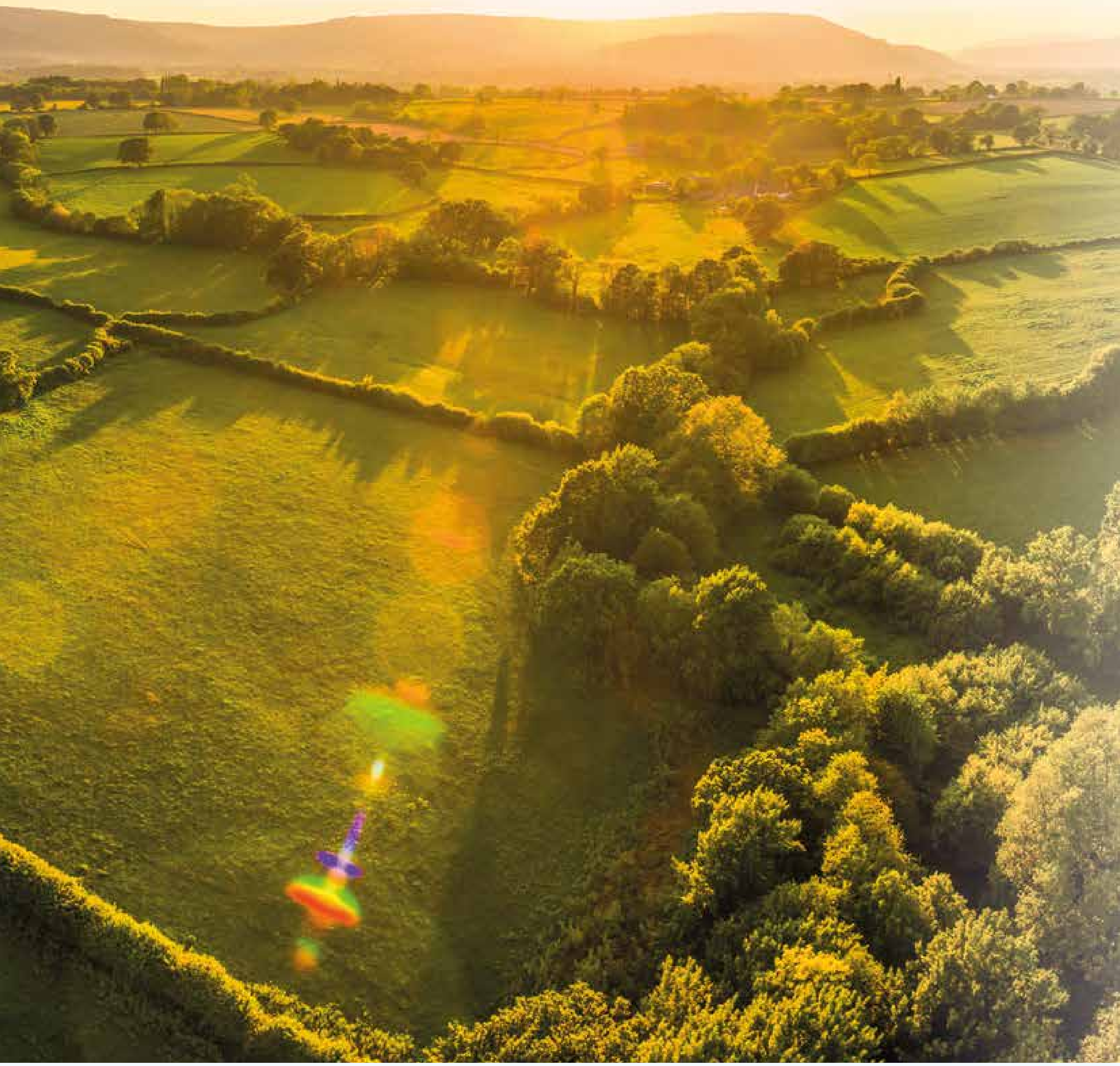
ANNUAL REPORT
AND ACCOUNTS 2017

WYNNSTAY

Moving into our 100th year of trading

1918 - 2018

100 YEARS IN AGRICULTURE



Contents

About Wynnstay

“A major supplier of products and services to the evolving agricultural industry”

Wynnstay Group was established in 1918 as a farmer’s cooperative. Through a series of mergers, acquisitive growth and conversion to a Plc, the business has developed into a major supplier of products and services to the evolving agricultural industry and the rural economy. The business is further strengthened by a number of complementary joint ventures and associate companies.

Performance Highlights

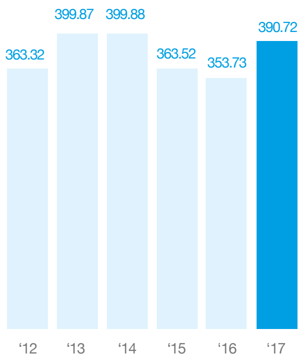
Continuing operations only[1]

Group Revenue continuing operations (£m)

£390.72m

((Restated) 2016: £353.73m)

10.46%

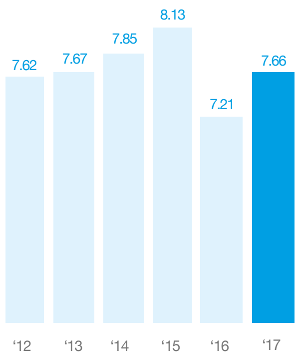


Profit before Tax continuing operations (£m)

£7.66m

((Restated) 2016: £7.21m)

6.24%

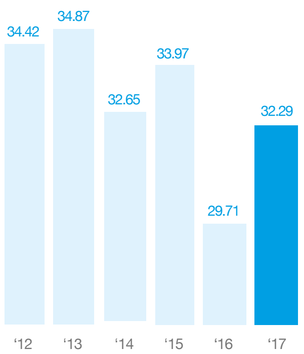


Earnings per Share continuing operations (pence)

32.29p

((Restated) 2016: 29.71p)

8.68%

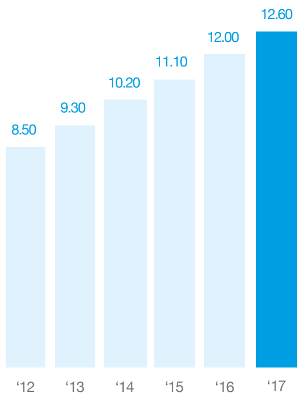


Dividend per Share (pence)

12.60p

(2016: 12.00p)

5.00%



Operational

- Growth in retail sales
- Increased demand for farm inputs
- Investment in company infrastructure

Group Revenue
£390.72m + 10.46%
(Restated) 2016: £353.73m

Profit before Tax
£7.66m + 6.24%
(Restated) 2016: £7.21m

Underlying Pre-tax Profit*
£7.97m + 9.18%
(Restated) 2016: £7.30m

Earnings per Share
32.29 pence + 8.68%
2016: 29.71 pence

Shareholders' Funds
£85.39m - 1.79%
2016: £86.95m

Dividend per Share
12.60 pence + 5.00%
2016: 12.00 pence

[1] Continuing operations exclude the results of the discontinued Just for Pets Limited business. For more information, see note 11 on page 60.

* Underlying Pre-tax profits include the Group's share of pre-tax profit from joint ventures and associate investments but excludes the exceptional item and share-based payments, a reconciliation is included in page 23 of the annual report.

Investment
Customer Service
Product Offering
Growth

Specialist Events

In 2017 we continued with our programme of dedicated specialist events for our customer base, bringing industry speakers and innovative products and services to our customers.

In October we held the third annual Wynnstay Sheep & Beef Event, held for the first time in Herefordshire. The event, which is unique within the industry, features tradestands and demonstrations along with three key speakers providing their views on the future of the industry.

The Arable Event, established in 2013 and held in Shropshire, has become a key event in the calendar of arable farmers in the west of the UK. The event includes agricultural tradestands, live demonstrations, tours of new seed variety plots and key industry speakers.

Specialist events are a key part of Wynnstay's strategy, to ensure customers are offered access to the latest industry information to enhance the productivity of their farming business.

> "Committed to offering the latest innovations and technical insights"

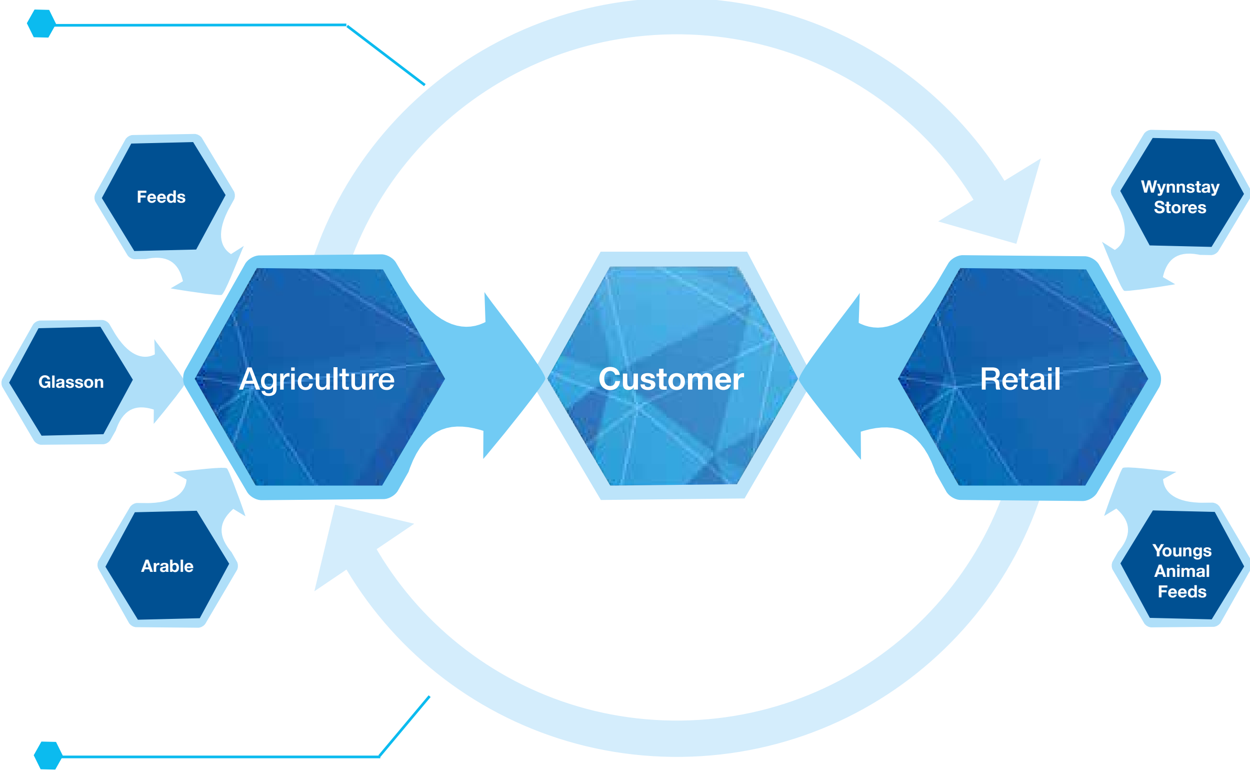
Strategic Report

	Page

Principal Activities and Business Model

The business model has been established to closely reflect the buying patterns of the ultimate customer. The business is reported as two complementary divisions, Agriculture and Specialist Retail, with a number of operating units reported within the appropriate segments.

Established to closely reflect the buying patterns of the ultimate customer.



Two complementary divisions, Agriculture and Specialist Retail, with a number of operating units reported within the appropriate segments.

Agriculture

The Agriculture Division covers the manufacturing and supply of a comprehensive range of agricultural inputs to customers across many parts of the UK.

Specialist Retail

Our Retail Division covers the supply of specialist agricultural and retail products to customers throughout Wales, Central and Southern England.

Feed Division

The Feed Division, which operates two compound feed mills and one blending plant, offers a full range of animal nutrition products to the agricultural market. The location of the mills allows for logistically efficient delivery of products throughout our trading area, third party mills are also used to satisfy additional seasonal and geographic requirements. Both mills are multi species allowing the business to provide a broad range of products to service the requirements of ruminant and monogastric animals. The business recognises the requirement for nutritional expertise and employs specialists to provide guidance on feed management for all farm enterprises.

Continued investment at the two compound mills allows further expansion of production in both bulk and bagged materials.

Glasson

Glasson, which operates from Glasson Dock near Lancaster, with a recently acquired production plant in Montrose, is recognised as a raw materials supplier and fertiliser blender and has a strong customer base across the UK. Glasson's activities also include the packaging of added value products supplied to specialist animal feed retailers. The business is also involved in a joint venture, FertLink, which has production facilities at Birkenhead and Goole.

Glasson complements the Group strategy by providing a further internal hedge against commodity volatility in the agricultural supply industry.

Arable Division

The Arable Division supplies a wide range of products to arable and grassland farmers throughout the trading area. The Group is recognised as a significant supplier of fertiliser, acting as a principal supplier of CF and Yara products together with our own Top Crop brand of fertiliser. Seed is processed in Shropshire at the arable base as well as at Woodheads Seeds in Yorkshire. Agrochemicals are supplied to complete the range of products.

GrainLink, the Group's in-house grain marketing company, provides farmers with an independent professional marketing service backed by the financial security of the Wynnstay Group. The Company has access to major markets for specialist milling and malting grain as well as feed into mills throughout our trading area.

Wynnstay Stores

The rural retail outlets are well established and provide a comprehensive range of products for farmers and rural dwellers. The stores, which now number 50, operating throughout Wales, Central and Southern England, supply a wide range of specialist products to farmers, smallholders and pet owners. Our enthusiastic team are keen to help customers with technical advice on all aspects of the wide range of products available. The model is further strengthened by the use of sector specific catalogues and proactive marketing to promote the extensive range of products available to the industry. The increased diversity complements our core agricultural business, acting as an important route to market for pharmaceutical companies with whom the Group works closely to provide specialist professional advice to livestock farmers.

Youngs Animal Feeds

Youngs Animal Feeds operates from its production facility at Standon in Staffordshire. It manufactures and acts as a distributor of a range of equine and small animal feeds through wholesalers and retailers in the west of the UK.

Key Strengths

Manufacture and supply of a comprehensive range of products for the agricultural industry.

Experienced personnel provide specialist agricultural advice.

Wynnstay Stores, located in rural areas, provide a valuable route to market and important link with farmers and country dwellers.

Multi-channel offering supported by online services and product catalogues.

See Group Strategy on page 12-13

Trading Area, Agricultural Sites and Joint Ventures

Agricultural Sites, Joint Ventures and Trading Area

Feed mills in Powys and Carmarthenshire.

Blending plant in Gwynedd.

Arable and seed processing sites in Shropshire and Yorkshire.

Raw materials and feed processing plant in Lancashire.

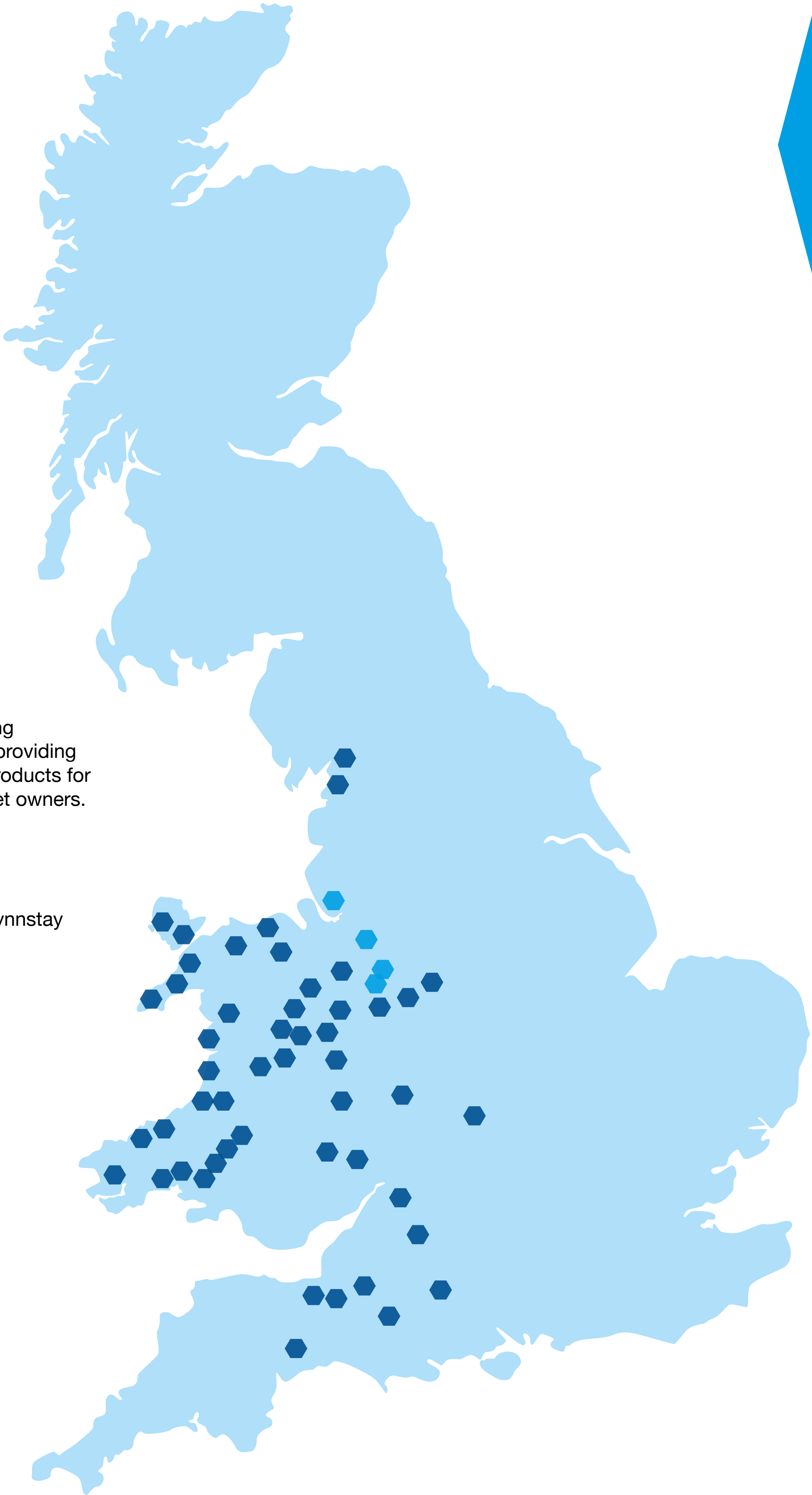
Fertiliser processing plants at Lancashire, Angus, the Wirral and Yorkshire.

