank borrowings are classified according to the substance of the contractual arrangements entered into 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 Group are recorded at the proceeds received, net of direct issue costs An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities

Derivative hedging instruments

The Group uses derivative financial instruments such as future contracts to manage certain exposure to fluctuations in commodity prices and for trading purposes These financial instruments have values that change in response to changes with underlying variables, they require little or no net initial investment and are settled at a future date For those derivatives designated as hedges the relationship between the hedging instrument and the hedged item is documented as well as its risk management objective and purpose for undertaking the hedge The Group documents its assessment, both at inception and on an ongoing basis of the effectiveness of the instrument in offsetting changes in fair values or cash flows of hedged items Gains and losses on such hedges are recorded in the statement of comprehensive income when the hedged transaction matures

**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 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 statement of comprehensive income over the period of the lease Rentals paid under operating leases are charged to the consolidated statement of comprehensive income 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 prepayments 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 are 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 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 statement of comprehensive income Once recognised an impairment of goodwill is not reversed

**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 Group operates a defined contribution pension scheme Contributions to this scheme are charged to the statement of comprehensive income as they are incurred in accordance with the rules of the scheme

### 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

### Taxation including deferred taxation

The income tax expense represents the sum of the current income tax and deferred income tax Current income tax is based on the taxable profits for the year Taxable profit differs from the profit as reported in the statement of comprehensive income because it excludes items of income and expense that are taxable or deductable in other years and it further excludes items that are never taxable or deductable The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group financial statements However deferred income tax is not accounted for if it arises from initial recognition of an asset or liability other than a business combination Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when related deferred income tax asset is realised or the deferred income tax liability settled Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised

### 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 behavioural 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 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 statement of comprehensive income

### 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

### Deferred government grants

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate

**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 statement of comprehensive income 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 the provision will not match the inventories that ultimately prove to be impaired

**New standards and interpretations**

The following new standards and interpretations to published standards are mandatory for the Group for the financial year end 31 October 2010 but have not had a significant effect on the results or the net assets of the Group IAS 1 (Revised) Presentation of financial statements, IFRS 8 Operating Segments and IFRS 3 (Revised) Business combinations will have no material impact on the results or the net assets of the Group but have increased the level of disclosure made in the Group's 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 |

# Notes to the Financial Statements

1 The Company has taken advantage of the exemption, under section s408 of the Companies Act 2006 from presenting its own income statement The profit after tax for the period dealt with in the financial statements under IFRS of the company was £2 820,000 *(2009 £1 763,000)*

2 The Group has made a change to the presentation of the Consolidated Statement of Comprehensive Income to improve the comparability of its results year on year The change, which has also been applied to the comparative figures has been to separately identify charges made for share based payments and the impairment of Goodwill

3 **Segmental Reporting**

The chief operating decision-maker has been identified as the Board of Directors ('the Board ) The Board reviews the Group's internal reporting in order to assess performance and allocate resources The Board has determined that the operating segments based on these reports are Agricultural Supply, Retail and Other

The Board considers the business from a product/service perspective In the Board's opinion, all of the Group s operations are carried out in the same geographical segments namely the United Kingdom

Continuing operations

Agriculture Supply - Manufacturing and supply of animal feeds fertiliser seeds and associated agricultural products

Retail - Supplies of a wide range of specialist products to Farmers, Smallholders and Pet owners

Other - Miscellaneous operations not classified as agriculture or retail

The Board assesses the performance of the operating segments based on a measure of operating profit Finance income and costs are not included in the segment result that is assessed by the Board Other information provided to the Board is measured in a manner consistent with that in the financial statements Inter- segmental transactions are entered into under the normal commercial terms and conditions that would be available to unrelated third parties

**Primary reporting format - business segments**

The segment results for the year ended 31 October 2010 are as follows

| Year ended 31 October 2010 | Agriculture Supply £000 | Retail £000 | Other £000 | Total £000 |
|---|---|---|---|---|
| **Revenue** | 178,016 | 65,470 | 258 | 243,744 |
| Segment result | 2,878 | 3,460 | (265) | 6,073 |
| Share of results of associates and joint ventures | 122 | - | 131 | 253 |
| | 3,000 | 3,460 | (134) | 6,326 |
| Interest income | | | | 31 |
| Interest expense | | | | (412) |
| Profit before tax | | | | 5,945 |
| Income taxes | | | | (1,713) |
| Profit for the year attributable to equity shareholders | | | | 4,232 |
| Segment assets | 18,101 | 26,556 | 6,188 | 50,845 |
| Corporate net borrowings | | | | (3,471) |
| Total Net Assets | | | | 47,374 |

| Year ended 31 October 2009 | Agriculture Supply £000 | Retail £000 | Other £000 | Total £000 |
|---|---|---|---|---|
| Revenue | 160,720 | 54,034 | 198 | 214,952 |
| Segment result | 2 511 | 3 021 | (52) | 5 480 |
| Share of results of associates and joint ventures | (25) | 104 | 184 | 263 |
| | 2 486 | 3 125 | 132 | 5 743 |
| Interest income | | | | 63 |
| Interest expense | | | | (609) |
| Profit before tax | | | | 5,197 |
| Income taxes | | | | (1 376) |
| Profit for the year attributable to equity shareholders | | | | 3,821 |
| Segment assets | 13,316 | 25,755 | 6 136 | 45,207 |
| Corporate net borrowings | | | | (5 715) |
| Total Net Assets | | | | 39 492 |