Agricultural sites

Joint ventures

Trading activity

Retail Locations



Wynnstay Stores

50 Wynnstay Stores operating throughout the trading area providing a comprehensive range of products for farmers, smallholders and pet owners.

- Wynnstay Stores and Wynnstay Agricentres
- Youngs Animal Feeds

Group Strategy

Wynnstay is committed to sustained development within the agriculture sector and will strive for continued growth by acquisition and organic development of the business. In so doing, Wynnstay Group Plc will optimise the return to all stakeholders in the business.

In order to achieve this ambition, the Group recognises that it must excel in terms of value, quality and the development of its products, services and people. The Group strives to become the "Supplier of Choice" for its customer base.

The Group's development strategy to achieve 'Supplier of Choice':

Operational Strategy

The business operates in a sector where fundamental macro-economic drivers are supporting the growth of its principal activities. A growing world population and changing dietary habits are creating an increased demand for food production, which is supported by a political desire to promote greater productivity and self-sufficiency, in a sustainable manner. These factors provide a strong backdrop for expansion of the Group's activities, although the inherent cyclical nature of much of the world's food production can create certain short term stresses to the smooth operation of activities. The Board has always recognised that the natural processes involved in food production will, from time to time, create risks to certain enterprises at different times, either through climatic, disease, economic or other influences. Political factors must also be considered in any strategic planning process, and the overriding issue creating a high degree of uncertainty at the moment remains the Brexit process. The UK government has taken certain steps to alleviate some of this uncertainty within the agricultural sector. This includes commitment for financial support until 2022, which could stretch to 2024, and recognition of the importance of agriculture in less favoured areas as a contributor to the environment, tourism and rural communities. Its inclusion as a high priority industry for policy review also indicates the importance of agriculture in the UK food industry, and the Board awaits the detail of any initial transitional arrangements and ultimate policy framework. Both major political parties in the UK have indicated the need for continuing support in the sector, although this is likely to take a different form to the EU's Common Agricultural Policy focusing on competitively priced food and care of the environment. Therefore a Group strategy which is designed to minimise risks by ensuring a broad and balanced spread of activities across all the main agricultural areas will be pursued. This policy of having a broad based business limits the impact of any adverse performance in any single activity, and has helped shelter the Group from periodic commodity volatility extremes in the past.

The main markets that the Group operate in continue to be supplied by a relatively fragmented industry. This has provided a strong platform for the development of the business through a consolidation strategy designed to increase market share. The Group has a good track record of both organic and acquisitive growth, and the Board is confident that, with the expertise and enthusiasm of staff, strong commercial relationships and balance sheet strength, this successful strategy can continue. The Board expect continued geographic expansion of the business's core operating areas and a broadening of its product offering through the ongoing implementation of this strategy. Further growth of the Group will be across all aspects of its activities to ensure balanced development of the business model.

The business recognises the importance of innovation for the future of efficient agricultural production. There is a focus on selecting innovative products which can enhance the productivity of farming businesses and the company encourages communication with customers to promote the benefits of these products.

Consideration is also given to marketing and distribution channels to ensure effective supply of the wide range of products and services the Group can offer.

Long Term Viability

The Group works within a corporate plan to ensure clear direction and focus for strategic development of the business. Initially instigated in 2015 and substantially reviewed in early 2017, the current plan provides a framework into 2019, following which further clarity on Brexit related issues is expected. Regular reviews of planned goals take place to confirm they remain appropriate in changing circumstances. Annual budgets are set in line with corporate goals but recognise specific market conditions at the time.

The Group's major focus is closely linked to the viability of the UK agricultural industry. Well publicised information on macro-economic factors associated with world supply of food and energy point to a resilient industry. However, the UK's forthcoming exit from the EU will undoubtedly change the support mechanism for the farming sector. While it is too early to get a full understanding on future Government policy, any changes will be given careful consideration in the ongoing development of the business. The strategy of operating across multiple agricultural enterprises mitigates risk, and the Group will constantly review the long term outlook for the various sectors of the industry in light of all new information as it becomes available. The Board remains optimistic for the overall future of the UK agricultural industry, as the country has the climate, natural resource and expertise to remain a competitive player in the production of many food commodities. The focus on improved efficiency at all points of the food production cycle should offer further opportunities for the marketing of products and services offered by the Group.

Corporate Goals

The Group has identified four main groupings associated with the business, each has specific outline goals which must be balanced to satisfy the expectations of all stakeholders.

Shareholders – where the Group focuses on financial performance which supports a progressive dividend policy and capital growth in share value.

Customers – where the Group seeks to excel in terms of range, value, quality and service.

Employees – where the Group aims to attract, develop and reward high calibre personnel, and ensure a safe, interesting and productive environment to work in, thus encouraging the highest levels of customer service.

Suppliers – where the Group wishes to provide the best marketing route, thereby procuring preferential terms and offering better value for its customers.

Business Review and Future Developments

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 included within the Group's published accounts.

Broad range of trading brands:

WYNNSTAY

GrainLink

GLASSON

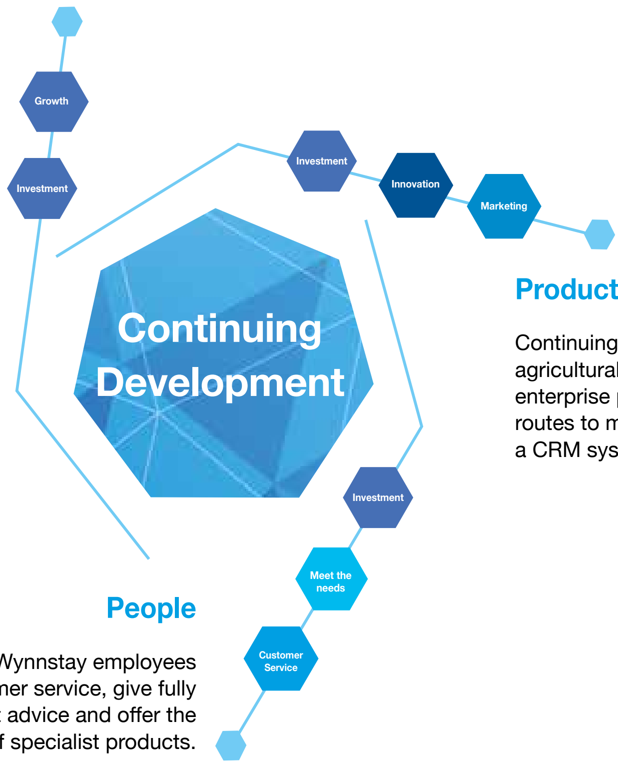
FertLink

Youngs Animal Feeds

Developments within the business:

Geographic Reach

Continued geographic expansion with the acquisition of a blending plant and storage facilities located at Montrose site on the east coast of Scotland.



Product

Continuing to offer innovative agricultural products to enhance enterprise performance. Effective routes to market are strengthened by a CRM system.

People

Continued investment in Wynnstay employees to achieve excellent customer service, give fully comprehensive specialist advice and offer the customer a broad spectrum of specialist products.

Chairman's Statement

Jim McCarthy,
Chairman

"Focused on the opportunities presented by the evolving UK market"

OVERVIEW

Wynnstay's core agricultural and specialist retail activities generated a significantly improved performance on the prior year[1]. However, financial results for the Group as a whole have been impacted by the trading difficulties at our pet products operation, though decisive action has minimised the effect on employees and creditors of Just for Pets Limited, as well as shareholders in the Group.

A key feature of the year was the improvement in the trading backdrop, with market prices for agricultural outputs recovering over the year. For many farmers, particularly in the dairy sector, output prices had previously fallen to below the cost of production. The recovery in prices over the period, therefore, lifted sentiment across the sector, driving an upturn in demand for most agricultural inputs, including feeds.

The benefit of this recovery in demand is evident in the Board's preferred alternative performance measure of underlying pre-tax profit[2] from continuing operations, which rose by 9.2% to £7.97m (2016 restated: £7.30m) despite some margin pressure. Revenues generated by Wynnstay's continuing operations increased to £390.72m (2016 restated: £353.73m), reflecting increased activity in most sectors as well as inflation in certain product categories. The Group's reported pre-tax profit[3] includes a one-off charge, associated with the Just for Pets Limited business, which reduced the outcome to £1.15m (2016: £7.29m) for the year.

The most marked improvements in output prices were in the livestock sector, particularly dairy, where milk prices increased sharply over the last 12 months, although they did not reach the levels seen in 2013. We remain encouraged about the level of demand for livestock feed in the current year.

Seed sales were in line with last year's record level and overall fertiliser sales were higher year-on-year. This reflected increased activity in Glasson's fertiliser business in northern England and Scotland. Grain volumes were lower compared to the prior year, partly a result of the smaller harvest of 2016 but also reflecting farmers' reluctance to trade grain as prices declined during the autumn period.

Sales from the network of Wynnstay Stores increased as farmers invested in their enterprises, with a significant improvement in hardware, supplements and animal health products. Our stores provide a valuable route to market, both for our own products and for those of national suppliers, and we intend to further expand our geographic presence as well as invest in ongoing store upgrades and refurbishments. Further details on the Group's trading performance are provided in the Chief Executive's Review.

The Board is encouraged by the progress that has been made during the year in the Group's continuing operations, and plans to make further investments across all aspects of the business as it continues to strengthen Wynnstay's position as a major supplier of agricultural products and services to farmers and the rural community.

FINANCIAL RESULTS

For the year to 31 October 2017, revenues from continuing operations increased by 10.5% to £390.72m (2016 restated: £353.73m), owing partly to a reversal of the commodity price deflation experienced in recent years. Agriculture sales contributed £280.87m (2016: £249.74m), which reflected higher average unit values for most feed, seed, grain and fertiliser products. Specialist Retail revenue increased by 5.7% to £109.73m (2016 restated: £103.86m), with good like-for-like growth in many important product categories as farmer confidence improved and farm-related investment increased.

Reported profit before tax from continuing operations increased by 6.2% to £7.66m (2016 restated: £7.21m), and on the Board's preferred alternative performance measure of "Underlying Group pre-tax profit", which includes the gross share of results from joint ventures and associates, but excludes share-based payments and exceptional items, the Group achieved an increase of 9.2% on the prior year to £7.97m (2016 restated: £7.30m).

The improvement in trading conditions is reflected in both operating divisions, with Agriculture contributing £3.34m (2016: £3.01m) to operating profit, a rise of 11.0% year-on-year. This includes an improved performance in the FertLink and Bibby joint ventures. Our Specialist Retailing activities contributed £4.74m (2016 restated: £4.47m), a 6.0% increase, which mainly reflected improved revenues across nearly all stores. Other activities recorded a similar loss to the prior year of £0.10m (2016: loss of £0.10m).

Net finance costs increased slightly to £0.15m (2016 restated: £0.14m) as commodity inflation created higher average working capital utilisation.

Basic earnings per share from continuing operations were 8.7% higher at 32.29p per share (2016 restated: 29.71p). Costs associated with the discontinued Just for Pets Limited business amounted to £6.59m (2016 restated: income of £0.06m). This resulted in a reported loss for the year after tax of £0.28m (2016: profit of £5.83m).

Cash generation remained strong during the year and, at the year end, the Group's net cash position was £4.51m (2016: £4.28m).

Balance sheet net assets stood at £85.39m (2016: £86.95m) at the year end, equating to £4.37 (2016: £4.48) per share, and the return on net assets from continuing operations was 9.4% (2016 restated: 8.4%).

DIVIDEND

Reflecting the recovery in the performance of continuing operations, the Board is pleased to propose the payment of an increased final dividend of 8.40p per share (2016: 8.00p). This, together with the interim dividend of 4.20p per share, paid on 31 October 2017, takes the total dividend for the year to 12.60p, an increase of 5.0% on last year (2016: 12.00p).

The final dividend will be paid on 30 April 2018 to shareholders on the register on 3 April 2018. A scrip dividend alternative will continue to be available as in previous years. The last date for election for the scrip dividend will be 16 April 2018.

COLLEAGUES

Wynnstay has tremendously dedicated and talented colleagues across its operations and, on behalf of the Board, I would like to thank them all for their input and hard work during the year. Their expertise and commitment will help to drive Wynnstay's performance and future growth.

OUTLOOK

Wynnstay has the benefit of a strong balance sheet and a broad base of activities covering all aspects of agricultural inputs. This has been a significant factor in Wynnstay's resilient performance during the prolonged downturn which affected the whole of UK agriculture. It also creates a robust platform for the Group's future growth and development.

The improvement in farmgate prices has generated an increase in demand for most agricultural inputs and, with market prices at more realistic levels for farmers, there is a greater degree of stability within the industry.

Currently, the medium-to-long term picture is less clear, due to the ongoing negotiation process for the UK's exit from the European Union and the likely shift in the nature of support mechanisms for UK agriculture. However, the Government has indicated its support for the industry as a whole, and Brexit comes at a time when world demand for agricultural products for food and also for energy continues to increase. This is a positive driver for the industry and should bring further opportunities for Wynnstay.

While there are some uncertainties over the next few years, the Board remains confident of the Group's market positioning and is firmly focused on the opportunities presented by the evolving UK market.

Jim McCarthy
Chairman

30 January 2018

[1] 2016 results have been restated to reclassify the Just for Pets Limited operation during the year ended 31 October 2017 as discontinued.

[2] The underlying pre-tax profit calculation is defined and shown on page 23 in the Finance Review.

[3] Reported pre-tax profit is profit for the year, adding back taxation and share of tax incurred by associates and joint ventures as is shown on page 24 in the Finance Review.

Datganiad Y Cadeirydd

Jim McCarthy,
Cadeirydd

TROSOLWG

Arweiniodd gweithgareddau amaethyddol a manwerthu arbenigol craidd Wynnstay at berfformiad llawer gwell o gymharu â'r flwyddyn flaenorol . Fodd bynnag, mae'r anawsterau masnachu yn ein gweithrediad cynnyrch i anifeiliaid anwes wedi effeithio ar ganlyniadau ariannol y Grŵp cyfan, er bod camau gweithredu pendant wedi lleihau'r effaith ar gyflogeion a chredydwyr Just for Pets Limited, yn ogystal â cyfrandalwyr yn y Grŵp.

Un o nodweddion allweddol y flwyddyn oedd y gwelliant yn y sefyllfa masnachu, gyda phrisiau'r farchnad ar gyfer allbynnau amaethyddol yn adfer dros y flwyddyn. I lawer o ffermwyr, yn enwedig yn y sector llaeth, roedd prisiau allbwn wedi gostwng yn is na chost cynhyrchu. Arweiniodd y gwelliant mewn prisiau dros y cyfnod at welliant ym mhob rhan o'r sector, gan hyrwyddo cynnydd yn y galw am y rhan fwyaf o fewnbynnau amaethyddol, gan gynnwys porthiant.

Mae budd y cynnydd hwn mewn galw yn amlwg yn y mesur perfformiad amgen a ffefrir gan y Bwrdd sef elw cyn treth sylfaenol[2] o weithrediadau parhaus, a gododd 9.2% i £7.97m (ailddatganwyd 2016: £7.30m) er gwaethaf peth pwysau o ran elw. Cynyddodd refeniw a gynhyrchwyd gan weithrediadau parhaus Wynnstay i £390.72m (ailddatganwyd 2016: £353.73m), gan adlewyrchu cynnydd mewn gweithgarwch yn y rhan fwyaf o sectorau yn ogystal â chwyddiant mewn categorïau cynnyrch penodol. Mae elw cyn treth[3] y Grŵp a gofnodwyd yn cynnwys tâl untro, sy'n gysylltiedig â'r busnes Just for Pets Limited, a wnaeth leihau'r canlyniad i £1.15m (2016: £7.29m) ar gyfer y flwyddyn.

Y gwelliannau mwyaf nodedig mewn prisiau allbwn oedd yn y sector da byw, yn enwedig llaeth, lle cododd prisiau llaeth yn sydyn dros y 12 mis diwethaf, er na wnaethant gyrraedd y lefelau a welwyd yn 2013. Rydyn yn parhau i deimlo'n galonogol am lefel y galw am borthiant da byw yn y flwyddyn gyfredol.

Roedd gwerthiannau hadau yn unol â'r lefel uchaf a welwyd llynedd ac roedd gwerthiannau gwrtaith cyffredinol yn uwch o flwyddyn i flwyddyn. Roedd hyn yn adlewyrchu cynnydd mewn gweithgarwch ym musnes gwrtaith Glasson yng ngogledd Lloegr a'r Alban. Gwerthwyd llai o rawn o gymharu â'r flwyddyn flaenorol, yn rhannol o ganlyniad i gynhaeaf llai 2016 ond hefyd mae'n adlewyrchu amharodrwydd ffermwyr i fasnachu grawn wrth i brisiau ostwng yn ystod cyfnod yr hydref.

> "Canolbwyntio ar y cyfleoedd a gyflwynir gan farchnad esblygol y DU"

Cynyddodd gwerthiannau o rwydwaith Wynnstay Stores wrth i ffermwyr fuddsoddi yn eu mentrau, gyda chynnydd sylweddol mewn caledwedd, atchwanegiadau a chynnyrch iechyd anifeiliaid. Mae ein siopau yn rhoi llwybr gwerthfawr i'r farchnad ar gyfer cynhyrchion ein hunain a chynhyrchion cyflenwyr cenedlaethol, ac rydym yn bwriadu ehangu ein presenoldeb daearyddol yn ogystal â buddsoddi mewn gwaith parhaus i uwchraddio ac adnewyddu siopau. Ceir manylion pellach ar berfformiad masnachu'r Grŵp yn Adolygiad y Prif Weithredwr.

Anogir y Bwrdd gan y cynnydd a wnaed yn ystod y flwyddyn yng ngweithrediadau parhaus y Grŵp, a'r nod yw gwneud buddsoddiadau pellach ym mhob agwedd ar y busnes wrth iddo barhau i gryfhau sefyllfa Wynnstay fel prif gyflenwr cynhyrchion a gwasanaethau amaethyddol i ffermwyr a'r gymuned wledig.

CANLYNIADAU ARIANNOL

Ar gyfer y flwyddyn hyd at 31 Hydref 2017, cynyddodd refeniw o weithrediadau parhaus 10.5% i £390.72m (ailddatganwyd 2016: £353.73m), yn rhannol oherwydd gwrthdroad y dadchwyddiant mewn prisiau nwyddau a welwyd yn ystod y blynyddoedd diwethaf. Cyfrannodd gwerthiannau amaethyddiaeth £280.87m (2016: £249.74m), sy'n adlewyrchu gwerthoedd uned uwch ar gyfartaledd ar gyfer y rhan fwyaf o gynnyrch porthiant, hadau, grawn a gwrtaith. Cynyddodd refeniw Manwerthu Arbenigol 5.7% i £109.73m (ailddatganwyd 2016: £103.86m), gyda thwf tebyg am debyg da mewn nifer o gategorïau cynnyrch pwysig wrth i hyder ffermwyr wella ac wrth i'r buddsoddiad yn ymwneud â ffermydd gynyddu.