## 4 Finance Costs

| | 2010 £000 | 2009 £000 |
|---|---|---|
| Interest expense | | |
| Interest payable on borrowings | (250) | (487) |
| Interest payable on finance leases | (102) | (100) |
| Interest payable on other loans | (60) | (22) |
| **Interest and similar charges payable** | (412) | (609) |
| Interest income | 31 | 63 |
| **Interest receivable** | 31 | 63 |
| **Finance costs net** | (381) | (546) |

## 5 Group Operating Profit

The following items have been included in arriving at operating profit

| | | 2010 £000 | 2009 £000 |
|---|---|---|---|
| Staff costs | | 16,611 | 15 414 |
| Depreciation of property plant and equipment | - owned assets | 1,432 | 1 534 |
| | - under finance leases | 750 | 358 |
| Impairment of goodwill | | 292 | - |
| Amortisation of government grants | | (10) | - |
| (Profit) on disposal of fixed assets | | (56) | (43) |
| Other operating lease rentals payable | | 1,756 | 1 248 |
| Repairs and maintenance expenditure on plant, property and equipment | | 1,585 | 1 351 |
| Trade receivables impairment | | (51) | 233 |

### Services provided by the Group's auditors

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

| | 2010 £000 | 2009 £000 |
|---|---|---|
| Audit services – statutory audit | 84 | 73 |
| Tax services | 2 | 2 |

Included in the Group audit fee are fees of £43 085 *(2009 £41,625)* paid to the Group's auditor in respect of the Parent Company

# Notes to the Financial Statements (continued)

**6 Share of Post-Tax Profits of Associate and Joint Ventures**

| | 2010 £000 | 2009 £000 |
|---|---|---|
| Share of post-tax profits in associates | 107 | 119 |
| Share of post-tax profits in joint ventures | 78 | 65 |
| Total share of post-tax profits of associates and joint ventures | 185 | 184 |

**7 Staff Costs**

The aggregate payroll costs, including Directors emoluments, charged in the financial statements for the Group were as follows

| | 2010 £000 | 2009 £000 |
|---|---|---|
| Wages and salaries | 14,439 | 13 568 |
| Social security costs | 1,393 | 1 263 |
| Pension and other costs | 597 | 558 |
| Cost of share based reward | 182 | 24 |
| | 16,611 | 15 413 |

The average number of employees including Directors employed by the group during the year was as follows

| | 2010 No | 2009 No |
|---|---|---|
| Administration | 87 | 86 |
| Production | 81 | 84 |
| Sales distribution and retail | 599 | 526 |
| | 767 | 696 |

WYNNSTAY

## 8 Directors' Remuneration

Aggregate Directors remuneration

| | 2010 £000 | 2009 £000 |
|---|---|---|
| Directors emoluments | 529 | 581 |
| Company contributions to money purchase pension schemes | 23 | 30 |
| | 552 | 611 |

Details of the Directors interest in the share capital of the company including outstanding share options at the year end are provided in the Directors' Report

| | Basic salary £000 | Benefits in kind £000 | Annual bonuses £000 | 2010 total £000 | 2009 total £000 |
|---|---|---|---|---|---|
| **Executives** | | | | | |
| K R Greetham | 130 | 8 | 44 | 182 | 175 |
| B P Roberts | 93 | 7 | 23 | 123 | 119 |
| D A T Evans | 70 | 6 | 23 | 99 | 95 |
| J M Jones (retired 30 September 2009) | - | - | - | - | 85 |
| **Non-Executives** | | | | | |
| J E Davies | 37 | 1 | - | 38 | 33 |
| E E Hughes | 21 | 1 | - | 22 | 19 |
| E G Owen | 21 | 1 | - | 22 | 17 |
| J C Kendrick | 21 | - | | 21 | 17 |
| Lord Carlile of Berriew QC | 21 | 1 | | 22 | 21 |
| | 414 | 25 | 90 | 529 | 581 |

Directors' pension entitlements

| | 2010 Number | 2009 Number |
|---|---|---|
| Money purchase pension scheme | 3 | 4 |
| | £000 | £000 |
| Contribution paid by the Group to money purchase pension schemes in respect of such directors were | | |
| K R Greetham | 12 | 12 |
| B P Roberts | 6 | 6 |
| D A T Evans | 5 | 5 |
| J M Jones (retired 30 September 2009) | - | 7 |
| | 23 | 30 |

## 9 Taxation

| (a) Analysis of tax charge in year | 2010 £000 | 2009 £000 |
|---|---|---|
| **Current tax** | | |
| - continuing operations | 1,720 | 1 361 |
| - adjustments in respect of prior years | (15) | 13 |
| Total current tax | 1,705 | 1 374 |
| **Deferred tax** | | |
| - origination and reversal of timing differences | (60) | (77) |
| **Tax on profit on ordinary activities** | 1,645 | 1,297 |