Cynyddodd elw a adroddwyd cyn treth o weithrediadau parhaus 6.2% i £7.66m (ailddatganwyd 2016: £7.21m), ac ar y mesur perfformiad amgen a ffefrir gan y Bwrdd sef "elw cyn treth sylfaenol y Grŵp", sy'n cynnwys cyfran gros o ganlyniadau o fentrau ar y cyd a chwmnïau cyswllt, ond heb gynnwys taliadau yn seiliedig ar gyfranddaliadau ac eitemau eithriadol, cyflawnodd y Grŵp gynnydd o 9.2% o gymharu â'r flwyddyn flaenorol i £7.97m (ailddatganwyd 2016: £7.30m).

Caiff y gwelliant mewn amodau masnachu ei adlewyrchu yn y ddwy is-adran gweithredu, gydag Amaethyddiaeth yn cyfrannu £3.34m (2016: £3.01m) at elw gweithredu, cynnydd o 11.0% o flwyddyn i flwyddyn. Mae hyn cynnwys perfformiad gwell yn y mentrau ar y cyd, FertLink a Bibby. Cyfrannodd ein gweithgareddau Manwerthu Arbenigol £4.74m (ailddatganwyd 2016: £4.47m), cynnydd o 6.0%, sy'n bennaf yn adlewyrchu refeniw gwell ym mhob siop bron. Cofnododd gweithgareddau eraill golled tebyg i'r flwyddyn flaenorol o £0.10m (2016: colled o £0.10m).

Cynyddodd costau cyllid net ychydig i £0.15m (ailddatganwyd 2016: £0.14m) wrth i chwyddiant mewn nwyddau greu defnydd cyfartalog uwch o gyfalaf gweithio.

Roedd enillion sylfaenol fesul cyfranddaliad o weithrediadau parhaus 8.7% yn uwch ar 32.29c fesul cyfranddaliad (ailddatganwyd 2016: 29.71c). Cyfanswm costau a oedd yn gysylltiedig â'r busnes Just for Pets Limited a ddaeth i ben oedd £6.59m (ailddatganwyd 2016: incwm o £0.06m). Arweiniodd hyn at golled a adroddwyd ar gyfer y flwyddyn ar ôl treth o £0.28m (2016: elw o £5.83m).

Parhaodd lefelau cynhyrchu arian parod i fod yn gryf yn ystod y flwyddyn ac, ar ddiwedd y flwyddyn, sefyllfa arian parod net y Grŵp oedd £4.51m (2016: £4.28m).

Cyfanswm asedau net y fantolen oedd £85.39m (2016: £86.95m) ar ddiwedd y flwyddyn, sy'n cyfateb i £4.37 (2016: £4.48) fesul cyfranddaliad, a'r adenillion ar asedau net o weithrediadau parhaus oedd 9.4% (ailddatganwyd 2016: 8.4%).

DIFIDEND

Gan adlewyrchu'r cynnydd ym mherfformiad gweithrediadau parhaus, mae'n bleser gan y Bwrdd gynnig talu difidend terfynol o 8.40c fesul cyfranddaliad (2016: 8.00c). Ynghyd â'r difidend interim o 4.20c fesul cyfranddaliad, a dalwyd ar 31 Hydref 2017, mae hyn yn creu cyfanswm difidend o 12.60c ar gyfer y flwyddyn, sy'n gynnydd o 5.0% o gymharu â'r llynedd (2016: 12.00c).

Telir y difidend terfynol ar 30 Ebrill 2018 i gyfranddalwyr sydd ar y gofrestr ar 3 Ebrill 2018. Bydd difidend sgrip amgen ar gael o hyd, fel mewn blynyddoedd blaenorol. Y dyddiad olaf ar gyfer dewis cael difidend sgrip fydd 16 Ebrill 2018.

CYDWEITHWYR

Mae gan Wynnstay gydweithwyr gwirioneddol ymroddedig a thalentog ym mhob rhan o'i weithrediadau ac, ar ran y Bwrdd, hoffwn ddiolch i bob un ohonynt am eu mewnbwn a'u gwaith caled yn ystod y flwyddyn. Bydd eu harbenigedd a'u hymrwymiad yn helpu i lywio perfformiad a thŵf Wynnstay yn y dyfodol.

RHAGOLWG

Gall Wynnstay fanteisio ar fantolen gref a Gall Wynnstay fanteisio ar fantolen gref a sail eang o weithgareddau sy'n cwmpasu pob agwedd ar fewnbynnau amaethyddol. Mae hyn wedi bod yn ffactor pwysig ym mherfformiad cadarn Wynnstay yn ystod y dirywiad hir a gafodd effaith ar y byd amaeth ledled y DU. Mae hefyd yn creu llwyfan cadarn ar gyfer tŵf a datblygiad y Grŵp yn y dyfodol.

Mae'r gwelliant mewn prisiau clwyd fferm wedi arwain at gynnydd yn y galw am y rhan fwyaf o fewnbynnau amaethyddol a, gan fod prisiau'r farchnad ar lefelau mwy realistig i ffermwyr, mae mwy o sefydlogrwydd o fewn y diwydiant.

Ar hyn o bryd, mae'r darlun tymor canolig i hirdymor yn llai clir, oherwydd y broses negodi barhaus o ran ymadawiad y DU â'r Undeb Ewropeaidd a'r newid tebygol yn natur y dulliau cymorth ar gyfer amaethyddiaeth yn y DU. Fodd bynnag, mae'r Llywodraeth wedi datgan ei chefnogaeth ar gyfer y diwydiant cyfan, ac mae Brexit yn dod ar adeg pan mae'r galw am gynhyrchion amaethyddol ar gyfer bwyd a hefyd ar gyfer ynni ledled y byd yn parhau i gynyddu. Mae hyn yn ffactor cadarnhaol ar gyfer y diwydiant a dylai ddod â chyfleoedd pellach i Wynnstay.

Er bod peth ansicrwydd ar gyfer yr ychydig flynyddoedd nesaf, mae'r Bwrdd yn parhau i fod yn hyderus ynghylch lleoliad y Grŵp yn y farchnad ac mae'n canolbwyntio'n gadarn ar y cyfleoedd a gyflwynir gan farchnad y DU sy'n esblygu.

Jim McCarthy
Cadeirydd

30 Ionawr 2018

[1] Mae canlyniadau 2016 wedi cael eu hailddatgan i ailddosbarthu'r gweithrediad Just for Pets Limited yn ystod y flwyddyn a ddaeth i ben 31 Hydref 2017 fel gweithrediad sydd wedi dod i ben.

[2] Diffinnir a dangosir y cyfrifiad elw cyn treth sylfaenol ar dudalen 23 yn yr Adolygiad Ariannol.

[3] Mae elw cyn treth a gofnodir yn elw ar gyfer y flwyddyn, gan ailychwanegu trethiant a chyfran o'r dreth yr eir iddi gan gwmnïau cyswllt a chyd-fentrau fel y dangosir ar dudalen 24 yn yr Adolygiad Ariannol.

Ken Greetham,
Chief Executive

“We plan to continue to invest in the Group’s infrastructure”

Chief Executive’s Review

INTRODUCTION

The Group’s core agricultural businesses delivered a significantly improved performance year-on-year, despite continuing margin pressures. However, as expected, Wynnstay’s results overall were impacted by Just for Pets Limited (“JfP”), which was regrettably placed into administration on 10 October 2017.

The Group’s profit before tax from continuing operations increased to £7.66m (2016 restated: £7.21m). Underlying pre-tax profit[1] (as defined on page 23) from continuing operations, increased by 9.2% to £7.97m (2016 restated: £7.30m). The rise in the Group’s profitability reflected an uplift in activity across most of the Group’s businesses as trading conditions for farmers improved. Revenues from continuing operations rose to £390.72m (2016 restated: £353.73m), with inflation affecting nearly all bulk commodities.

Including the effect of JfP, the Group’s reported profit before tax was £1.15m[2] (2016: £7.29m). As previously announced, JfP’s performance was hit by deteriorating trading conditions and its ultimate move into administration was one of the most difficult situations that the Group has experienced. We are, however, pleased that the decisive actions taken helped to minimise the potential adverse effects on all those concerned, including employees, with a high proportion of jobs preserved. JfP’s trading losses in the second half, along with the costs relating to its administration, have been recognised in the Group’s results as well as the related goodwill impairment charge, which was taken in the first half of the year.

The improvement in farmgate prices during the year came as welcome relief to our farmer customers and, while questions around Brexit are likely to cause some ongoing caution, output prices are now at a more sustainable level for producers. This has boosted the farming industry and increased demand for most inputs, particularly dairy feed, which had suffered from reduced demand in the previous year.

The business continues to seek organic and acquisitive expansion, and I am pleased to highlight the acquisition, by Glasson, of a fertiliser blending facility at Montrose, in November 2017. It is an opportunity for us to increase our share in the UK fertiliser market with further geographic expansion into Scotland. There are also investment plans in place that will enable us to improve efficiency and expand our capacity in feeds and seeds, along with an ongoing refurbishment programme at our retail outlets.

The agreement of terms for the UK’s exit from the EU remains unresolved and this creates a degree of uncertainty in the agricultural market. However, the UK is a relatively efficient producer of most agricultural products and this, combined with pledged support from the UK Government, gives a degree of comfort to the industry. Whatever the outcome of the final Brexit negotiations, there is no doubt that improving productivity will remain a significant focus for most farming enterprises, and Wynnstay is well positioned, with its broad range of products and services, to aid efficiency within the sector.

REVIEW OF ACTIVITIES

Agriculture

The Group's agricultural operations provide a full range of inputs to arable and livestock farmers. This is complemented by crop marketing services and, in most regions, a network of country stores, which offer Wynnstay's customers a one-stop shop, catering for their needs with a wide range of products.

The Agricultural Division generated an operating contribution for the year of £3.34m, up 11.0% year-on-year (2016: £3.01m), although we experienced some variation in contribution across product sectors. Revenues rose by 12.5% to £280.87m (2016: £249.74m), which reflected volume increases across most agricultural inputs, except grain, as well as some inflationary impact in feed and grain prices.

The significant decline in output prices experienced by farmers in 2015 carried through into 2016, but the welcome upturn in prices over the course of 2017 has now brought a degree of optimism to the sector.

Demand for feed and fertiliser, which can be viewed as the drivers for yield, increased in the period, mirroring the general UK market. We experienced some variation in order patterns for fertiliser as farmers timed their orders around fluctuations in market prices during the year. Demand for seed was in line with previous years', however the smaller 2016 harvest meant that grain volumes were lower year-on-year.

Wynnstay's position as a supplier of a comprehensive range of agricultural inputs, combined with our retail business model continues to create opportunities for the Group to expand its presence both within its existing trading areas and beyond.

Feed Products

The previously reported increase in farm output prices, particularly for milk, increased UK demand for feed products. This is reflected in the strong upturn in feed demand year-on-year, and it also provides us with confidence for sales over the winter period. The increased volume of milk in the UK market has given rise to some concern over milk prices, which have peaked at around 30p/litre, and there is some possibility of a slight reduction. With a generally stable UK and world market, we believe that this is likely to be short-term, and we do not expect to see a repeat of the reduction in prices experienced in 2015.

The business produces a range of monogastric and ruminant feeds which, along with the supply of blended feeds and traded raw materials, provides stability to the feed business, as well as protection against potential volatility in any one sector of the livestock market. The supply of bagged feeds brings further predictability and stability to production. Demand for bagged feed, which is mainly sold through the retail stores, increased during the year, and our investment in the new bagging facility, in 2016, helped to satisfy demand efficiently. Further investment in both our compound feed mills is planned for 2018.

There is an ongoing requirement for the farming industry to improve efficiencies, and Wynnstay is well placed to provide a wide range of products, along with advice from its in-house specialists, to aid the process.

Glasson Grain

The Glasson business, based in Lancashire, is involved in the supply of raw materials, processing of specialist feed products and the marketing of fertiliser, both wholesale and direct-to-farm.

While demand for raw materials was lower than the previous year, sales of fertiliser increased significantly, albeit with some reduction in margin in a competitive market. The business has increased its market penetration in the north of England and Scotland, and the acquisition of the Montrose production facility in Scotland, after the year end, will further enhance sales in the area.

The financial outcome for the year is in line with the previous year, with an increase in contribution from fertiliser balancing a reduction within the trading division of the business.

Arable Products

The arable business remains strong, although lower grain volumes, along with continued margin pressure, have reduced the contribution of this area of activity compared to the prior year. Combined sales of cereal and herbage seed was in line with the record performance of the previous year, and the business is well placed as a major supplier of seed to UK farmers. Further capital investment is budgeted for in 2018 to support additional expansion of the site at Astley in Shropshire.

Demand for fertiliser was strong in the spring and summer periods, although, in contrast to the previous year, higher prices in the autumn tempered demand for early, out-of-season orders. As a result, it is expected that there will be a stronger spot market as farmers buy for the spring usage period.

The smaller 2016 harvest, combined with a reticence of farmers to sell grain from the larger 2017 crop, contributed to a reduction in volumes year-on-year in GrainLink, our in-house grain marketing business. We also experienced some margin pressure as traders competed in a subdued market. Wheat prices weakened slightly during the autumn period, however longer term futures prices indicate a general level of stability at above the average cost of production. Overall, farm stocks of grain are higher than in 2016, most of which will be traded before the 2018 harvest.

Specialist Retail

Revenue from ongoing specialist retailing activities increased by 5.7% to £109.73m (2016 restated: £103.86m), with a 6.0% increase in contribution to £4.74m (2016 restated: £4.47m).

Our specialist retailing activities now comprise the Group's network of Wynnstay Stores, which supply a wide range of products for farmers and country dwellers, and Youngs Animal Feeds, which offers a range of products for equine and small animals. This follows the Group's very difficult decision to withdraw from the pet products market. The pets sector has seen very challenging trading conditions since late 2015 and JfP began to experience a deterioration in trading in 2016. In the first half of FY 2017, it became apparent that the JfP business did not have sufficient scale as a standalone retailer to survive an increasingly difficult trading environment. Following consultation with advisors, and careful and extensive consideration of possible solutions, including a sale of the business, the decision was taken to institute an administration process. While this was extremely disappointing, we are pleased that the decisive action helped to minimise, as much as possible, the effect of a very challenging situation on employees and creditors to the JfP business.

Wynnstay Stores

The Group's network of Wynnstay Stores has a strong geographic presence throughout Wales and the west of England.

Like-for-like sales across the Stores business increased by 5%, with the upturn reflecting improved sentiment in the livestock sector, a result of higher output prices for milk and meat. This has been particularly evident in animal health and hardware products as well as milk powders, which our specialists within the Agricultural Division also advise on. The success of our Dairy and Sheep & Beef catalogues has also contributed to the improvement in sales, although a change in product mix across the store network has led to a slight reduction in average margin.

Chief Executive's Review continued

We continue to invest in the network of Wynnstay Stores, and we finished a total refurbishment of the Craven Arms outlet, in Shropshire, early in the year. In January 2018, we also completed the relocation of our store in Ruthin, in Denbighshire.

The Wynnstay Agricentre business, based in the south west of the UK, operates a slightly different model, with a high percentage of products delivered to farms. During the year, we have focused on the efficiency of its delivery network, and this has resulted in the closure of two outlets and initiatives to create better customer service processes. We have also invested in personnel in the region, ahead of an anticipated improvement in sales throughout the trading area.

Wynnstay Stores provide an important route to market across a wide geographic area for both our own products and those supplied by national and international manufacturers. We anticipate further growth in our specialist retailing activities as we expand the Group's trading area, and envisage new opportunities arising for the development of products within the Agricultural Division.

Youngs Animal Feeds

The Youngs business manufactures and markets a range of equine products to specialist outlets across the centre of the UK. We are currently in the process of reorganising this activity to optimise its operations within the Group.

Joint Ventures and Associates

The Group has four joint venture businesses (Bibby Agriculture, Wyro, FertLink and Total Angling) as well as two associate businesses (Wynnstay Fuels and Celtic Pride). These extend the Group's activities and strengthen its marketing channels for a number of products. Their combined contribution was higher year-on-year, benefiting in particular from an improved performance from FertLink, which reflected a recovery in volumes in the fertiliser marketplace.

STAFF

The last two years have been challenging for our farmer customers and all those involved in the agricultural supply industry. The talent and dedication of our personnel forms the bedrock of the Group's success and I would like to take this opportunity to record my personal appreciation to all our staff who have contributed so much this year. 2018 is a centenary year for Wynnstay and there are a number of plans underway to mark this milestone, which we look forward to with great enthusiasm.

OUTLOOK

The recovery in output prices has brought a welcome improvement in demand for all agricultural inputs. The improvement is principally a result of a more balanced world market, particularly for milk products. Prices have also been enhanced by the devaluation of sterling, which brought added benefits to the UK industry. The improved pricing appears to be sustainable, at least in the short-term, and the farming industry is eagerly awaiting the outcome of the Brexit negotiations to understand the full implications for demand and prices in the medium to long-term.

The macroeconomic factors of increasing population, dietary changes, and the strategic importance of a sustainable food supply are significant points of consideration for the industry. While farming, rural communities and the environment will still require some level of Government support, the increasing focus on agricultural efficiency and productivity will create opportunities for the industry. We believe that Wynnstay is well placed to support long-term growth across the sector, with its wide range of innovative products and services, and well-established industry relationships.

The new financial year has started in line with management expectations. While Brexit creates some uncertainty, the improvement in output prices has brought about a sense of renewed optimism, and the trading backdrop is firmer than this time last year, which is encouraging. As we embark on our centenary year, we plan to continue to invest in the Group's infrastructure, particularly focusing on manufacturing and logistics, which will improve the Group's efficiency and yield broader benefits in the medium to long term.

I look forward to providing a further update on trading at Wynnstay's AGM in March with the meeting's venue returning to Shrewsbury Town FC.

Ken Greetham
Chief Executive

30 January 2018

[1] Underlying pre-tax profit includes the gross share of results from joint ventures and associates, but excludes share-based payments and exceptional items.

[2] Reported profit before tax is profit for the year, adding back taxation and share of tax incurred by associates and joint ventures as is shown on page 24 in the Finance Review.

Business snapshot

Craven Arms Store Refurbishment

Investment
Customer Service
Product Range
Marketing

In December 2016 the Wynnstay Store located at Craven Arms in Shropshire was reopened following a full refurbishment. The refurbishment and expansion of the store offers an improved customer experience with a greater range of products and services available in an improved shopping environment.

The store is located in the heart of Shropshire's rural community and offers farmers and rural dwellers a comprehensive range of products and services, supported by a direct sales and specialist team, catalogue and online channels.

> "The store's geographic location is in the heart of the rural community"

Paul Roberts,
Finance Director

Finance Review

Group Structure

For reporting purposes, the Group's operations are classified into two main divisional segments, Agriculture, encompassing the manufacturing and supply of a comprehensive range of agricultural inputs delivered to customers, and Specialist Retail, covering the supply of specialised products linked through the provision of expert advice of their use. An additional reporting segment called "Others" is used for peripheral activities not readily attributable to either of the main segments.

The legal structure is a holding company, Wynnstay Group Plc, which has investments in five wholly owned trading subsidiaries, namely;

- Wynnstay (Agricultural Supplies) Limited, an agricultural merchant.
- Glasson Grain Limited, a feed and fertiliser merchant.
- GrainLink Limited, a grain merchant.
- Woodheads Seeds Limited, a seed processor and merchant.
- Youngs Animal Feeds Limited, an equine and pet products distributor.

Additionally, Wynnstay Group Plc holds investments in the principal joint ventures and associate companies outlined in note 19 in the accounts, and certain other property and investment assets, which are reported within one of the appropriate segments.

Trading Results

A summary of the trading conditions experienced by the business over the last financial year is provided in the Chief Executive's Review on pages 18-20. The financial performance of the business has generally reflected the improving trading environment for the Group's predominant farmer customers, where farm gate prices have improved over the previous year, supported by the lower value of Sterling since the Brexit referendum result. Clearly the final results are impacted by the Just for Pets Limited discontinued activity, and further details on this are given later.

Following three years of a cumulative deflation effect on revenues from falling commodity values, we have seen a reversal in this trend during the last financial year, which has seen a 10.5% increase in Group revenues from continuing activities, which reached £390.72m (2016: restated £353.73m). While improved trading conditions has seen increased demand and higher volumes in certain product categories, we estimate the inflationary impact on this reported revenue

> "The total dividend represents the fourteenth consecutive year of payment growth"

number at around £22m, mainly in our Agriculture segment, which had revenues of £280.87m (2016: £249.74m). Specialist Retail revenues from continuing activities increased by 5.7% to £109.73m (2016: restated £103.86m) with good growth across core product categories.

On a continuing operations basis, Group operating profit before intangible amortization, share-based payments, investment impairment and costs of corporate restructuring was £7.87m (2016: £7.36m), and profit before taxation on an IFRS basis was £7.66m (2016: £7.21m). On the Board's preferred alternative performance measure referred to as Underlying pre-tax profit which includes the gross share of results from joint ventures and associates, but excluding share-based payments and impairment and exceptional items, the Group achieved £7.97m (2016: £7.30m). A reconciliation with the reported income statement and this measure, together with the reasons for its use is given below:

£000's	**2017**	2016 (Restated)
Profit before tax from continuing operations	**7,664**	7,207
Share of tax incurred by joint ventures and associates	**70**	26
Share-based payments	**142**	63
Investment impairment and costs of corporate restructuring	**95**	-
Underlying Pre-tax profit	**7,971**	7,296

The Board uses this alternative performance measure as it believes the underlying commercial performance of the current trading activities is better reflected, and provides investors and other users of the accounts with an improved view of likely future performance by making the following adjustments to the IFRS results for the following reasons:

- The add back of tax incurred by joint ventures and associates. The Board believes the incorporation of the gross result of these entities provides a fuller understanding of their combined contribution to the Group performance.
- The add back of share-based payments. This charge is a calculated using a standard valuation model, with the assessed non cash cost each year varying depending on new scheme invitations and the number of leavers from live schemes. These variables can create a volatile non-cash charge to the income statement, which is not directly connected to the trading performance of the business.
- Non-recurring items. The Group's accounting policies include the separate identification of non-recurring material items on the face of the income statement, which the Board believes could cause a misinterpretation of trading performance if not disclosed. During 2017, these exceptional items were the write off of an unlisted investment in a business which went into administration and certain non-cash costs related to the dissolution of dormant subsidiaries to facilitate a simplified corporate Group structure.

Reported losses from discontinued operations, relate to the administration of the Just for Pets Limited business in October 2017, an extremely difficult decision following a review of its prospects under deteriorating trading conditions. This course of action was taken in the best interests of all stakeholders in that business, including employees, creditors and Wynnstay shareholders, and followed a period of accelerating losses after the devaluation of Sterling in 2016. This process led to the eventual sale of 18 stores and the transfer of nearly 200 colleagues to the acquiring business, and protects the future trading results of the Group from the likely continuing losses that were occurring in that entity. The total charge related to the discontinuation of the activity amounted to £6.59m, and is detailed in note 11 of the accounts.

Taxation

The Group's tax charge on continuing operations, including joint ventures and associates, of £1.43m (2016: £1.46m) represents 18.5% (2016: 20.2%) of the Group pre-tax profit from continuing operations of £7.73m (2015: £7.23m). No relief has been provided for in relation to the charges for discontinued operations, as these are likely to be treated as being of a capital nature. A reconciliation relating to Group's tax charge and Group pre-tax profit is given below:

£000's	**2017**	2016
Group's tax charge		
Taxation	**1,359**	1,436
Share of tax incurred by associates and joint ventures	**70**	26
	1,429	1,462
Group pre-tax profit from continuing operations		
Profit before taxation from continuing operations	**7,664**	7,207
Share of tax incurred by associates and joint ventures	**70**	26
	7,734	7,233

A reconciliation to reported (loss)/profit for the year is as follows:

£000's	2017	2016 (Restated)
Group pre-tax profit from continuing operations	**7,734**	7,233
(Loss)/profit for the year from discontinued operations	**(6,586)**	58
Group pre-tax profit	**1,148**	7,291
Group's tax charge	**(1,429)**	(1,462)
(Loss)/profit for the year	**(281)**	5,829

Earnings Per Share and Dividend

Basic earnings per share from continuing operations were 32.29p (2016: 29.71p), based on a weighted average number of shares in issue during the year of 19.529m (2016: 19.425m). The Board proposes to recommend the payment of a final dividend of 8.40p per share to be paid on the 30 April 2018, which when added to the interim dividend of 4.20p per share paid on the 31 October 2017, makes a total of 12.60p for the year (2016: 12.00p), an increase of 5.0%. The total dividend is expected to be covered 2.56 times (2016: 2.50 times) by earnings from continuing operations. The total dividend represents the fourteenth consecutive year of payment growth since the business was floated on the Alternative Investment Market of the London Stock Exchange in 2004. The Board has noted the current dividend cover which is now below historical levels, but still within a range which can support the continuing progressive policy. Current Company distributable reserves amount to £14.19m, which are adequate to cover at least five years of current level dividend payments. Adequate anticipated cash resources and future generation assumptions also support the Board's view that the current policy is sustainable. A process of subsidiary dividend payments to the parent Company is now established to ensure adequate liquidity and capital are available to support the policy. The Board will continue to monitor dividend cover ratios when assessing future payment recommendations.

Share Capital

During the year a total of 170,185 (2016: 104,229) new ordinary shares were issued for a total equivalent cash amount of £0.723m (2016: £0.435m). A total of 110,896 (2016: 26,800) shares were issued in relation to the exercise of employee share options for a total consideration of £0.378m (2016: £0.068m), and the remaining 59,289 (2016: 77,429) shares were issued to existing shareholders exercising their right to receive dividends in the form of new shares, with an equivalent cash value of £0.345m (2016: £0.367m).

Balance Sheet

Group net assets at the year end amounted to £85.39m (2016: £86.95m). Based on the weighted average number of shares in issue during the year of 19.529m, (2016: 19.425m) this represented a net asset value per share of £4.37 (2016: £4.48). During the financial year the share price traded in a range between a high of £6.67 in March 2017 and a low of £4.55 in October 2017. Based on these balance sheet values, Return on Net Assets from continuing operations for the year was 9.4% (2016 restated: 8.4%).

Capital investment in fixed assets amounted to £2.74m (2016: £3.98m) which was lower than initially budgeted as some projects have been delayed through the necessary planning processes, and will now be completed during the new financial year, resulting in an expected higher level of investment in this period.

Net Working Capital, which is defined as, the net of inventory, trade and other receivables and trade and other payables, showed a 10% increase as at the year end, standing at £40.3m (2016: £36.5m), which was primarily caused by the inflationary impact referred to earlier, partially offset by the reduction related to the discontinued operations.

Cashflow, Net Cash and Banking Facilities

The business remains strongly cash generative, despite having to absorb the higher levels of working capital created by the expansion in activities and commodity inflation. Net cash at the year end has increased to £4.51m from £4.28m, after absorbing the increased working capital requirement referred to above of £3.8m. The year end does represent a traditionally low point in the Group's cash utilisation cycle, and therefore the Board continues to prioritise the maintenance of adequate debt facilities to accommodate the usual spring peak of this seasonal fluctuation, together with any unexpected commodity price volatility. Utilisation of bank facilities has been limited during the year, but a total of committed and short term facilities of £17.0m remained in place at the year end (2016: £17.9m), which the Board believes should exceed any actual requirement.

Key Performance Indicators

The performance of the business is regularly monitored against financial Key Performance Indicators (KPI's), defined as follows:

Revenue:	The invoiced value of sales from the Group's activities, measured at a fair value net of all rebates and excluding value added tax.
Earnings per share:	Profit for the year after taxation divided by the weighted average number of shares in issue during the year excluding any shares held by the Group's Employee Share Ownership Trust.
Return on Net Assets:	Group pre-tax profit, including share of pre-tax profits of joint ventures and associates before intangible amortisation, share-based payment charges or exceptional costs, divided by the balance sheet net asset value.
Net Asset per share:	The balance sheet net asset value, divided by the weighted average number of shares in issue during the year, excluding any shares held by the Group's Employee Share Ownership Trust.
Underlying Pre-tax profit:	Underlying Pre-tax profit includes the Group's share of pre-tax profit from joint ventures and associate investments but excludes the exceptional item and share-based payments.

Relevant results for these KPI's, for the year under review and the prior year comparatives have been disclosed earlier in this Report.

Paul Roberts
Finance Director

30 January 2018

Risk Management Statement

For the year ended 31 October 2017

The Group adopts a risk approach appropriate to the business activities being conducted, and the Board retain responsibility for regularly reviewing risk management strategies. Risks and uncertainties for the business are classified into two main categories, Financial and Operational, and the Board monitor such risks having developed policies for managing the uncertainties they bring. The monitored risk categories and the main policies for control are as follows:

Financial Risk Management:

The Group policies for managing treasury risks are developed and approved by the Board and are designed to minimise exposure to market volatility they include:

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

Foreign Currency – The main currency related risk to the Group arises 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. The fair value of these contracts is not material. As at the year end the principal amounts relating to forward purchased currency contracts were £8,529,816 (2016: £6,342,105).

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 regular basis, and where necessary 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 low. The grain trading business has exposed the Group to certain substantial customer credit balances, and to assist in mitigating this perceived risk, a credit insurance policy has been purchased to provide partial cover against default by certain customers.

Finance Availability – Fluctuating commodity prices can adversely impact working capital levels, and the Group therefore has to maintain adequate financial resources to accommodate unexpected, but foreseeable trading patterns and conditions. The Group has historically operated with banking facilities that provide healthy headroom above the anticipated maximum requirement as projected in working capital cycle forecasts. This policy continues, and debt facilities are in place with HSBC Bank Plc which includes a significant element of committed facilities through to 2020.

Internal Controls – As the Group operates across a number of different markets in both its Agriculture and Specialist Retail segments, strong internal controls are required to ensure the business is not exposed to financial irregularities or losses that are not readily identifiable. Such controls include policies for the proper authorisation of the procurement of all products and services, and the sanctioning of expense expenditure and employment costs. These policies are principally controlled by the Management Boards of the operating subsidiaries of the Group, who meet on a regular routine basis. The Group Chief Executive and Finance Director attend all these meetings and undertake business and financial reviews of subsidiary activity with particular attention paid to the monitoring of actual performance against budget.

Operational Risk Management:

Trading concerns are regularly reviewed in routine Management Board meetings of the operating subsidiaries of the Group, with conclusions reported to the Board. Existing identified risks include:

Customer Loss and Competition – There is a constant risk of customer loss from increasing competition in the agricultural sector as the industry continues to consolidate. The Group continues to counter this risk by pursuing a sensible growth strategy to increase its market share primarily through geographic expansion and acquisitions. The Group specifically seeks to maintain a broad spread of activities across the main agricultural input areas to minimise threats affecting any particular farming enterprise. Significant investment continues in the Company's sales channels, both in terms of the traditional direct teams and new trading desk facilities.

Brexit – The decision for the UK to exit the EU has created a considerable amount of business uncertainly throughout the whole economy, exacerbated within the agricultural sector due to the importance of the Common Agricultural Policy (CAP) to the income of many farmers. Some relief to the specific uncertainty was provided by the UK government announcement, in August 2016, that it would guarantee the same level of funding for farmers after an EU exit and through to 2020. This political support timeframe was then subsequently extended to the end of the current parliament in 2022 by the re-elected Conservative government following a manifesto commitment. Further information from the government, detailed at the Oxford Farming Conference, indicates funding maybe extended to 2024. It is also likely that future funding will switch emphasis from the current acreage bases to focus on production and environmental aspects, with a recognition of issues faced by farmers in the less favoured areas. The variation in changes to the incomes of certain categories of customers as a result of structured support payments could impact the performance of some product group income streams for the business. The Board will continue to monitor developments and any new policy indications issued by government with a view to formulating appropriate responses at the earliest opportunity.

Sterling Appreciation – Following the Brexit referendum decision in June 2016, the most immediate impact affecting the business related to the fall in the value of Sterling, which while having an adverse effect on some input costs such as fuel, it also created an immediate improvement in the value of many farm products, particularly grain. Additionally a lower exchange rate also benefited farmer customers who were in receipt of EU support payments calculated at fixed Euro rates across the community. When translated into Sterling, as the payments are received in the UK, this resulted in higher level of income than in previous years. Over the last year, there has been some appreciation in the value of Sterling against the US dollar, but limited movement against the Euro. Any marked appreciation against these important currencies is likely to be detrimental to the overall income of the Group's farmer customer base, and therefore could adversely impact demand for the Company's products.

World Commodity Prices – During 2015 and 2016, the value of grain and dairy commodities was depressed on a worldwide basis. This was a result of cyclical over production which coincided with geo-political issues such as the Russian ban on the importation of Western food products and the reduction in Chinese demand, which followed a period of economic uncertainty in that critically important import market. The effect of this global price weakness was immediately felt in the UK, where farmers responded by reducing costs and slashing production. The resultant fall in demand for many product categories had a detrimental impact on the Group's activities and took some time to recover as confidence only slowly returned as prices eventually improved. The Board therefore acknowledges that the Group's performance can sometimes be affected by circumstances beyond its control, but acts to minimise

Risk Management Statement continued

such risks through its policy of maintaining a diverse product offering, of appeal to a wide cross section of farming enterprises, so that a severe issue in one sector does not impact the entire Group.

Manufacturing Productivity – Much of the Group's feed business is conducted on a customer "made to order" basis. This requires sophisticated order processing, manufacturing and delivery systems, as low lead times can provide a competitive advantage. The breakdown of any of these systems, through mechanical fault, weather and traffic disruption, or computer malfunctions and errors can create the risk of order fulfilment failure. The Group protects against this through the operation of multiple supply points, with third party manufacturing arrangements in place, and the back up of all IT systems supported with a disaster recovery plan. The increasing use of Customer Relationship Management (CRM) systems allow for higher levels of pre-emptive order processing, thereby encouraging customer retention. Efficient manufacturing and quality control compliance regimes, independently audited from time to time, also contribute to minimising the risks of such productivity failures.

Environmental – In accordance with the Group's corporate social responsibility commitments, all activities are planned so as to limit environmental risks and adverse impacts, but a number of larger operating sites require a specific Environment Agency regulated permit to carry out certain activities. The continued efficient conduct of such activities on those sites is therefore dependent on compliance, to the regulator's satisfaction, with the specific terms of the permits which have been issued. Non-compliance with permit terms could result in the prohibition of regulated activities at those locations, thereby adversely affecting the Group's ability to conduct business connected to those activities. To effectively manage these situations and minimise risks of non-compliance the Board oversees the operations of an Environment & Regulatory Compliance Management Committee, which consists of a number of senior managers within the Group who have specific experience and responsibilities for the activities carried out on the regulated sites.

Licensed Activities – The Business requires a considerable number of governmental and other regulatory authority approvals and licences to conduct many important activities within the Group's operations. The loss for whatever reason of any such approval or licence could have a detrimental impact on part or all of the performance of the Business. Such examples might include commercial vehicle operators and consumer credit licences issued by national regulators, explosive and other hazardous goods licences issued by local authorities, and industry regulated registrations required to legally supply certain product categories. The Group manages these obligations through a process of having a named individual with specific responsibility for each type of approval, who can provide regular updates on issues connected with that obligation to the appropriate Management Board Meeting.

Supply Chain Efficiency – The Group's considerable inventories both in the retail businesses and as raw materials for the manufacturing activities are vital to the success of the organisation, and disruption to this supply would damage revenue streams. To minimise this risk, the Group operates partnership relationships with as many suppliers as possible which endeavour to ensure that optimum stock levels are maintained in Group warehouses, in wholesaler locations or within committed supplier facilities. A project team works to optimise stock turn ratios while ensuring adequate availability through challenging seasonal cycles.

Reputation – The Group's trading philosophy is to seek to be the "Supplier of Choice" to its customers. To achieve this, a reputation for quality products, service and value for money must be maintained. Through a comprehensive employee Information and Consultation policy, all members of staff and local management are tasked with enhancing the Group's reputation in the eyes of customers and all other stakeholders of the business. The Group's corporate plan is communicated to management at various levels within the business to facilitate a strong understanding of the ethos and culture necessary for continued success.

Fraud – Difficult general economic circumstances, evolving trading channels and new methods of communication with customers and suppliers may increase the risk of fraud being perpetrated on the Group. The Board has recognised this increased risk, and continually reviews internal systems and controls, addressing areas of identified weaknesses including any matters raised as part of the Group audit process.