**Factors affecting tax charge for the year**

The tax assessed for the year is at the standard rate of corporation tax in the UK applicable to the Group (28%), explained as follows

| | 2010 £000 | 2009 £000 |
|---|---|---|
| Profit on ordinary activities before tax | 5,877 | 5,118 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 - 28%) | 1,645 | 1 433 |
| **Effects of** | | |
| Tax effect of share of profit of associates and joint ventures | (52) | (52) |
| Expenses not deductible for tax purposes | 5 | 7 |
| Capital allowances less than depreciation | 97 | 97 |
| Adjustment to tax charge in respect of prior years | (15) | 13 |
| Utilisation of tax losses | - | 7 |
| Origination and reversal of timing differences | (60) | (76) |
| Other items | 25 | (132) |
| **Total tax charge for year** | 1,645 | 1 297 |

**Factors that may affect future tax charges**

Following the general election in May 2010 the new coalition government announced a reduction in top rate corporation tax from 28% to 24% over the next four years

## 10 Dividends

| | 2010 £000 | 2009 £000 |
|---|---|---|
| Final dividend paid for prior year | 630 | 577 |
| Interim dividend paid for current year | 395 | 319 |
| | 1,025 | 896 |

Subsequent to the year end it has been recommended in the Directors' Report that a final dividend of 4 70p net per ordinary share *(2009 4 30p)* be paid on 28 April 2011 Together with the interim dividend already paid on 29 October 2010 of 2 40p net per ordinary share *(2009 2 20p)* this would result in a total dividend for the financial year of 7 10p net per ordinary share *(2009 6 50p)*

## 11 Earnings per share

| | Basic earnings per share | | Diluted earnings per share | |
|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 |
| | **000** | 000 | **000** | 000 |
| Earnings attributable to shareholders (£000) | 4,232 | 3 821 | 4,232 | 3,821 |
| Weighted average number of shares in issue during the year (No 's) | 15,400 | 14,465 | 15,634 | 14 619 |
| Earnings per ordinary 25p share (pence) | 27.48 | 26 42 | 27.06 | 26 14 |

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

## 12 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 2009 | 9 643 |
| Additions | 3 141 |
| **At 31 October 2010** | **12,784** |
| **Aggregate impairment** | |
| At 1 November 2009 | 1,037 |
| Impairment charge | 292 |
| **At 31 October 2010** | **1,329** |
| **Net book value** | |
| **At 31 October 2010** | **11,455** |
| At 31 October 2009 | 8,606 |

| **Company** | **£000** |
|---|---|
| **Cost** | |
| **At 1 November 2009 and 31 October 2010** | **3,345** |
| **Aggregate impairment** | |
| **At 1 November 2009 and 31 October 2010** | **894** |
| **Net book value** | |
| **At 31 October 2010** | **2,451** |
| At 31 October 2009 | 2 451 |

# Notes to the Financial Statements (continued)

13 **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 2009 | 1,290 | 10,497 | 15,457 | 4,541 | 31 785 |
| Additions | 24 | 445 | 805 | 943 | 2 217 |
| Acquisition value | - | 393 | 1,171 | 140 | 1,704 |
| Disposals | - | (192) | (891) | (609) | (1 692) |
| **At 31 October 2010** | **1,314** | **11,143** | **16,542** | **5,015** | **34,014** |
| **Depreciation** | | | | | |
| At 1 November 2009 | 309 | 2 601 | 10 465 | 2 921 | 16,296 |
| Charge for the year | 77 | 228 | 1 175 | 702 | 2 182 |
| On disposals | - | (36) | (883) | (585) | (1,504) |
| **At 31 October 2010** | **386** | **2,793** | **10,757** | **3,038** | **16,974** |
| **Net book value** | | | | | |
| ***At 31 October 2010*** | **928** | **8,350** | **5,785** | **1,977** | **17,040** |
| At 31 October 2009 | 981 | 7,896 | 4 992 | 1,620 | 15 489 |

The net book value of plant and machinery and motor vehicles above includes amounts of £1,684,901 *(2009 £1,427,956)* 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 2009 | 9 280 | 12 142 | 4 140 | 25,562 |
| Additions | 29 | 536 | 816 | 1,381 |
| Assets transferred | 1,200 | - | - | 1,200 |
| *Disposals* | - | (885) | (555) | (1,440) |
| **At 31 October 2010** | **10,509** | **11,793** | **4,401** | **26,703** |
| **Depreciation** | | | | |
| At 1 November 2009 | 2,529 | 8,980 | 2,672 | 14 181 |
| Charge for the year | 221 | 607 | 579 | 1 407 |
| Depreciation on assets transferred | 52 | - | - | 52 |
| On disposals | - | (878) | (540) | (1 418) |
| **At 31 October 2010** | **2,802** | **8,709** | **2,711** | **14,222** |
| **Net book value** | | | | |
| **At 31 October 2010** | **7,707** | **3,084** | **1,690** | **12,481** |
| At 31 October 2009 | 6,751 | 3,162 | 1 468 | 11,381 |

The net book value of plant and machinery and motor vehicles above includes amounts of £1,365 182 *(2009 £1 182 574)* representing assets held under finance leases