Paul Roberts
Finance Director

30 January 2018

Board and Advisors

Directors

J J McCarthy
B P Roberts
K R Greetham
D A T Evans
P M Kirkham
H J Richards
S J Ellwood

Company Secretary

B P Roberts

Company Number

2704051

Registered Office

Eagle House
Llansantffraid Ym Mechain
Powys
SY22 6AQ

Auditor

KPMG LLP
8 Princes Parade
Liverpool
L3 1QH

Principal Bankers

HSBC Plc
Wales Corporate Banking Centre
15 Lammas Street
Carmarthen
SA31 3AQ

Nominated Advisor and Stockbroker

Shore Capital Limited
Bond Street House
11 Clifford Street
London
W1S 4JU

Registrars

Neville Registrars Limited
Neville House
18 Laurel Lane
Halesowen
West Midlands
B63 3DA

Solicitors

Harrisons Solicitors LLP
11 Berriew Street
Welshpool
Powys
SY21 7SL

DWF LLP
5 St Paul's Square
Liverpool
L3 9AE

Business snapshot

Investment

Customer Service

Product Range

Growth

Formulated Feeds - specialist service and support

Wynnstay has a full range of high quailty poultry feeds. Throughout the whole period of lay Wynnstay's experienced team offer specialist on site support to poultry enterprises, including housing management, establishing lighting patterns, weight monitoring and feeding routines. Wynnstay's specialist support and formulated feeds ensures outstanding egg production from the flock.

> **"Wynnstay's specialist support and formulated feeds has ensured outstanding egg production from the flock"**

Corporate Governance

Board of Directors

Kenneth Richard Greetham
Chief Executive

Age 58

Ken joined the Board in 2008 when he became Chief Executive. He joined Wynnstay in 1997 following the integration of Shropshire Grain and was responsible for the development of the Group's arable activities.

Bryan Paul Roberts
Finance Director

Age 54

Paul joined the Board in 1997 when he also became Company Secretary. He originally joined the Company in 1987 having previously worked in the animal feed industry. He is a Fellow of the Chartered Institute of Management Accountants.

James John McCarthy
Chairman

Age 62

Jim joined the Board in July 2011 and was appointed Chairman of the Group in November 2013. He has a wealth of corporate and management experience from a background in the retailing industry which spans over 40 years. He retired as Chief Executive Officer of Poundland Limited in 2016.

David Andrew Thomas Evans
Retail Director

Age 49

Andrew joined the Board in 2008 and has executive responsibility for all the Group's retail activities. He is also a dairy farmer in Mid Wales.

Philip Michael Kirkham

Vice-Chairman / Senior Independent Non-Executive Director

Age 60

Philip joined the Board in April 2013. He runs a mixed farming business in the West Midlands and also has significant experience in the UK livestock sector. He is Non-Executive Chairman of National Milk Records Plc and Meadow Quality Ltd.

Howell John Richards

Non-Executive Director

Age 53

Howell joined the Board in July 2014. He has significant experience within the agricultural supply industry and has established a large dairy enterprise in South Wales. As a member of a number of well recognised committees Howell promotes the UK dairy industry and supports initiatives for young entrants into UK farming.

Stephen Ellwood

Non-Executive Director

Age 60

Steve joined the Board in January 2016. He has a wealth of experience within the UK agriculture and agri-food sectors after spending 10 years as Head of Agriculture at HSBC, following on as Head of Food and Agriculture at Smilth & Williamson for four years. Steve is now an active Non-Executive Director at four agri-food businesses.

Directors' Report

For the year ended 31 October 2017

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 2017.

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-Ym-Mechain, 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 30 January 2018.

Further information on the activities of the business and the Group strategy are presented in the Chairman's Statement, Chief Executives' Review, Strategic Report and Corporate Governance Report included within the Group's full published Annual Report.

Share Capital

The movement in the share capital during the period is detailed in note 28 to the financial statements.

Results, Dividends and Transfers to Reserves

Reported under IFRS the Group profit before taxation from continuing operations is £7,664,000 (2016: restated £7,207,000). After a taxation charge of £1,359,000 (2016: restated £1,436,000), and loss on discontinued activities of £6,586,000 (2016: profit £58,000) the Group loss for the year is £281,000 (2016: profit £5,829,000).

The Directors recommend a final ordinary dividend of 8.40p per ordinary 25p share net (2016: 8.00p per ordinary 25p share net), to be paid on 30 April 2018 to shareholders on the register at the close of business on 3 April 2018.

The share price will be marked ex dividend with effect from the 29 March 2018. 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 30 April 2018.

Land and Buildings

In the opinion of the Directors, the current open market value of the Group's interest in land and buildings exceeds the book value at 31 October 2018 (refer to note 17) by approximately £3,760,000 (2016: £3,990,000).

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	
	2017	2016	**2017**	2016	**2017**	2016
J J McCarthy	**5,000**	5,000	**-**	-	**-**	-
S.J. Ellwood	**-**	-	**-**	-	**-**	-
B P Roberts	**101,498**	100,175	**2,806**	4,129	**8,000**	31,000
K R Greetham	**45,203**	45,203	**6,425**	6,425	**8,000**	31,000
D A T Evans	**20,544**	20,120	**3,243**	3,243	**8,000**	26,000
P M Kirkham	**1,000**	1,000	**-**	-	**-**	-
H J Richards	**-**	-	**-**	-	**-**	-

In addition to the above shareholdings, Mr B P Roberts and Mr K R Greetham are trustees of the Company's Employee Share Ownership Plan trust, which at the year end held 8,724 shares (2016: 55,841 shares). Accordingly these Directors were deemed to hold an additional non-beneficial holding in such shares.

No Director at the year end held any interest in any subsidiary or associate company. Biographical details of the Directors are set out before the Director's Report.

Directors' Appointments and Retirements

Under Article 91, Mr J J McCarthy and Mr H J Richards retire from the Board by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Directors' and Officers' Liability Insurance

During the year the Company purchased and maintained liability insurance for its Directors and Officers which remained in force at the date of this report.

Substantial Shareholdings

At 31 October 2017, the following shareholders held 3% or more of the issued share capital of the Company:

Registered Shareholder		Beneficial Holder
Ferlim Nominees Limited	**11.1%**	Discretionary managed funds of Investec Wealth & Investment Limited
Chase Nominees Limited	**6.2%**	Schroder Investment Management Limited
Bank of New York Nominees Limited	**5.0%**	Discretionary managed funds of Brown Shipley Private Bank
Goldman Sachs Securities Limited	**4.6%**	Polar Capital
Lion Nominees Limited	**4.0%**	Discretionary managed funds of Close Asset Management Limited

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.

Employees

The Group has procedures for keeping its employees informed about the progress of the business. The Group continues to encourage employee motivation by operating a Savings Related Share Option Scheme open to all employees. The Group 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 Group 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. Health and Safety matters are a high priority issue for the Board, who consider a monthly report on developments and any incidents that may have occurred, including accidents and near misses.

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 52 days (2016: 47 days).

Auditor Reappointment

KPMG LLP have indicated their willingness to continue in office and accordingly a resolution proposing their reappointment will be submitted to the Annual General Meeting.

The Board have decided that after a tenure of six years it would be appropriate to carry out a competitive tender for the Group audit for 2018. KPMG LLP have expressed their willingness to be considered in the competitive review, but have agreed to resign should they be unsuccessful, which would enable the Directors to appoint a new auditor in accordance with section 489(3)(c) of the Companies Act 2006.

Disclosure of Information to Auditor

The Directors who were members of the Board at the time of approving the Directors' Report are listed on page 27. 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 auditor is 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 auditor is aware of that information.

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

Statement of Directors' Responsibilities in Respect of the Annual Report and Accounts, Strategic Report and Directors' Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and Accounts, Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they have elected to prepare both the Group and the Parent Company financial statements in accordance with IFRSs as adopted by the EU and applicable law. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the Parent Company financial statements on the same basis.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company 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 whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Corporate Governance Statement and Directors Remuneration Statement that complies with that law and those regulations

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Paul Roberts
Finance Director

30 January 2018

Corporate Governance Statement

For the year ended 31 October 2017

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, who have considered the twelve principles of good practice published in the QCA Corporate Governance Guidelines for Smaller Companies introduced in 2013. The Board believes that it has incorporated these principles in formulating a Corporate Governance policy appropriate to the size of the Group, and which can provide comfort for the Company's numerous and widespread shareholder base who have the right to expect the highest possible level of standards. The Directors are pleased to provide the following information:

The Board of Directors

The Board currently comprises seven directors, three of whom are executive and four 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, with Mr J J McCarthy originally appointed to this role in November 2013. The executive directors all have considerable experience in the agricultural supply industry and have spent much of their careers with the Group, providing a significant degree of management continuity. The non-executives bring a range of business and commercial expertise to the Board, including direct agriculture and specialist retail skills, and are all deemed independent under the Guidelines. Mr P M Kirkham, having been appointed in April 2013 is deemed the Senior independent non-executive. The Chairman is responsible for the periodic performance reviews of the Board, its sub-committees and non-executive directors. In June 2017, the Senior independent non-executive conducted a Board evaluation exercise, considering the structure, governance, operating dynamics and the risk management processes currently in place. The conclusions of this exercise were considered by the whole Board and deemed satisfactory, with areas for improvement scheduled for further review. 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 meet 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. The Board believes that this structure, together with the operation of its sub-committees described below, satisfies the flexible and effective management elements of the QCA guidelines. Certain relevant details of the contracts of employment for the executive directors, and the letters of appointment for the non-executive directors are disclosed in the Director's Remuneration Statement.

BOARD COMMITTEES

Audit Committee

This Committee currently consists of three non-executive directors: Mr P M Kirkham, Mr H J Richards and is chaired by Mr S J Ellwood, who through his previous banking experience satisfies the guideline requirement for a financially qualified member of an audit committee. The Committee normally meets three times a year as required. The Committee has standard terms of reference 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;
- Compliance with relevant taxation legislation and ensuring the Group acts in accordance with its published tax strategy; 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 auditor and monitored their findings. The Committee organise internal audit assignments to test the operating effectiveness of internal systems and controls. These assignments are not completed by specific internal audit employees, but appropriate members of staff. The Committee has procedures in place to enable it to meet with the auditor 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. Details of such services and fees are provided in note 6 to the accounts.

Remuneration Committee

This Committee of the Board consists of Mr J J McCarthy and Mr H J Richards and is chaired by Mr P M Kirkham. The Committee meets at least once 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 J J McCarthy, Mr K R Greetham and is chaired by Mr P M Kirkham. 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 making 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. Mr P M Kirkham is the nominated independent non-executive Director who makes himself available to shareholders who may require independent Board contact, and has done so, with a number of institutional and other shareholders during the year.

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, 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 structured process for appraising and authorising capital projects with clearly defined authorisation levels.

Corporate Social Responsibility

The Directors recognise the importance of managing the business in a responsible, fair and ethical manner, and strive to engender such values in every aspect of the Group's operations. Social, environmental and sustainable considerations are taken into account in the formulation of polices in the following areas of activity:

Human resources – the relationship nature of much of the Group's trading activities makes it heavily dependent on the quality and efficiency of the personnel involved in the business. People management and development is therefore critical to the success of the Company, and considerable effort and investment is put into the recruitment, training, welfare and support of all staff. The Group is committed to creating a fair, enjoyable and fulfilling work environment and has policies in place to create opportunity, prevent discrimination, encourage engagement and keep staff informed on aspects of the business. All eligible employees are offered the opportunity to become shareholders in the business through regular invitations to join sharesave schemes. The Board believes that these tax effective and relatively risk free arrangements are an ideal way of aligning staff interests with those of other stakeholders.

Modern slavery and human trafficking – following the introduction of the Modern Slavery Act 2015, the Group prepared an initial statement, published in December 2016, regarding the procedures in place to limit the risk of slavery or human trafficking events occurring within its business and supply chain. This statement set out Wynnstay's current approach to understanding the potential risks of such abuses, and the steps in place and to be implemented, to prevent modern slavery or human trafficking events occurring within its own business and associated supply chains. This statement relates to intentions and actions taken during the financial year, and the future development of procedures for identifying risks and preventing abuses. An updated statement is currently under preparation.

The Wynnstay Board has committed to preventing modern slavery and human trafficking acts within its corporate activities, and to ensure that its national and international supply chains are free from such abuses. Where possible the organisation prefers to build long standing relationships with our suppliers, where through a strengthening of trading commitments, we can make clear our expectations of business behaviour. A review of primary trading partners has been completed with a view to identifying relationships where a risk may exist. This categorisation approach is intended to allow the Company to prioritise its limited resources initially to any areas of perceived highest threat. Engagement with these suppliers has not identified any substantial risks to date. Procurement policies have been updated to include ethical and supplier codes of conduct where appropriate, in addition to any usual commercial contract terms. This process is intended to be rolled out to all appropriate supply relationships. Our procurement policy is intended to comply with the Modern Slavery Act 2015 and incorporates a risk assessment protocol which identifies and assesses potential risk within that particular supply chain. Appropriate investigative and auditing processes commensurate to the scale of the enterprise and risk, are intended to be executed as necessary. Our staff will be provided with sufficient training enabling them to identify risk and ensure the expectations of the procurement policy and its associated processes are understood at all levels across the Group. All suspected cases of modern slavery and human trafficking are requested to be reported to the Head of Procurement, and any such report will be investigated on a case by case basis, with appropriate remedial action taken immediately. The Board also recognise that concerns about modern slavery are not just limited to the Company's supply chains, but may also be a risk within the Group's own employment environment, and particularly with regard to temporary or agency staff use. A review of such hiring practises has taken place, and a list of approved providers is maintained.

Health and safety – the Group takes the health and safety of its staff, customers and everyone else involved with its activities very seriously. All staff receive basic training and where individual roles require, additional specialist support is provided. Occupational health specialists are utilised to screen employees who operate in environments with an added risk of exposure to noise, vibration or other hazards that may cause harm. The Group and subsidiary Boards routinely consider health and safety matters and ensure adequate resources are in place to enable all personnel to fulfil their obligations in this regard. The Audit Committee considers an annual report on safety, risk and compliance management and will require appropriate action be taken where areas of concern are identified. Reportable injuries (Riddor) during the financial year numbered 4 across the Group, which was a reduction on the previous year when there were 5 incidents.

Sustainability and limiting environmental impact – the Group seeks to operate all activities in a sustainable manner, and management are actively encouraged to consider and minimise the environmental impact of their operations. Energy usage is recorded across the Group and reported centrally for monitoring, with individual departments tasked with efficiency improvement targets on a unit productivity basis. During the year the Group has acted upon a number of the improvement opportunities identified from the full audit conducted in 2016 to comply with the Energy Savings Opportunity Scheme managed by National Resources Wales. LED lighting has been installed in at least 7 locations during the year, and a number of electrical motors have been replaced in manufacturing plants to reduce electricity consumption. Replacement compressors have been installed in the Carmarthen feed mill and new molasses storage equipment commissioned at the Llansantffraid plant, all designed to reduce environmental risks. Over the course of the next year a significant capital project is planned at Carmarthen to improve waste water management on the site, which will include improved water treatment facilities and a water recycling lorry wash. Recycling processes operate across the Group for plastics, paper, cardboard, metal, wood, electrical equipment and used oils. Fuel efficiency is paramount in vehicle investment decisions, and mileage management is a key task for all fleet responsible personnel.

Corporate Governance Statement Continued

Supporting the community – Making a positive difference to the communities in which we operate is important to the Group. We play an active part in communities surrounding our stores and business offices by supporting local events, fundraising activities and community groups. Offering support to educational establishments such as schools, colleges and universities in the form of donations, group visits and support with research projects is of particular importance as we recognise the significance of the future generation within the industry. Alongside this we support the Royal Agricultural Benevolent Institution (R.A.B.I) and local Young Farmers Clubs in all regions as our nominated charities, with donations to these organisations last year amounting to £5,912.

Additional Information and New Developments – The Board regularly monitors developments to Corporate Governance regulations and processes appropriate to entities of its size. The requirements of the new Anti Money Laundering Directive have been noted and the Company has now created a Register of People with Significant Control, although as at the date of this report, the Register contains only the prescribed statement A that "The company knows or has reasonable cause to believe that there is no registrable person or registrable relevant legal entity in relation to the company." The Group published a Tax Strategy document in October 2017 in accordance with new HMRC requirements, and the Board fully supports such disclosure principles. Data is currently being collated towards complying with the new Reporting on Payment Practise Regulations for which the Company will become obliged to comply with in 2018. System and process reviews are well under way for the implementation of the General Data Protection Regulations (GDPR) in May 2018, with all appropriate staff currently receiving initial training.

Auditor Independence

The Board is satisfied that KPMG 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 auditor, other than the statutory audit, to ensure such objectivity and independence is safeguarded.

By order of the Board

Paul Roberts
Secretary

30 January 2018

Directors' Remuneration Report

For the year ended 31 October 2017

BOARD REMUNERATION

Introductory Statement

As a Company listed on the Alternative Investment Market of the London Stock Exchange, the Company is exempt from the s420 obligation of the Companies Act 2006 to prepare a directors' remuneration report, and the s439 obligation to put a written remuneration policy to a shareholders vote once every three years. However, the Board continues to believe that it should operate to the highest corporate governance standards appropriate to companies of its size and resource availability. It is therefore pleased to provide the following voluntary information, and to refer to the details of the director's remuneration received during the year which can be found in note 9 to the Accounts which is provided in accordance with AIM Rule 19. Details of Director's current shareholdings are provided in the shareholding section of the Directors Report.

Board Remuneration Policy

All matters relating to remuneration of the Directors of the Company are determined by the Remuneration Committee whose decisions are made with a view to achieving the broad objective of rewarding individuals for the nature of their work and the contribution they make towards the Group achieving its strategic aims. Proper regard is given to the need to attract and retain high quality and motivated staff at all levels and to ensure the effective management of the business. The Committee will be cognisant of comparative pay levels after taking into account geographic location and the operations of the business.

The remuneration policy for Directors is set so as to achieve the above objectives and is broadly split into Executive and Non-Executive categories, and consists of the following components in each sub category:

Executive Directors:

Element	Purpose	Operation and Review
Basic Salary	To attract and retain effective management to implement Group strategy.	Reviewed by the Committee on an annual basis, consistent with annual reviews conducted for all other employees. The current values of individual approved salaries became effective from November 2017 and will be reviewed again in November 2018. Details of the amounts currently being received are shown in the table below. All salaries are paid monthly in arrears.
Annual Performance Bonuses	To reward delivery of pre-agreed annual financial objectives.	Individually constructed performance related schemes measured against specific criteria agreed annually. Paid in the March following the financial year to which the bonus relates, after completion of the annual audit.
Wynnstay Profit Related Pay	To encourage achievement of profit budgets within main trading subsidiaries.	Subsidiary company wide employee scheme to reward all staff with a pro-rata profit share, based on a pre-set formula explained below. Paid in the February following the announcement of the financial results for the previous year, after completion of the annual audit.
Pension and Death in Service Life Assurance	To facilitate retention and motivate effective management.	Fixed Company contributions expressed as a percentage of current basic salary for each individual paid into a personal pension scheme held in that individual's name. The death in service cover provides for four times current annual salary paid into trust, where death occurs during the term of the Director's employment contract.
Benefits in Kind	To assist Directors in the completion of their duties.	Benefits restricted to the provision of a company car and private medical insurance.
Long Term Incentive Plans	To align executive rewards with returns for shareholders and to encourage executive retention and strategic consistency.	Single fixed term schemes, generally running for a minimum period of three years, with performance related conditions, where the maximum payout is set at approximately one year's basic salary paid in shares, at the end of the scheme, based on the market value of those shares as at commencement.
Other Share Schemes	To align executive rewards with benefits available for other managers in a tax efficient manner.	HMRC Approved tax efficient share schemes as offered to other employees which are also made available to executive directors on the same periodic basis. These include discretionary Company Share Option Plans (CSOP) and eligible Save As You Earn plans (SAYE).