## 14 Fixed Asset Investments

| Group | Joint ventures £000 | Associate £000 | Other unlisted investments £000 | Total £000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 November 2009 | 3,182 | 451 | 165 | 3 798 |
| Reclassification of investment | (730) | - | - | (730) |
| Additions | - | - | 16 | 16 |
| Share of profit / Investment Income | 78 | 107 | - | 185 |
| Dividend income received from joint venture | (100) | - | - | (100) |
| **At 31 October 2010** | **2,430** | **558** | **181** | **3,169** |
| **Provision for impairment** | | | | |
| At 1 November 2009 | - | - | 27 | 27 |
| Charge in year | 69 | - | - | 69 |
| **At 31 October 2010** | **69** | - | **27** | **96** |
| **Net book value** | | | | |
| **At 31 October 2010** | **2,361** | **558** | **154** | **3,073** |
| At 31 October 2009 | 3,182 | 451 | 138 | 3 771 |

The reclassification of investment relates to the acquisition of the additional 50% of the share capital of Youngs Animal Feeds Limited therefore becoming a wholly owned subsidiary of the Wynnstay Group and therefore is no longer a joint venture

| Company | Share in group undertakings £000 | Joint ventures £000 | Associate £000 | Other unlisted investments £000 | Total £000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 November 2009 | 11 650 | 550 | 48 | 158 | 12,406 |
| Additions / Investment Income | 4,810 | - | - | 16 | 4,826 |
| Reclassification | 320 | (320) | - | - | - |
| Transfer of investment | - | 900 | - | - | 900 |
| **At 31 October 2010** | **16,780** | **1,130** | **48** | **174** | **18,132** |
| Provision for impairment | | | | | |
| At 1 November 2009 | - | - | - | 27 | 27 |
| Charge for year | - | 69 | - | - | 69 |
| **At 31 October 2010** | **-** | **69** | | **27** | **96** |
| **Net book value** | | | | | |
| **At 31 October 2010** | **16,780** | **1,061** | **48** | **147** | **18,036** |
| At 31 October 2009 | 11 650 | 550 | 48 | 131 | 12 379 |

# Notes to the Financial Statements (continued)

## 15 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 | Dormant company |
| C A Davies & Sons Limited | 100 | Dormant company |
| Griffiths & Simpson Limited | 100 | Dormant company |
| L N Jones (Tattenhall) 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 |
| Youngs Animal Feeds Limited | 100 | Agricultural merchant |
| Pigeon Post Limited | 100 | Dormant company |
| Woodheads Seeds Limited | 100 | Seed merchants |
| Dollin and Morris Limited | 100 | Dormant Company |

Woodheads Seeds Limited's year end is not co-terminus with the Group as the structure of the Share Purchase Agreement was such that the contingent consideration is based on the audited year end accounts as of 30 April It is the opinion of the Directors that it is in the Group's best interest not to change the year end until the contractual obligation of the contingent consideration has been settled (note 16)

Woodheads Seeds Limited have prepared additional financial statements as at the 31 October 2010 which have been used in preparing the consolidated financial statements

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 and Youngs Animal Feeds Limited

**Glasson Group (Lancaster) Limited**
Glasson Shipping Services Limited
Glasson Grain Limited
Glasson Fertilizers Limited

**Youngs Animal Feeds Limited**
Dollin and Morris Limited

### 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 | Proportion of shares held Ordinary % | Nature of business |
|---|---|---|
| Wyro Developments Limited | 50% | Property development |
| Bibby Agriculture Limited | 50% - Ordinary | |
| | 50% - Preference | Distribution of compound animal feeds |

The comparative figures for 2009 include Youngs Animal Feeds Limited which was wholly acquired by the Group from the beginning of the current financial year

Joint ventures are accounted for using the equity method

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

| | **2010 £000** | 2009 £000 |
|---|---|---|
| Non-current assets | 699 | 1 354 |
| Current assets | 5,606 | 5 457 |
| Current liabilities | (4,850) | (4 351) |
| Non-current liabilities | (14) | (265) |
| **Net Assets** | 1,441 | 2 195 |

The aggregate amount of the Group's share of joint venture revenue and expenses not included in these financial statements are

| | **2010 £000** | 2009 £000 |
|---|---|---|
| Revenue | 10,926 | 16,365 |
| Expenses | (10,817) | (16 277) |

The aggregate amount of the Group's share of pre-tax profits included in these financial statements is

| | **2010 £000** | 2009 £000 |
|---|---|---|
| Group's share of joint ventures profit before tax | 109 | 88 |

**Principal associate**

The above interests in associate is represented by the following limited company, which was incorporated in the UK

| **Company Name** | **Proportion of shares held Ordinary %** | **Nature of Business** |
|---|---|---|
| Wynnstay Fuels Limited | 40% | Supply of petroleum products |

Summarised financial information in respect of the Group's associate is as follows

| | **2010 £000** | 2009 £000 |
|---|---|---|
| Total assets | 3,770 | 3 969 |
| Total liabilities | (2,500) | (2,965) |
| Net assets | 1,270 | 1,004 |
| Group s share of associate's net assets | 508 | 402 |
| Total revenue | 18,459 | 26,842 |
| Profit for the period | 361 | 438 |
| Group's share of associate's profit before tax | 144 | 175 |

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** |
|---|---|
| Wyro Developments Limited | 31 October 2010 |
| Wynnstay Fuels Limited | 31 December 2009 |
| Bibby Agriculture Limited | 29 August 2010 |

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 Wynnstay Fuels Limited In the opinion of the Directors there is no material effect on the reported figures as a result of this departure