The executive director's remuneration terms are detailed in individual contracts of employment and associated amendment documentation, which amongst other points contain standard details as follows:

- Notice period to be given by the Company is twelve months.
- Notice period to be given by the Director is six months.
- Paid holiday entitlement of 23 days plus bank holidays, 24 days in the centenary year.
- Post employment restrictive covenants lasting twelve months.
- Standard non-compete restrictions during employment.

Directors' Remuneration Report continued

Non-Executive Directors:

Element	Purpose	Operation and Review
Basic Annual Fee	To attract and retain a balanced skill set of individuals to ensure strong stewardship and governance of the Group.	Fees are set so as to reflect the factors pertinent to respective positions, taking into account the anticipated amount of time commitment, and comparative rates paid by other companies of a similar size. The Non-Executive Directors do not participate in share option awards, performance bonuses or pension arrangements. Fees are reviewed by the Remuneration Committee on an annual basis.
Travelling Expenses	To reimburse legitimately incurred costs of attending necessary Board and associated meetings.	Pre-set rates used to reimburse mileage, travel, accommodation and other incurred expenses in line with those used for other employees.
Medical Insurance Benefit in Kind	To assist Directors in the completion of their duties.	Benefits restricted to the provision of private medical insurance for those Directors who do not have alternative arrangements in place.

The non-executive director's remuneration terms are detailed in individual letters of appointment, which amongst other points contain standard details as follows:

- Initial appointment for a period of twelve months.
- Renewal of appointment for a fixed period of three years after initial twelve months.
- Post employment restrictive covenants lasting twelve months.

REMUNERATION REPORT

Executive Director Remuneration

During the year the Board carried out a business review process, particularly with regard to future human resource requirements to support the continued growth plans adopted for the business. This review identified that a number of senior commercial roles within the Group's main operating subsidiaries had remuneration levels that were adrift from comparative market rates. Accordingly a number of resultant amendments were made to employment contracts of the individuals conducting these roles, and the Remuneration Committee consequently reviewed the executive director pay structures and recommended increments effective from April 2017.

Therefore in line with the above policy, the Remuneration Committee have approved the following details of executive director remuneration:

- Basic Salaries. A current annual salary effective from November 2017, is shown in the table below in column A. The previous annual salary effective up to April 2017 is shown in column B, with the actual amounts received during the last financial year is shown in column C.

Bonuses	Column A	Column B	Column C
Executive Director	Current Basic Salary £000's	Previous Basic Salary £000's	Actual Salary Received Nov 16 – Oct 17 £000's
K R Greetham	147	145	145
B P Roberts	121	106	114
D A T Evans	107	91	99

- Annual Performance Bonuses and Profit Related Pay. The contractual bonus schemes for Mr K R Greetham and Mr B P Roberts are based on a fixed percentage of the Group pre-tax Profit, which includes the Group's share of pre-tax profits from joint ventures and associate investments. The scheme for Mr D A T Evans is based on a fixed percentage of the pre-tax Profit of Wynnstay (Agricultural Supplies) Limited. The respective bonus percentages, and the payments made for the financial year ending October 2016 are shown in the table opposite in columns A and B respectively. The Executive Directors also participate in the Wynnstay Profit Related Pay Scheme, ("PRP") which is a scheme for employees of Wynnstay Group Plc and Grainlink Limited and which pays an annual bonus based on a formula which produces a percentile result which is then applied to the relevant individual's prior year earnings. The formula calculation is the aggregate of the pre-tax profit of Wynnstay (Agricultural Supplies) Limited and Grainlink Limited divided by the aggregate of the combined revenues, adjusted for a commodity inflationary index, and subject to a limiting factor preventing the total paid under the scheme from exceeding 10% of the profits of the participating companies. The relevant rate for 2016, paid in February 2017, was 2.9% (2016: 3.6%), with the actual PRP paid to each individual executive shown in Column C opposite. The anticipated rate for 2017 relating to the last financial year is 3.0% of relevant earnings.

Bonuses	Column A	Column B	Column C
Executive Director	Annual bonus %	Bonus received Mar 17 £000's	PRP received Feb 17 £000's
K R Greetham	0.750%	54	6
B P Roberts	0.550%	40	5
D A T Evans	0.750%	38	4

- The impact of the charges relating to the discontinuation of the Just for Pets Limited business will be reflected in the bonus calculations of the Chief Executive and Finance Director for the year ending October 2017, which are due for payment in March 2018.

- Pension and death in service life cover. Individual Company contributions to personal pension plans are based on the value of the Executive Directors' basic salary only. The annual defined Company contributions to a personal pension scheme held in the individual's name, expressed as a percentage of salary, and the amounts paid on behalf of each individual during the last financial year, are shown in the table below under column A and column B respectively. The death in service life assurance cover is provided in a Group policy covering all members, with individual costs attributed to separate members being unavailable. However the scheme to which all three of the executive directors belong had a total renewal cost at November 2016 of £76,586 (2015: £72,523), and there were 607 (2015: 550) members covered, equating to an average cost of £126 per person (2015: £132).

Pension	Column A	Column B
Executive Director	Pension %	Pension Contribution £000's
K R Greetham	9.6%	14
B P Roberts	9.6%	10
D A T Evans	6.5%	6

- Benefits in kind. Each Executive Director is supplied with a company car, primarily for the furtherance of their duties. However these vehicles are available for the Executive's private use and as such have a taxable benefit in kind value calculated in accordance with HMRC rules. These values for the tax year ending April 2017 are shown in the table below in column A. Executives refund the cost of fuel they use for private motoring on a monthly basis. Additionally the Company pays the cost of providing private medical insurance for the Executives to ensure that should they require treatment this is provided as quickly as possible, and minimises any period of potential absence from their duties. The cost to the Company of this cover for each individual in 2016 is shown below in column B.

Benefits in kind	Column A	Column B
Executive Director	Company Car Value	Private Medical Cover
K R Greetham	£11,046	£761
B P Roberts	£9,279	£761
D A T Evans	£9,412	£761

- Long Term Incentives. The Remuneration policy allows for a single long term incentive plan to be in place at any one time, with a targeted overall maximum financial gain, over the life of the scheme, approximating to one years basic salary as at the beginning of the scheme, for a 100% achievement of the performance criteria. The current long term incentive scheme matured in October 2017, having been implemented for Executive Directors in October 2014 in line with the policy criteria outlined above. The scheme was structured as a Long Term Performance Related Unapproved Share Option Scheme, with options being exercisable within a six month period commencing on the third anniversary of the grant date, providing the performance conditions have been satisfied. The performance conditions related to the earnings per share ("EPS") and market capitalisation ("MC") of the Group as at October 2017, with the minimum successful achievement required for any options to be exercisable being an EPS of 36p and a MC of £110m.

Directors' Remuneration Report continued

As the MC of the Group at the close of business on the 31st October 2017 was £97.8m, the minimum performance condition for this scheme was not achieved, and as such, a nil award was receivable, and no benefits will be obtained by any participant.

In line with the Policy above, to have a single long term incentive plan in place at any one time, the Remuneration Committee intend to introduce a new scheme for executive directors and certain other senior managers soon, but as at the date of this report, this had not yet been effected. Therefore the number of current options under this element of the Remuneration Policy held by executive directors is shown as nil in the table below :

Share Option Table	LTIP Schemes	Other Outstanding Options	
Executive Director	Maximum Award	SAYE	CSOP
	No. of Options	No. of Options	No. of Options
K R Greetham	Nil	6,425	8,000
B P Roberts	Nil	2,806	8,000
D A T Evans	Nil	3,243	8,000

- Other Share Schemes. The executive directors participate in the discretionary Approved Company Share Option Plan (CSOP), which is a tax efficient scheme providing the opportunity to hold up to £30,000 of option value, which, if the scheme rules and legislation are complied with, can be exercised free of income tax liability for the holder. The current outstanding options are shown in the table above, and are exercisable up to March 2022 without any performance criteria attached to them. Additionally the current Executive Directors are eligible to participate in Save As You Earn (SAYE) option invitations, subject to the scheme and legislative limitations. Such options held by the Executive Directors, as at October 2017 are shown in the table above, and again do not have any performance criteria attached to them. Depending on the particular scheme, they are exercisable between September 2017 and January 2022, with further details provided in the Director's Report on page 32 and in note 9 to the accounts. During the year Mr B P Roberts exercised 1,323 options at a price of £3.40 per share following the maturity of an existing Save As You Earn scheme.

Non-Executive Director Remuneration

The remuneration of the Non-Executive Directors, is and has been paid in accordance with the policy outlined above and has been set so as to reflect the factors pertinent to their respective positions. Details of the amounts received during the last financial year and the current levels of Basic Annual Fees being paid are given in the table below:

Non-Executive Director	Financial Year ending Oct 2017			2017 / 2018	
	Basic Fee £000's	Benefits in kind £000's	Travelling Expenses £000's	Current Basic Fee £000's	Benefits in kind £000's
J J McCarthy	50	-	1	50	-
P M Kirkham	34	1	1	34	1
S J Ellwood	34	-	1	34	-
H J Richards	34	1	1	34	1

P M Kirkham
Vice-Chairman and Chairman of Remuneration Committee

30 January 2018

Independent auditor's report

to the members of Wynnstay Group Plc

For the year ended 31 October 2017

1. Our Opinion is Unmodified

We have audited the financial statements of Wynnstay Group Plc ("the Company") for the year ended 31 October 2017 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Company Balance Sheets, Consolidated and Company Statement of Changes in Equity, Consolidated and Company Cash Flow Statements, Principal Accounting Policies, and the related notes.

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 2017 and of the Group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview

Materiality group financial statements as a whole	£400k (2016: £400k) 5.0% (2016: 5.0%) of normalised group profit before tax
Coverage	5.2% (2016: 5.5%) of normalised group profit before tax

Risks of material misstatement		**vs 2016**
Recurring risk	Impairment of Goodwill and Investments	No change

KPMG

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows:

	The risk	Our response
Impairment of Goodwill and Investments (Group - Goodwill: £14.3 million; 2016: £18.1 million; Company - Investments: £13.1 million; 2016: £18.6 million). Refer to page 25 (risk management statement), page 52 (accounting policy) and page 61 (financial disclosures).	**Forecast-based valuation:** The business operates in an environment of fluctuating commodity prices, competitor activity and pressure on margins, Therefore, the Group's goodwill and parent company's investment values are at risk of irrecoverability. The estimated recoverable amounts are subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows.	Our procedures included: - **Benchmarking assumptions:** Evaluating assumptions used, in particular those relating to: i) the short and long term growth rates; ii) future changes in cash flows; and iii) the discount rates used, by comparing these with internally and externally derived data and using our own valuation specialists where applicable; - **Sensitivity analysis:** Performing breakeven analysis on the key assumptions noted above; and - **Assessing transparency:** Assessing whether the group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of goodwill.

3. Our application of materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at £400,000, determined with reference to a benchmark of group profit before tax, normalised to exclude this year's loss on discontinued operations as disclosed in note 11, of £6.6 million, of which it represents 5.2% (2016: 5.5%).

Materiality for the parent company financial statements as a whole was set at £300,000 (2016: £300,000), determined with reference to a benchmark of company net assets, of which it represents 1% (2016: 1%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £20,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

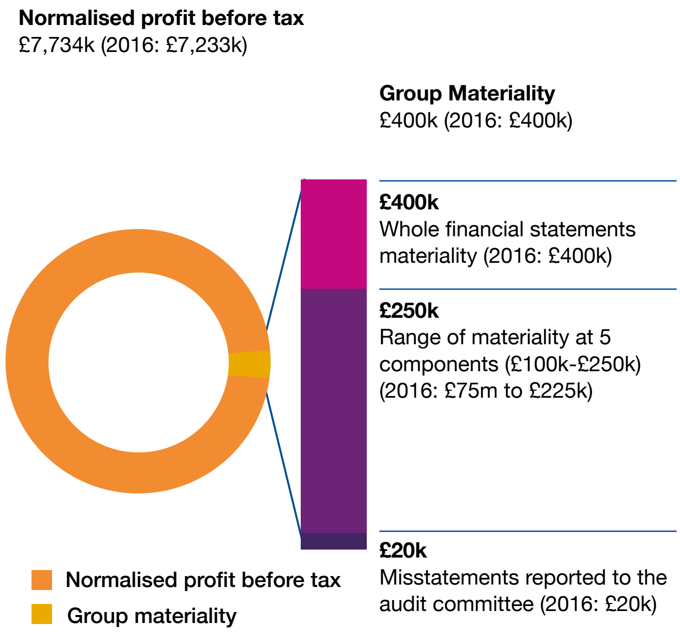
Of the group's 7 (2016: 7) reporting components, we subjected 7 (2016: 7) to full scope audits for group purposes.

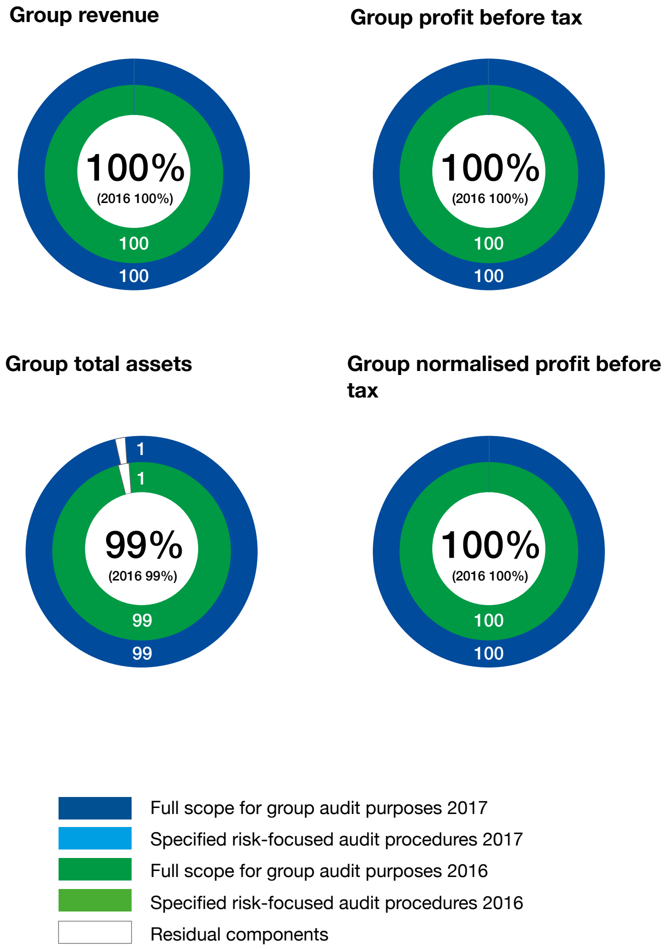
The components within the scope of our work accounted for the percentages illustrated opposite.

The remaining 1% of total group assets is represented by 5 reporting components (2016: 9), none of which contribute to group revenue or group profit before tax and none of which individually represented more than 1% of or total group assets. For these residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The work on all components, including the audit of the parent company, was performed by the Group team. The Group team applied the component materialities, which ranged from £100,000 to £250,000, having regard to the mix of size and risk profile of the Group across the components.

The group team performed procedures on the items excluded from normalised group profit before tax.





4. We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

6. We have nothing to report on the other matters on which we are required to report by exception

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

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 33, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

8. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

Will Baker
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Princes Parade
Liverpool
L3 1QH

30 January 2018

Financial Statements

Consolidated Statement of Comprehensive Income

For the year ended 31 October 2017

	Note	2017 £000	2017 £000	(Restated) 2016 £000	(Restated) 2016 £000
CONTINUING OPERATIONS					
Revenue	2		**390,724**		353,726
Cost of sales			**(337,835)**		(303,439)
Gross profit			**52,889**		50,287
Manufacturing, distribution and selling costs			**(40,009)**		(38,724)
Administrative expenses			**(5,335)**		(4,570)
Other operating income	4		**326**		364
Group operating profit before intangible amortisation, share-based payments, investment impairment and costs of corporate restructuring			**7,871**		7,357
Intangible amortisation and share-based payments			**(156)**		(78)
Group operating profit before investment impairment and costs of corporate restructuring	5		**7,715**		7,279
Investment impairment and costs of corporate restructuring			**(95)**		-
Group operating profit	6		**7,620**		7,279
Interest income	3	**66**		69	
Interest expense	3	**(219)**	**(153)**	(208)	(139)
Share of profits/losses in associates and joint ventures accounted for using the equity method	7	**267**		93	
Share of tax incurred by associates and joint ventures	7	**(70)**	**197**	(26)	67
Profit before taxation from continuing operations			**7,664**		7,207
Taxation	10		**(1,359)**		(1,436)
Profit for the year from continuing operations			**6,305**		5,771
DISCONTINUED OPERATIONS					
(Loss)/profit for the year from discontinued operations	11		**(6,586)**		58
(Loss)/profit for the year			**(281)**		5,829
Basic earnings per ordinary share (pence)					
Profit from continuing operations			**32.29**		29.71
(Loss)/profit from discontinued operations			**(33.72)**		0.30
	13		**(1.43)**		30.01
Diluted earnings per ordinary share (pence)					
Profit from continuing operations			**31.87**		29.51
(Loss)/profit from discontinued operations			**(33.29)**		0.30
	13		**(1.42)**		29.81

The prior year comparatives have been restated to reclassify the Just for Pets Limited operation discontinued during the year ended 31 October 2017 as a discontinued operation (see note 11).

The notes on pages 51 to 78 form part of these financial statements.

There was no other comprehensive income during the current and prior years.