**15 Principal Subsidiaries, Joint Ventures and Associates** (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** | **2010 £000** | 2009 £000 | **2010 £000** | 2009 £000 |
| Balance sheet items | | | | |
| Amounts due from subsidiary undertakings | | | | |
| Trade receivables | - | - | 247 | 86 |
| | - | | 247 | 86 |
| Amounts due to subsidiary undertakings | | | | |
| Trade payables | - | - | 2,103 | 1,226 |
| | - | | 2,103 | 1,226 |
| Transactions reported in the statement of comprehensive income | | | | |
| Revenue | - | - | 1,515 | 2,537 |
| Purchases | - | - | 7,396 | 7,093 |

| | Group | | Company | |
|---|---|---|---|---|
| **Transactions with associate** | **2010 £000** | 2009 £000 | **2010 £000** | 2009 £000 |
| Balance sheet items | | | | |
| Amounts due from associated undertaking | | | | |
| Trade receivables | 112 | 269 | 112 | 269 |
| | 112 | 269 | 112 | 269 |
| Amounts due to associated undertaking | | | | |
| Trade payables | 1,568 | 1,430 | 1,568 | 1 430 |
| | 1,568 | 1,430 | 1,568 | 1 430 |
| Transactions reported in the statement of comprehensive income | | | | |
| Revenue | 52 | 45 | 52 | 45 |
| Purchases | 782 | 593 | 782 | 593 |

| Transactions with Joint ventures | Group 2010 £000 | Group 2009 £000 | Company 2010 £000 | Company 2009 £000 |
|---|---|---|---|---|
| Balance sheet items | | | | |
| Amounts due from joint ventures | | | | |
| Trade receivables | 507 | 640 | 507 | 613 |
| Loans | 3,461 | 3,402 | 3,461 | 3,402 |
| | 3,968 | 4,042 | 3,968 | 4,015 |
| Amounts due to joint ventures | | | | |
| Trade payables | 35 | 357 | 35 | 356 |
| | 35 | 357 | 35 | 356 |
| Transactions reported in the statement of comprehensive income | | | | |
| Revenue | 5,876 | 5 473 | 5,876 | 5,136 |
| Purchases | 147 | 2 161 | 147 | 2,157 |
| Interest receivable | 53 | 53 | 38 | 53 |

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

## 16 Business Combinations

During the year the Group completed two acquisitions structured as share purchases
On the 2 November the Group purchased the remaining 50% of the share capital of Young s Animal Feeds Limited Details of the trade assets acquired price paid and trading during the period are provided below

**Young's Animal Feeds Limited**

| Date of acquisition | | | 2 November 2009 |
|---|---|---|---|
| | Book value £000 | Fair value adjustment £000 | **Fair Value £000** |
| Fair value of acquisition | | | |
| Property plant and equipment | 1 159 | 96 | **1,255** |
| Cash and cash equivalents | 2 | - | **2** |
| Trade and other receivables | 887 | - | **887** |
| Other current assets | 469 | - | **469** |
| Other current liabilities | (786) | - | **(786)** |
| Acquired debt liquid | (192) | - | **(192)** |
| none liquid | (135) | - | **(135)** |
| Net assets acquired | 1 404 | 96 | **1,500** |
| Fair value of previously held equity interest | | | **(750)** |
| | | | **750** |
| Consideration transferred to gain control | | | |
| Cash paid | | | **750** |
| Revenue in the period | | | **8,112** |
| Operating profit in period | | | **159** |

100% of the trade receivables at the acquisition date have been collected

The gain recognised on the remeasurement of the fair value of the equity interest held in the acquisition before the business combination is deemed immaterial and has been set off against the fair value adjustment

## 16 Business Combinations (continued)

On the 27 May 2010 the Group completed the acquisition of the entire share capital of Woodheads Seeds Limited a Yorkshire based seed processing and grain trading business Details of the trade asset acquired and price paid and trading during the period are provided below

**Woodheads Seeds Limited**

| Date of acquisition | 27 May 2010 |
|---|---|
| | **Fair Value** |
| | **£000** |
| Fair value of acquisition | |
| Property plant and equipment | **622** |
| Trade and other receivables | **1,330** |
| Other current assets | **909** |
| Other current liabilities | **(1,982)** |
| Acquired debt liquid | **(236)** |
| Net assets aquired | **643** |
| Goodwill | **2,987** |
| Total consideration | **3,630** |
| Consideration transferred to gain control | |
| Cash paid on completion | **2,785** |
| Outstanding balance | **95** |
| Maximum contingent consideration | **750** |
| | **3,630** |
| Revenue in the period | **11,072** |
| Operating profit in period | **226** |

The contingent consideration to be paid is subject to confirmation of Net Assets and performance targets over the next two years which will result in a payment of up to £750 000
100% of the Trade receivables are expected to be collected

Woodheads Seeds Limited s year end is not co-terminus with the Group as the structure of the Share Purchase Agreement was such that the contingent consideration is based on the audited year end accounts as of 30 April It is the opinion of the Directors that it is in the Group s best interest not to change the year end until the contractual obligation of the contingent consideration has been settled (note 15)

Woodheads Seeds Limited have prepared additional financial statements as at the 31 October 2010 which have been used in preparing the consolidated financial statements