Consolidated and Company Balance Sheet

For the year ended 31 October 2017

Registered Number 2704051

	Note	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
ASSETS					
NON-CURRENT ASSETS					
Goodwill	14	**14,266**	18,147	**-**	-
Investment property	16	**2,372**	2,372	**2,372**	2,372
Property, plant and equipment	17	**18,709**	20,535	**7,748**	7,808
Investment in subsidiaries	18	**-**	-	**12,828**	18,182
Investments accounted for using equity method	18	**3,444**	3,457	**259**	409
Intangibles	15	**95**	109	**-**	-
		38,886	44,620	**23,207**	28,771
CURRENT ASSETS					
Inventories	20	**30,056**	31,344	**-**	-
Trade and other receivables	21	**62,961**	50,316	**30,318**	30,417
Financial assets					
- loan to joint venture	19	**2,844**	2,786	**2,844**	2,786
Cash and cash equivalents	24	**8,914**	10,111	**1**	1
		104,775	94,557	**33,163**	33,204
TOTAL ASSETS		**143,661**	139,177	**56,370**	61,975
LIABILITIES					
CURRENT LIABILITIES					
Financial liabilities - borrowings	25	**(2,512)**	(2,626)	**(1,494)**	(1,528)
Trade and other payables	22	**(52,738)**	(44,750)	**(1,980)**	(2,193)
Current tax liabilities	23	**(847)**	(905)	**-**	(112)
		(56,097)	(48,281)	**(3,474)**	(3,833)
NET CURRENT ASSETS		**48,678**	46,276	**29,689**	29,371
NON-CURRENT LIABILITIES					
Financial liabilities – borrowings	25	**(1,896)**	(3,202)	**(1,111)**	(1,916)
Trade and other payables	22	**(22)**	(388)	**-**	-
Deferred tax liabilities	27	**(254)**	(358)	**-**	-
		(2,172)	(3,948)	**(1,111)**	(1,916)
TOTAL LIABILITIES		**(58,269)**	(52,229)	**(4,585)**	(5,749)
NET ASSETS		**85,392**	86,948	**51,785**	56,226
EQUITY					
Share capital	28	**4,916**	4,874	**4,916**	4,874
Share premium		**29,529**	28,848	**29,529**	28,848
Other reserves		**3,319**	2,933	**3,150**	2,764
Retained earnings		**47,628**	50,293	**14,190**	19,740
Total Equity		**85,392**	86,948	**51,785**	56,226

The financial statements were approved by the Board of Directors on 30 January 2018 and signed on its behalf.

J J McCarthy – Director

B P Roberts - Director

The notes on pages 51 to 78 form part of these financial statements.

Consolidated Statement of Changes in Equity

As at 31 October 2017

Group	Share capital £000	Share premium account £000	Other reserves £000	Retained earnings £000	Total £000
At 1 November 2015	4,848	28,439	2,890	46,678	82,855
Profit for the year	-	-	-	5,829	5,829
Total comprehensive income for the year	-	-	-	5,829	5,829
Transactions with owners of the Company, recognised directly in equity:					
Shares issued during the year	26	409	-	-	435
Own shares acquired by ESOP trust	-	-	(20)	-	(20)
Dividends	-	-	-	(2,214)	(2,214)
Equity settled share-based payment transactions	-	-	63	-	63
Total contributions by and distributions to owners of the Company	26	409	43	(2,214)	(1,736)
At 31 October 2016	4,874	28,848	2,933	50,293	86,948
Loss for the year	-	-	-	(281)	(281)
Total comprehensive loss for the year	**-**	**-**	**-**	**(281)**	**(281)**
Transactions with owners of the Company, recognised directly in equity:					
Shares issued during the year	**42**	**681**	**-**	**-**	**723**
Own shares disposed of by ESOP trust	**-**	**-**	**244**	**-**	**244**
Dividends	**-**	**-**	**-**	**(2,384)**	**(2,384)**
Equity settled share-based payment transactions	**-**	**-**	**142**	**-**	**142**
Total contributions by and distributions to owners of the Company	**42**	**681**	**386**	**(2,384)**	**(1,275)**
At 31 October 2017	**4,916**	**29,529**	**3,319**	**47,628**	**85,392**

The notes on pages 51 to 78 form part of these financial statements

There was no other comprehensive income during the current and prior years.

Company Statement of Changes in Equity

As at 31 October 2017

Company	Share capital £000	Share premium account £000	Other reserves £000	Retained earnings £000	Total £000
At 1 November 2015	4,848	28,439	2,721	20,755	56,763
Profit for the year	-	-	-	1,199	1,199
Total comprehensive income for the year	-	-	-	1,199	1,199
Transactions with owners of the Company, recognised directly in equity:					
Shares issued during the year	26	409	-	-	435
Own shares acquired by ESOP trust			(20)		(20)
Dividends	-	-	-	(2,214)	(2,214)
Equity settled share-based payment transactions	-	-	63	-	63
Total contributions by and distributions to owners of the Company	26	409	43	(2,214)	(1,736)
At 31 October 2016	4,874	28,848	2,764	19,740	56,226
Loss for the year	-	-	-	(3,166)	(3,166)
Total comprehensive loss for the year	**-**	**-**	**-**	**(3,166)**	**(3,166)**
Transactions with owners of the Company, recognised directly in equity:					
Shares issued during the year	**42**	**681**	**-**	**-**	**723**
Own shares disposed of by ESOP trust	**-**	**-**	**244**	**-**	**244**
Dividends	**-**	**-**	**-**	**(2,384)**	**(2,384)**
Equity settled share-based payment transactions	**-**	**-**	**142**	**-**	**142**
Total contributions by and distributions to owners of the Company	**42**	**681**	**386**	**(2,384)**	**(1,275)**
At 31 October 2017	**4,916**	**29,529**	**3,150**	**14,190**	**51,785**

The notes on pages 51 to 78 form part of these financial statements.

There was no other comprehensive income during the current and prior years.

Consolidated and Company Cash Flow Statement

As at 31 October 2017

	Note	Group 2017 £000	Group (Restated) 2016 £000	Company 2017 £000	Company 2016 £000
Cash flows from operating activities					
Cash generated from continuing operations	37	**6,053**	8,477	**538**	2,748
Interest received		**66**	69	**-**	-
Interest paid		**(219)**	(208)	**-**	-
Tax paid		**(1,496)**	(1,315)	**(93)**	(18)
Net cash flows from operating activities in continuing operations		**4,404**	7,023	**445**	2,730
Net cash generated from operating activities in discontinued operations		**282**	388	**-**	-
Net cash generated from operating activities		**4,686**	7,411	**445**	2,730
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**177**	223	**-**	-
Purchase of property, plant and equipment		**(2,018)**	(2,140)	**(239)**	(112)
Proceeds on sale of investments		**150**	290	**150**	190
Disposal of subsidiarity, net cash disposed of		**(678)**	-	**-**	-
Purchase of intangibles		**-**	(3)	**-**	-
Own shares acquired by ESOP trust		**-**	(20)	**-**	(20)
Own shares disposed of by ESOP trust		**244**	-	**244**	-
Dividends received		**-**	-	**1,900**	1,100
Net cash used by investing activities in continuing operations		**(2,125)**	(1,650)	**2,055**	1,158
Net cash used in investing activities in discontinued operations		**(36)**	(607)	**-**	-
Net cash used by investing activities		**(2,161)**	(2,257)	**2,055**	1,158
Cash flows from financing activities					
Net proceeds from the issue of ordinary share capital		**723**	435	**723**	435
Finance lease principal repayments		**(1,152)**	(835)	**-**	-
Repayment of borrowings		**(896)**	(2,162)	**(839)**	(2,109)
Dividends paid to shareholders		**(2,384)**	(2,214)	**(2,384)**	(2,214)
Net cash used in financing activities in continuing operations		**(3,709)**	(4,776)	**(2,500)**	(3,888)
Net cash used in financing activities in discontinued operations		**(13)**	(14)	**-**	-
Net cash used in financing activities		**(3,722)**	(4,790)	**(2,500)**	(3,888)
Net (decrease)/increase in cash and cash equivalents		**(1,197)**	364	**-**	-
Cash and cash equivalents at the beginning of the period		**10,111**	9,747	**1**	1
Cash and cash equivalents at the end of the period		**8,914**	10,111	**1**	1

The notes on pages 51 to 78 form part of these financial statements.

Principal Accounting Policies

General Information

Wynnstay Group Plc has a number of operations. These are described in the segmental analysis in note 2.

Wynnstay Group Plc is a company incorporated and domiciled in the United Kingdom. The address of its registered office is shown on page 27. The Company has its primary listing on AIM, part of the London Stock Exchange.

Accounting Policies

The Group's principal accounting policies adopted in the preparation of these financial statements are set out below.

Basis of preparation

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (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 under the historical cost convention other than certain assets which are at deemed cost under the transition rules, share-based payments which are included at fair value and certain financial instruments which are explained in the relevant section below. A summary of the material Group accounting policies is set out below and have been applied consistently.

Prior year figures in the consolidated income statement and related notes have been restated to present separately amounts relating to operations classified as discontinued in the current year. For details, see note 11.

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.

Going concern

As highlighted in note 24 to the financial statements, the Group meets its day to day working capital requirements through the use of cash balances and overdraft facilities which are due for review on an annual basis. The current economic conditions create uncertainty, particularly over: (a) the level of demand for the Group's products; (b) the exchange rate between sterling and the US dollar which has consequences for the cost of the Group's raw materials; and (c) the availability of bank finance in the foreseeable future.

The Group's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the Group should be able to operate within the level of its current cash balances and debt facilities. These debt facilities consist of term and revolving credit loans, with an average maturity of three years and overdraft facilities scheduled for review, as usual, in April 2018. No matters have been drawn to the Group's attention by its bankers to suggest that the facilities or the existing overdraft arrangements may not be forthcoming.

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 associates and joint ventures. Subsidiaries are entities controlled by the Group. Control is achieved where the Group is exposed to, or has the rights to, variable returns through its power over the entity. 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 and are excluded from the date of disposal. The 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 and are excluded from the date of disposal. 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.

Agriculture

Revenue from the sale of goods is recognised when the Group has transferred the significant risks and rewards of ownership of goods to the buyer, for example, delivering products into the customer's possession, and when the amount of revenue can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the Group.

Retail

Revenue from the sale of goods is recognised either at the point of sale through the till or when the Group has transferred the significant risks and rewards of ownership of goods to the buyer, for example, delivering products into the customer's possession, and when the amount of revenue can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the Group.

Discontinued operations

Where an asset or group of assets (a disposal group) is available for immediate sale and the sale is highly probable and expected to occur within one year then the disposal group is classified as held for sale. The disposal group is measured at the lower of the carrying amount and fair value less costs to sell. Depreciation is not charged on such assets.

Where a group of assets that comprises operations that can be clearly distinguished operationally and for financial reporting purposes from the rest of the group (a component), has been disposed of or classified as held for sale, and it:

- represents a separate major line of business or geographical area of operations; or
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale;

then the component is classified as a discontinued operation.

In respect of Just for Pets Limited, the administration event causes a loss of control of that entity and is therefore accounted for as a disposal.

Non-recurring items

Non-recurring items that are material by size and/or by nature are disclosed on the face of the consolidated statement of comprehensive income and within a note to the financial statements as "exceptional items". Management consider that the separate disclosure of non-recurring items helps provide a better indication of the Group's underlying business performance.

Principal Accounting Policies continued

Financial instruments

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

Trade receivables

Trade and other receivables are recognised at fair value, less any impairment losses.

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.

Interest-bearing borrowings

Interest-bearing bank loans and overdrafts are initially recorded at fair value, net of attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between proceeds and redemption value being recognised in the Group Statement of Consolidated Income over the period of the borrowings on an effective interest basis.

Financial Guarantees

The Group enters into financial guarantees with its subsidiaries. These guarantees are accounted for as insurance contracts.

Trade payables

Trade and other payables are recognised at fair value.

Equity instruments

Equity instruments issued by the Group and/or Company 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 and/or Company after deducting all of its liabilities.

Derivative financial instruments and hedging

The Group uses derivative financial instruments to hedge its exposure to foreign exchange, and commodity risks arising from day to day activities. The Group does not hold or issue derivative financial instruments for trading purposes, however, if derivatives do not qualify for hedge accounting they are accounted for as such.

Derivative financial instruments are recognised and stated at fair value. Where derivatives do not qualify for hedge accounting, any gains or losses on re-measurement are immediately recognised in the Group Statement of Consolidated Income. Where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedge relationship and the item being hedged. In order to qualify for hedge accounting, the Group is required to document from inception the relationship between the item being hedged and the hedging instrument. The Group is also required to document and demonstrate an assessment of the relationship between the hedged item and the hedging instrument, which shows that the hedge will be highly effective on an ongoing basis. This effectiveness testing is performed at each period end to ensure that the hedge remains highly effective.

Derivative financial instruments with maturity dates of more than one year from the balance sheet date are disclosed as non-current.

Fair value hedging

Derivative financial instruments are classified as fair value hedges when they hedge the Group's exposure to changes in the fair value of a recognised asset or liability. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Group Statement of Comprehensive Income together with any changes in the fair value of the hedged item that is attributable to the hedged risk.

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 Group Statement of Comprehensive Income over the period of the lease. Rentals paid under operating leases are charged to the Group 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.

Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value.

Any gain or loss arising from the change in fair value is recognised in profit and loss. Rental income from investment property is accounted for on a receivable 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 less estimated residual value 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 and 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 Group 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 considered for each 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 Group Statement of Comprehensive Income as they are incurred, in accordance with the rules of the scheme.

Inventories

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 Group Statement of Comprehensive Income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. 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. The movements in respect of equity-settled share-based payments are recognised in other reserves.

Investments

Investments held as fixed assets are shown at cost less provisions for 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 Group Statement of Comprehensive Income.

Employee share ownership trust

The Company operates an employee share ownership trust it is accounted for as a separate entity, and therefore 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:

Application of the "own use" exemption

Forward contracts are entered into by the Group to purchase and/or sell grain and other agricultural commodities, and management judge that these forward commodity contracts are entered into for the Groups "own use" rather than as trading instruments when they are entered into. They continue to be held in accordance with the Group's expected purchase, sale and/or usage requirements.

Valuation of share-based payments

The fair value of share-based payments is determined using valuation models and is charged to the Group 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.

Principal Accounting Policies continued

New standards and interpretations

There have been a number of minor changes to standards which became applicable for the year ended 31 October 2017, none of which have been assessed as having a significant impact on the Group.

The following adopted IFRSs have been issued but have not yet been applied by the Group in these financial statements.

	EU effective date for accounting periods commencing on or after
New or amendments to existing standards	
Amendments to IAS 7: Disclosure Initiative	1 January 2017
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
IFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendment to IFRS 4 'Insurance contracts' regarding the implementation of IFRS 9 'Financial instruments'	1 January 2018
IFRS 9 Financial Instruments	1 January 2018
IFRS 16 Leases	1 January 2019
IFRS 17 Insurance Contracts	1 January 2019

It is considered that the above standards and amendments, with the exception of IFRS 9 'Financial Instruments' and IFRS 16 'Leases', will not have a significant effect on the results or net assets of the Group or Company.

IFRS 15 'Revenue from Contracts with Customers', is effective for accounting periods beginning on or after 1 January 2018, and will therefore first apply to the Group in the year ending 31 October 2019. The Group has assessed its income streams using the five stage revenue recognition model and agent versus principal considerations and preliminary conclusions are that the Group results and net assets will not be materially impacted by this standard.

IFRS 9, 'Financial instruments', is effective for accounting periods beginning on or after 1 January 2018, and will therefore first apply to the Group in the year ending 31 October 2019. IFRS 9 requires entities to provide for possible future credit losses on loans and receivables, including trade receivables, even if it is highly likely that the loan or receivable will be fully collectible. The standard introduces an "expected credit loss" model that focuses on the risk that a loan or receivable will default rather than whether a loss has been incurred. The Group currently has material amounts of trade receivables past due and it is expected that IFRS 9 may impact the value of the provision for impairment of trade receivables. The assessment of the impact to the Group is ongoing.

IFRS 16, 'Leases', is effective for period beginning on or after 1 January 2019, and will therefore first apply to the Group in the year ending 31 October 2020. The Group is currently assessing the impact of the accounting changes that will be required; in particular, leases currently treated as operating leases such as short term property leases, and company vehicles are likely to be recorded as an asset and a lease liability. The Group is in the process of collating lease documentation.

Notes to the Financial Statements

For the year ended 31 October 2017

1. The Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form part of these approved financial statements.

2. SEGMENTAL REPORTING

IFRS 8 requires operating segments to be identified on the basis of internal financial information about the components of the Group that are regularly reviewed by the chief operating decision maker ("CODM") to allocate resources to the segments and to access their performance.

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 Agriculture, Specialist 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 segment, namely the United Kingdom.

Agriculture – Manufacturing and supply of animal feeds, fertiliser, seeds and associated agricultural products.

Specialist Retail – Supplies of a wide range of specialist products to farmers, smallholders, and pet owners.

Other – Miscellaneous operations not classified as Agriculture or Specialist Retail.

The Group disposed of Just for Pets Limited, a part of the Specialist Retail segment, on 10 October 2017 when Just for Pets Limited entered administration. The prior year segmental results have been restated to exclude the results of Just for Pets Limited from Specialist Retail, see note 11.

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.

No segment is individually reliant on any one customer.