## 17. Inventories & Biological Assets

| | Group | | Company | |
|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 |
| | **£000** | £000 | **£000** | £000 |
| Inventories | | | | |
| Raw materials and consumables | 1,157 | 936 | 1,157 | 936 |
| Finished goods and goods for resale | 16,837 | 11 943 | 10,461 | 9,032 |
| | 17,994 | 12 879 | 11,618 | 9,968 |
| Biological Assets | | | | |
| Horticultural growing stocks | - | 441 | - | 441 |
| | - | 441 | - | 441 |

## 18 Trade and other Receivables

| | Group | | Company | |
|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 |
| **Current** | **£000** | £000 | **£000** | £000 |
| Trade receivables | 34,175 | 24,596 | 23,515 | 19 562 |
| Amounts owed by group undertakings | - | - | 944 | 594 |
| Other receivables | 1,826 | 1,260 | 717 | 321 |
| | 36,001 | 25,856 | 25,176 | 20,477 |

Trade receivables are stated after a provision for impairment of £693,741 *(2009 £787,002)* Company £416 876 *(2009 £506 331)* 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 believes that there is no further credit risk provision required in excess of the normal provision for doubtful receivables

Included within the Company Trade receivables are £240,581 *(2009 £85,814)* of intercompany trade debtors

## 19 Cash and Cash Equivalents and Bank Overdrafts

| | Group | | Company | |
|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 |
| | **£000** | £000 | **£000** | £000 |
| Cash and cash equivalents per Balance sheet | 2,083 | 957 | 1,176 | 318 |
| Bank overdrafts | (1,068) | (422) | - | - |
| **Cash and cash equivalents per Cash flow statement** | 1,015 | 535 | 1,176 | 318 |

## 20 Trade and other Payables - Current

| | Group | | Company | |
|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 |
| | **£000** | £000 | **£000** | £000 |
| Trade payables | 30,697 | 21 281 | 23,552 | 18 259 |
| Amounts owed to group undertakings | - | - | 3,489 | 2 078 |
| Other taxes and social security | 517 | 460 | 290 | 321 |
| Other creditors | 396 | 563 | 259 | 110 |
| Accruals and deferred income | 4,128 | 1,231 | 2,154 | 922 |
| Contingent consideration | 750 | | 750 | - |
| Deferred consideration | 95 | 110 | 95 | 110 |
| | 36,583 | 23 645 | 30,589 | 21,800 |

Included within Company Trade payables are £2,103 170 *(2009 £1,220 781)* of intercompany trade creditors

## 21. Current Tax Liabilities

| | Group | | Company | |
|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 |
| | **£000** | £000 | **£000** | £000 |
| Current tax liabilities | 1,067 | 1 074 | 721 | 568 |
| | 1,067 | 1 074 | 721 | 568 |

## 22. Financial Liabilities - Borrowings

| | Group | | Company | |
|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 |
| **Current** | **£000** | £000 | **£000** | £000 |
| Bank loans and overdrafts due within one year or on demand | | | | |
| Secured overdrafts | **1,068** | 422 | - | - |
| Secured loans | **1,597** | 1 917 | **1,320** | 1,648 |
| | **2,665** | 2 339 | **1,320** | 1,648 |
| Loan capital (unsecured) | **724** | 746 | **724** | 746 |
| Convertible loanstock | **18** | 18 | **18** | 18 |
| Net obligations under finance leases | **570** | 446 | **454** | 404 |
| | **3,977** | 3 549 | **2,516** | 2 816 |

| | Group | | Company | |
|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 |
| **Non-current** | **£000** | £000 | **£000** | £000 |
| Bank loans | | | | |
| Secured | **893** | 2 517 | **827** | 2,182 |
| | **893** | 2 517 | **827** | 2 182 |
| Net obligations under finance leases | **684** | 606 | **617** | 536 |
| | **1,577** | 3,123 | **1,444** | 2 718 |

After 31 August 2006 the loanstock is redeemable at par at the option of the Company Interest at 1 5% per annum is payable to the holders of the Convertible Unsecured Loanstock

**Non-current**

The bank loans include term loans repayable by instalments as follows

| Lender | Monthly instalment | Balance outstanding | Interest rate |
|---|---|---|---|
| Barclays Bank Plc | £43,529 | £185,105 | 0 72% over Base Rate |
| HSBC Bank Plc | £38 863 | £690 256 | 0 95% over Base Rate |
| HSBC Bank Plc | £58,707 | £1,271,237 | 1 00% over Base Rate |
| Royal Bank of Scotland | £19,670 | £227,066 | 1 00% over Base Rate |
| Barclays Bank Plc | £4 167 | £116 160 | 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 totalling £1,067,569 *(2009 £421,925)* relating to subsidiary companies which are secured by debentures over the assets of those companies

| | Group | | Company | |
|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 |
| | **£000** | £000 | **£000** | £000 |
| **Borrowings are repayable as follows** | | | | |
| On demand or within one year | 3,977 | 3 549 | 2,516 | 2,816 |
| In the second year | 1,263 | 1 906 | 1,155 | 1 598 |
| In the third to fifth years inclusive | 314 | 1 217 | 289 | 1 120 |
| | 5,554 | 6 672 | 3,960 | 5 534 |
| **Finance leases included above are repayable as follows** | | | | |
| On demand or within one year | 570 | 446 | 454 | 404 |
| In the second year | 386 | 311 | 328 | 272 |
| In the third to fifth years inclusive | 298 | 295 | 289 | 264 |
| | 1,254 | 1,052 | 1,071 | 940 |
| **The net borrowings are** | | | | |
| Borrowings as above | 5,554 | 6,672 | 3,960 | 5,534 |
| Cash and cash equivalents | (2,083) | (957) | (1,176) | (318) |
| Net debt | 3,471 | 5 715 | 2,784 | 5,216 |

## 23 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 business 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 its 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

## 23 Financial Instruments (continued)

The effective interest rates at th balance sheet date were as folows

| | Group | | Company | |
|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 |
| Bank overdraft | 2% | 2% | 2% | 2% |
| Bank borrowings | 1.5% | 1 5% | 1.5% | 1 5% |
| Loan capital | 1.5% | 1 5% | 1.5% | 1 5% |
| Finance leases | 3.9% | 6 00% | 3.9% | 6 00% |

## 24 Provisions

| | Group | | Company | |
|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 |
| | **£000** | £000 | **£000** | £000 |
| At 1 November 2009 | 151 | 625 | 151 | 625 |
| (Utilisation)/Charge for the year | (151) | (474) | (151) | (474) |
| **At 31 October 2010** | - | 151 | - | 151 |

The provision charge relates to restructuring costs of the Group's Foxmoor horticultural business within the retail sector announced on 22 October 2008 During the year £150 812 of the provision was released in respect of a stock write down

## 25 Deferred Taxation

| | Group | | Company | |
|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 |
| | **£000** | £000 | **£000** | £000 |
| At 1 November 2009 | 367 | 444 | 227 | 172 |
| Brought in on Acquisition | 154 | - | - | - |
| Charge for the year | (60) | (77) | (105) | 55 |
| At 31 October 2010 | 461 | 367 | 122 | 227 |

The provision for deferred taxation is made up as follows

| | Group | | Company | |
|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 |
| | **£000** | £000 | **£000** | £000 |
| Accelerated capital allowances | 474 | 423 | 135 | 283 |
| Tax losses brought forward | (10) | (10) | (10) | (10) |
| Short-term timing differences | (3) | (3) | (3) | (3) |
| Provisions charged to profits | - | (43) | - | (43) |
| | 461 | 367 | 122 | 227 |

## 26. Government Grants

| | Group | | Company | |
|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 |
| | **£000** | £000 | **£000** | £000 |
| **Received and Receivable** | | | | |
| Brought in on Acquisition | 126 | - | - | - |
| **At 31 October 2010** | 126 | - | - | - |
| **Amortisation** | | | | |
| Brought in on Acquistion | 48 | - | - | - |
| Credited to profit and loss | 10 | - | - | - |
| **At 31 October 2010** | 58 | - | - | - |
| **Net Balance at 31 October 2010** | 68 | - | - | - |

## 27 Share Capital

| | 2010 | | 2009 | |
|---|---|---|---|---|
| | **No of shares 000** | **£000** | No of shares 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 | 16,508 | 4,127 | 14 543 | 3 635 |

During the year 97,295 shares *(2009 121,066)* were issued with an aggregate nominal value of £24,324 *(2009 £30,267)* and were fully paid up for equivalent cash of £268,317 *(2009 £228,418)* to shareholders exercising their right to receive dividends under the Company s scrip dividend scheme

A total of 167,504 *(2009 Nil)* shares with an aggregate nominal value of £41 876 *(2009 Nil)* were issued for a cash value of £373,884 *(2009 Nil)* to relevant holders exercising options in the Company

On the 2 June 2010, the Group conducted a placing of shares with institutional and other investors in which a total of 1,700,000 shares were issued for a total net cash receipt of £3 850 000

## 28 Share Based Payments

The following options were exercised and outstanding at the year end

| | Exercise Price per share £ | Exercisable by | As at 1 November 2009 | (Exercised) /Issued in year | Lapsed in year | As at 31 October 2010 |
|---|---|---|---|---|---|---|
| ***Discretionary Share Option Schemes*** | | | | | | |
| Granted May 2005 | 2 4000 | June 2008 - May 2010 | 55,000 | (55,000) | - | - |
| Granted May 2005 | 2 4000 | June 2008 - May 2015 | 37,500 | (12,500) | - | 25 000 |
| Granted August 2008 | 2 5300 | Sept 2013 - Aug 2018 | 244 000 | - | (21,000) | 223 000 |
| Granted October 2008 | 0 2500 | Oct 2013 - Mar 2014 | 177,000 | - | - | 177,000 |
| | | | 513,500 | (67,500) | (21,000) | 425,000 |
| **Savings Related Option Schemes** | | | | | | |
| Granted October 2004 | 2 1500 | December 2009 - May 2010 | 171 055 | (125,877) | (45,178) | - |
| Granted August 2008 | 2 2000 | September 2013 - Feb 2014 | 367 821 | - | (8 130) | 359 691 |
| Granted March 2010 | 2 2000 | April 2015 - September 2015 | - | 240 104 | (11,022) | 229 082 |
| | | | 538,876 | 114,227 | (64 330) | 588,773 |
| | | | 1,052 376 | 46 727 | (85,330) | 1,013 773 |

During the year 12 500 Discretionary Share Options *(2009 Nil)* and 13,373 Savings Related Options *(2009 Nil)* were exercised and satisfied by the transfer of 25,873 *(2009 Nil)* 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

### Fair Value of Options after 7 November 2002

During the year the Group charged £182 173 *(2009 £24,717)* of share based remuneration cost to its Statement of Comprehensive Income based on a 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

| Weighted average assumptions | 2010 | 2009 |
|---|---|---|
| Share price at year end | £2.93 | £2 23 |
| Average share price | 2.55 | 1 94 |
| Exercise price | £2.01 | £1 97 |
| Expected volatility | 1.00% | 0 98% |
| Expected life | 3.52 years | 2 97 years |
| Number of options | 1,373,464 | 1,052 376 |
| Risk free interest rate | 0.50% | 0 50% |

The expected volatility used was the standard deviation of the daily share price over the previous year and the risk fee interest rate was based on bank base rate at the year end

## 29 Capital Commitments

At 31 October 2010 the Group and Company had capital commitments as follows

| | Group | | Company | |
|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 |
| | **£000** | £000 | **£000** | £000 |
| Contracts placed for future capital expenditure not provided in the financial statements | **236** | 282 | **102** | 143 |

## 30 Operating Lease Commitments

At 31 October 2010 the Group had annual commitments under non-cancellable operating leases as follows

| | Land and Buildings | | Other | |
|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 |
| **Group** | **£000** | £000 | **£000** | £000 |
| Expiry date | | | | |
| Within 1 year | **73** | 61 | **5** | 11 |
| Between 2 and 5 years | **382** | 475 | **64** | 77 |
| Over 5 years | **1,189** | 966 | - | - |

| | Land and Buildings | | Other | |
|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 |
| **Company** | **£000** | £000 | **£000** | £000 |
| Expiry date | | | | |
| Within 1 year | **17** | 51 | - | 2 |
| Between 2 and 5 years | **60** | 75 | **16** | 31 |
| Over 5 years | **141** | 143 | - | - |

## 31 Group Financial Commitments

During the year the Group acquired the remaining 50% of the share capital of Young s Animal Feeds Ltd that they did not already own and therefore the guarantee of £125,000 offered by the Wynnstay Group plc to support the overdraft facility of that Company is no longer classified as a contingent liability On 16th November, the Group s associated undertaking, Wynnstay Fuels Ltd, transferred its primary banking relationship from HSBC Bank Plc to the Co-Operative Bank and the guarantee of £200 000 offered by Wynnstay Group Plc to support the overdraft facility of that undertaking was cancelled As at 31 October 2010, the Group's contingent liabilities in respect of bank guarantees for one *(2009 three)* of its joint ventures therefore amounts to £125,000 *(2009 £450 000)*

## 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 £548 000 *(2009 £558,000)* The liability owed to the pension schemes at 31 October 2010 was £56,000 *(2009 £56,000)*

## 33 Employee Share Ownership Trust

The Company operates an employee share ownership trust (ESOP) As at 31 October 2010, 1 802 ordinary 25p shares *(2009 5 535 ordinary 25p shares)* were held by the trust with a market value of £5,280 *(2009 £12,450)* 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 Group and some of the Directors All transactions were carried out on an arm's length basis

**Transactions with Key Management Personnel**

Key management personnel are considered to be Directors and their remuneration is disclosed within the Directors Remuneration disclosure (note 8)

| | 2010 | 2009 |
|---|---|---|
| | £ | £ |
| J E Davies | 78,819 | 72 413 |
| E G Owen | 102,067 | 101 943 |
| E E Hughes | 21,573 | 19,714 |
| J C Kendrick | - | - |
| Lord Carlile of Berriew QC | - | - |
| K R Greetham | 280 | 562 |
| D A T Evans | 115,597 | 49 004 |
| B P Roberts | 461 | 717 |
| | 318,797 | 244 353 |

## 35 Cash Generated from/(used in) Operations

| | Group | | Company | |
|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 |
| | £000 | £000 | £000 | £000 |
| Profit for the year | 4,232 | 3 821 | 2,820 | 2,179 |
| Adjustments for | | | | |
| Tax | 1,645 | 1 297 | 751 | 573 |
| Dividend received | - | - | (100) | (800) |
| Depreciation of tangible fixed assets | 2,182 | 1,892 | 1,407 | 1,331 |
| Impairment of intangible fixed assets | 292 | - | - | - |
| Impairment of investment | 69 | - | 69 | - |
| Profit on disposal of property, plant and equipment | (56) | (43) | (51) | (45) |
| Profit on disposal of intangible assets | - | - | (429) | - |
| Interest income | (31) | (63) | (25) | (56) |
| Interest expense | 412 | 609 | 352 | 474 |
| Share of results of joint ventures | (185) | (184) | - | - |
| Loans made to joint ventures | (59) | 400 | (59) | 400 |
| Share based payments | 182 | 24 | 182 | 24 |
| Changes in working capital | | | | |
| (excluding effects of acquisitions and disposals of subsidiaries) | | | | |
| (Increase)/decrease in inventories & biological assets | (3,750) | 2,781 | (1,209) | 42 |
| (Increase)/decrease in trade and other receivables | (7,474) | 4 959 | (4,699) | 5,401 |
| Increase/(decrease) in payables | 9,559 | (4 771) | 6,795 | (3,165) |
| (Decrease) in provisions | (151) | (474) | (151) | (474) |
| Cash generated from operations | 6,867 | 10,248 | 5,653 | 5 884 |