The segment results for the year ended 31 October 2017 for continuing operations are as follows:

Year ended 31 October 2017	Agriculture £000	Specialist Retail £000	Other £000	Total £000
Revenue from external customers	**280,870**	**109,727**	**127**	**390,724**
Segment result				
Group operating profit before investment impairment and costs of corporate restructuring	3,017	4,740	(42)	7,715
Share of results of associates and joint ventures before tax	320	-	(53)	267
	3,337	4,740	(95)	7,982
Investment impairment and costs of corporate restructuring				(95)
Interest income				66
Interest expense				(219)
Profit before tax from continuing operations				7,734
Income taxes (includes tax of associates and joint ventures)				(1,429)
Profit for the year attributable to equity shareholders from continuing operations				6,305
Segment net assets	33,908	39,739	7,239	80,886
Corporate net cash (note 25)				4,506
Segment net assets after corporate net cash				85,392

Notes to the Financial Statements continued

2. SEGMENTAL REPORTING continued

The segment results for the year ended 31 October 2016 for continuing operations are as follows:

Year ended 31 October 2016 (restated)	Agriculture £000	Specialist Retail £000	Other £000	Total £000
Revenue from external customers	249,736	103,864	126	353,726
Segment result				
Group operating profit before investment impairment and costs of corporate restructuring	2,934	4,414	(69)	7,279
Share of results of associates and joint ventures before tax	72	51	(30)	93
	3,006	4,465	(99)	7,372
Interest income				69
Interest expense				(208)
Profit before tax from continuing operations				7,233
Income taxes (includes tax of associates and joint ventures)				(1,462)
Profit for the year attributable to equity shareholders from continuing operations				5,771
Segment net assets	32,173	40,538	7,104	79,815
Corporate net cash (note 25)				4,283
Segment net assets after corporate net cash				84,098

3. FINANCE COSTS

	2017 £000		(Restated) 2016 £000	
	Continuing operations	**Discontinued operations**	Continuing operations	Discontinued operations
Interest expense:				
Interest payable on borrowings	**(114)**	**-**	(95)	-
Interest payable on finance leases	**(105)**	**(3)**	(113)	(1)
Interest and similar charges payable	**(219)**	**(3)**	(208)	(1)
Interest income	**66**	**-**	69	-
Interest receivable	**66**	**-**	69	-
Finance costs	**(153)**	**(3)**	(139)	(1)

4. OTHER OPERATING INCOME

	2017 £000		(Restated) 2016 £000	
	Continuing operations	**Discontinued operations**	Continuing operations	Discontinued operations
Rental income	**326**	**22**	364	24
Other operating income	**-**	**66**	-	66
	326	**88**	364	90

5. INVESTMENT IMPAIRMENT AND COSTS OF CORPORATE RESTRUCTURING

Continuing operations	**2017 £000**	2016 £000
Investment impairment	**60**	-
Costs of corporate restructuring	**35**	-

The investment impairment relates to an accounting disposal of unlisted investments. The costs of corporate resturcturing relate to the dissolution of dormant subsidiaries.

6. GROUP OPERATING PROFIT

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

	2017 £000		(Restated) 2016 £000	
	Continuing operations	**Discontinued operations**	Continuing operations	Discontinued operations
Staff costs	**24,975**	**2,838**	24,232	2,972
Depreciation of property plant and equipment:				
- owned assets	**1,947**	**320**	1,825	316
- under finance leases	**710**	**4**	623	4
Amortisation of intangibles	**14**	**-**	15	-
(Profit) on disposal of fixed assets	**(73)**	**(8)**	(127)	(1)
Other operating lease rentals payable	**2,242**	**2,073**	1,786	1,703
Repairs and maintenance expenditure on plant, property and equipment	**1,851**	**92**	1,671	110
Trade receivables impairment	**65**	**-**	8	-

Services provided by the Group's auditor

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

	2017 £000		(Restated) 2016 £000	
	Continuing operations	**Discontinued operations**	Continuing operations	Discontinued operations
Audit services – statutory audit	**102**	**8**	85	9
Other services relating to taxation	**8**	**-**	8	-
Other services - XBRL tagging	**2**	**-**	2	-

Included in the Group audit fee are fees of £5,000 (2016: £5,000) paid to the Group's auditor in respect of the parent company. The fees relating to the parent company are borne by one of the Group's subsidiaries.

7. SHARE OF POST-TAX PROFITS /(LOSS) OF ASSOCIATES AND JOINT VENTURES

	2017 £000	2016 £000
Continuing operations		
Share of post-tax profit in associates	**17**	31
Share of post-tax profits/(loss) in joint ventures	**180**	36
Total share of post-tax profits/(loss) of associates and joint ventures	**197**	67

Notes to the Financial Statements continued

8. STAFF COSTS

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

	2017 £000		(Restated) 2016 £000	
	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
Wages and salaries	22,002	2,672	21,350	2,802
Social security costs	2,030	135	2,039	138
Pension and other costs	801	31	780	32
Cost of share-based reward	142	-	63	-
	24,975	2,838	24,232	2,972

The average number of employees, including Directors, employed by the Group during the year was as follows:

	2017 No.		(Restated) 2016 No.	
	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
Administration	99	13	90	13
Production	110	-	100	-
Sales, distribution and retail	614	227	620	243
	823	240	810	256

9. DIRECTORS' REMUNERATION

Aggregate Directors' remuneration

	2017 £000	2016 £000
Directors' emoluments	687	672
Company contributions to money purchase pension schemes	30	30
Aggregate gains made on the exercise of Approved SAYE options	2	-
	719	702

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. The following remuneration detail is provided in accordance with AIM Rule 19.

Name of Director	Basic salary £000	Benefits in kind £000	Annual bonuses £000	2017 Total £000	2016 Total £000
Executives					
K R Greetham	145	12	61	218	225
B P Roberts	114	10	45	169	165
D A T Evans	99	10	37	146	142
Non-Executives					
J J McCarthy	50	-	-	50	50
S J Ellwood	34	-	-	34	20
P M Kirkham	34	1	-	35	35
H J Richards	34	1	-	35	35
	510	34	143	687	672

9. DIRECTORS' REMUNERATION continued

	2017 No.	2016 No.
Retirement benefits are accruing to the following number of directors under:		
Money purchase pension scheme	**3**	3
	£000	£000
Contribution paid by the Group to money purchase pension schemes in respect of such directors were:		
K R Greetham	**14**	14
B P Roberts	**10**	10
D A T Evans	**6**	6
	30	30

Gains made on exercise of approved and unapproved share option schemes

	2017 £000	2016 £000
K R Greetham	**-**	-
B P Roberts	**2**	-
D A T Evans	**-**	-
	2	-

10. TAXATION

Analysis of tax charge in year **Continuing operations**	2017 £000	(Restated) 2016 £000
Current tax		
- continuing operations	**1,490**	1,677
- adjustments in respect of prior years	**(56)**	(161)
Total current tax	**1,434**	1,516
Deferred tax		
- accelerated capital allowances	**(75)**	(80)
Total deferred tax	**(75)**	(80)
Tax on profit on ordinary activities	**1,359**	1,436

Factors affecting tax charge for the year

The tax assessed for the year is lower (2016: lower) than the standard rate of corporation tax in the UK applicable to the Group 19.41% (2016: 20.00%), but after other adjustments, including for a prior year over provision, the charge to the accounts is marginally lower at 17.73% (2016: lower at 19.99%) and is explained as follows:

Continuing operations	2017 £000	(Restated) 2016 £000
Profit on ordinary activities before tax	**7,664**	7,207
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.41% (2016: 20%)	**1,488**	1,441
Effects of:		
Tax effect of share of profit of associates and joint ventures	**(38)**	(13)
Other items	**(4)**	90
Expenses not deductible for tax purposes	**36**	-
Adjustment to tax charge in respect of prior years	**(56)**	(161)
Origination and reversal of timing differences	**(67)**	79
Total tax charge for year	**1,359**	1,436

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was reflected in the tax charge for the year. Further reductions to 17% (effective 1 April 2020) were substantively enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly.

Notes to the Financial Statements continued

11. DISCONTINUED OPERATIONS

The Group disposed of Just for Pets Limited, a part of the Specialist Retail segment, on 10 October 2017 when Just for Pets Limited entered administration and on this date recognised a disposal of the assets and liabilities of Just for Pets Limited for nil consideration.

An analysis of the result of discontinued operations which have been included in the consolidated income statement, and the loss recognised on the re-measurement to fair value less costs to disposal, are as follows:

	2017	2016
	£000	£000
Revenue	**13,125**	14,417
Expenses	**(14,044)**	(14,339)
(Loss)/profit before tax of discontinued operations	**(919)**	78
Taxation	**-**	(20)
(Loss)/profit after tax of discontinued operations	**(919)**	58
Costs incurred in relation to administration of Just for Pets Limited	**(77)**	-
Group goodwill impairment charges	**(3,881)**	-
Pre-tax loss recognised on the measurement to fair value less costs to sell	**(1,709)**	-
Taxation	**-**	-
(Loss)/profit for the year from discontinued operations	**(6,586)**	58

Effect of the disposal on the financial position of the Group:

	2017
	£000
Property, plant and equipment	**(1,477)**
Inventories	**(1,715)**
Trade and other receivables	**(633)**
Cash and cash equivalents	**(678)**
Trade and other payables	**2,765**
Deferred tax liabilities	**29**
Net assets and liabilities	**(1,709)**
Net cash outflow	**(678)**

12. DIVIDENDS

	2017	2016
	£000	£000
Final dividend paid for prior year	**1,559**	1,436
Interim dividend paid for current year	**825**	778
	2,384	2,214

Subsequent to the year end it has been recommended that a final dividend of 8.40p net per ordinary share (2016: 8.00p) be paid on 30 April 2018. Together with the interim dividend already paid on 31 October 2017 of 4.20p net per ordinary share (2016: 4.00p) this would result in a total dividend for the financial year of 12.60p net per ordinary share (2016: 12.00p).

13. EARNINGS PER SHARE

	Basic earnings per share		Diluted earnings per share	
	2017	(Restated) 2016	2017	(Restated) 2016
Continuing operations Earnings attributable to shareholders (£000)	**6,305**	5,771	**6,305**	5,771
Weighted average number of shares in issue during the year (number '000)	**19,529**	19,425	**19,782**	19,557
Earnings per ordinary 25p share (pence)	**32.29**	29.71	**31.87**	29.51
Discontinued operations (Loss)/earnings attributable to shareholders (£000)	**(6,586)**	58	**(6,586)**	58
Weighted average number of shares in issue during the year (number '000)	**19,529**	19,425	**19,782**	19,557
(Loss)/earnings per ordinary 25p share (pence)	**(33.72)**	0.30	**(33.29)**	0.30

Continuing Operations

Basic earnings per 25p ordinary share from continuing operations is calculated by dividing profit for the year from continuing operations attributable to ordinary share holders by the weighted average number of ordinary shares in issue during the year.

For diluted earnings per share from continuing operations, 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.

Discontinued Operations

Basic earnings per 25p ordinary share from discontinued operations is calculated by dividing (loss)/profit for the year from discontinued operations attributable to ordinary share holders by the weighted average number of ordinary shares in issue during the year.

For diluted earnings per share from discontinued operations, 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.

Notes to the Financial Statements continued

14. GOODWILL

After initial recognition, 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.

	£000
Group	
Cost	
At 1 November 2015	19,792
Additions	3
Disposals	(11)
At 31 October 2016	19,784
Disposals	**(4,003)**
Subsidiary disposed	**(245)**
At 31 October 2017	**15,536**
Aggregate impairment	
At 1 November 2015 and 31 October 2016	1,637
Disposals	**(367)**
At 31 October 2017	**1,270**
Net book value	
At 31 October 2017	**14,266**
At 31 October 2016	18,147

Goodwill impairment

Goodwill arising on business combinations is not amortised but is reviewed for impairment on an annual basis, or more frequently if there are indications that goodwill may be impaired. Goodwill acquired in a business combination is allocated to groups of cash generating units according to the level at which management monitor that goodwill.

Recoverable amounts for cash generating units are based on the higher of value in use and fair value less costs to sell. Value in use is calculated from cash flow projections for the next 5 years using data from the Group's latest internal forecasts, the results of which are reviewed by the Board.

The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected changes in margins. Management estimate discount rates using pre-tax rates that reflect the current market assessment of the time value of money and the risks specific to the cash generating units. Changes in selling prices and direct costs are based on past experience and expectations of future changes in the market. Given the current economic climate, a sensitivity analysis has been performed in assessing the recoverable amounts of goodwill.

In October 2017 and 2016 impairment reviews were performed by comparing the carrying value of goodwill with the recoverable amount of the cash generating units to which goodwill has been allocated.

Goodwill is allocated to specific cash generating units ("CGUs") as it arises.

The Group has a number of CGUs in both the Agriculture and the Specialist Retail sectors. The carrying amount of goodwill allocated to the Agriculture CGUs is £7,776,514 (2016: £7,774,010), and to Specialist Retail is £6,489,577 (2016: £10,384,145).

The pre-tax discount rates used to calculate value in use were 9% (2016: 9% - 12%) for Agriculture and 9% (2016: 9% - 12%) for Specialist Retail. These discount rates are derived from the Groups weighted average cost of capital and adjusted for the specific risks relating to each CGU.

The forecasts are extrapolated based on estimated long term average growth rates of 2.7% (2016: 1% - 3%) for both Agriculture and Specialist Retail.

The Directors have considered the sensitivity to key assumptions and the majority of the Group's impairment tests have significant headroom. However, two CGUs contain reasonably possible changes in key assumptions which could have a material impact on the carrying value of goodwill which therefore require disclosure.

14. GOODWILL continued

Goodwill is allocated to these CGUs as follows:

	2017	2016
GrainLink	**4,206**	4,206
Woodheads	**2,389**	2,389

The recoverable amount of these CGUs are based upon their value in use, determined by discounting future cashflows to be generated from the continuing use for the CGU. The estimated value in use exceeded the carrying value by approximately £485,248 for Grainlink and £38,324 for Woodheads. The key assumptions used in the estimation of the recoverable amounts are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data and future forecasts from both internal and external sources.

Grainlink	2017	2016
Discount rate	**9.0%**	9.0%
Terminal value growth rate	**2.7%**	2.33%
Budgeted EBIT	**Increase of £122k in year 2 followed by 1% growth in years 3-5**	3.0%
Woodheads		
Discount rate	**9.0%**	9.0%
Terminal value growth rate	**2.7%**	2.5%
Budgeted EBIT growth rate (average of next 5 years)	**3.5%**	3.0%

Management have prepared the discounted future cashflows on a basis which they believe is achievable, however there are a range of reasonably possible changes to the assumptions, some of which may indicate a potential impairment. Specifically, detrimental changes in any of the three individual key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amounts by which these key assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	Change required for carrying amount to be equal to recoverable amount	
Grainlink	**2017**	2016
Discount rate	**0.4**	1.0
Terminal value growth rate	**(0.5)**	(1.3)
Budgeted EBIT growth rate (average of next 5 years)	**(2.3)**	(4.2)
Woodheads		
Discount rate	**0.1**	0.9
Terminal value growth rate	**(0.1)**	(1.1)
Budgeted EBIT growth rate (average of next 5 years)	**(0.3)**	(5.9)

Notwithstanding the above sensitivities, the Directors are satisfied that they have applied reasonable and supportable assumptions based on their best estimate of the range of future economic conditions that are forecast and consider that an impairment is not required in the current year, however the position will be monitored on a regular basis.

15. INTANGIBLE ASSETS

Group	**£000**
Cost	
Balance as at 1 November 2016 and 31 October 2017	145
Aggregate amortisation	
Balance as at 1 November 2016	36
Amortisation charge for the period	14
At 31 October 2017	**50**
Net book value	
At 31 October 2017	**95**
At 31 October 2016	109

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16. INVESTMENT PROPERTY

	£000
Group	
Fair value	
At 1 November 2016 and 31 October 2017	**2,372**
Company	
At 1 November 2016 and 31 October 2017	**2,372**

Investment property relates to a redeveloped property in Pwllheli, the Group continues to actively market the property.

The Directors have determined the fair value of the investment property at the year end, this is with reference to market evidence. The amount of rent receivable from the Investment property was £198,100 (2016: £216,944).

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings £000	Freehold land and buildings £000	Plant, machinery and office equipment £000	Motor vehicles £000	Total £000
Group					
Cost					
At 1 November 2015	1,145	13,218	21,995	7,452	43,810
Additions	75	112	2,398	1,390	3,975
Disposals	-	-	(209)	(1,099)	(1,308)
Reclassification	-	-	(438)	438	-
At 31 October 2016	1,220	13,330	23,746	8,181	46,477
Additions	89	239	1,267	1,141	2,736
Disposals	-	-	(188)	(734)	(922)
Disposal of subsidiary	(723)	-	(4,149)	(106)	(4,978)
At 31 October 2017	**586**	**13,569**	**20,676**	**8,482**	**43,313**
Depreciation					
At 1 November 2015	576	4,324	14,626	4,860	24,386
Charge for the year	25	337	1,283	1,123	2,768
On disposals	-	-	(206)	(1,006)	(1,212)
At 31 October 2016	601	4,661	15,703	4,977	25,942
Charge for the year	55	312	1,393	1,221	2,981
On disposals	-	-	(146)	(672)	(818)
Disposal of subsidiary	(563)	-	(2,875)	(63)	(3,501)
At 31 October 2017	**93**	**4,973**	**14,075**	**5,463**	**24,604**
Net book value					
At 31 October 2017	**493**	**8,596**	**6,601**	**3,019**	**18,709**
At 31 October 2016	619	8,669	8,043	3,204	20,535

The net book value of plant and machinery and motor vehicles above includes amounts of £1,937,682 (2016: £3,680,951) representing assets held under finance leases.

17. PROPERTY, PLANT AND EQUIPMENT continued

Company	Freehold land and buildings £000	Total £000
Cost		
At 1 November 2015	11,991	11,991
Additions	112	112
At 31 October 2016	12,103	12,103
Additions	239	239
At 31 October 2017	12,342	12,342
Depreciation		
At 1 November 2015	4,007	4,007
Charge for the year	288	288
At 31 October 2016	4,295	4,295
Charge for the year	299	299
At 31 October 2017	4,594	4,594
Net book value		
At 31 October 2017	7,748	7,748
At 31 October 2016	7,808	7,808

Notes to the Financial Statements continued

18. FIXED ASSET INVESTMENTS

	Joint ventures £000	Associates £000	Other unlisted investments £000	Total £000
Group				
Cost				
At 1 November 2015	2,873	721	182	3,776
Share of profit or investment income	36	31	-	67
Disposal	(290)	-	-	(290)
At 31 October 2016	2,619	752	182	3,553
Share of profit or investment income	180	17	-	197
Disposal	(150)	-	-	(150)
Impairment	-	-	(60)	(60)
Transfers	(33)	19	14	-
At 31 October 2017	**2,616**	**788**	**136**	**3,540**
Provision for impairment				
At 1 November 2015, 31 October 2016 and 31 October 2017	**69**	**-**	**27**	**96**
Net book value				
At 31 October 2017	**2,547**	**788**	**109**	**3,444**
At 31 October 2016	2,550	752	155	3,457

	Share in group undertakings £000	Joint ventures £000	Associates £000	Other unlisted investments £000	Total £000
Company					
Cost					
At 1 November 2015	18,182	620	48	-	18,850
Disposal	-	(190)	-	-	(190)
At 31 October 2016	18,182	430	48	-	18,660
Disposal	(5,354)	(150)	-	-	(5,504)
At 31 October 2017	**12,828**	**280**	**48**	**-**	**13,156**
Provision for impairment					
At 1 November 2015	-	69	-	-	69
At 31 October 2016 and 31 October 2017	-	**69**	**-**	**-**	**69**
Net book value					
At 31 October 2017	**12,828**	**211**	**48**	**-**	**13,087**
At 31 October 2016	18,182	361	48	-	18,591

19. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

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	Registered office address
Glasson Group (Lancaster) Limited	100	Holding company	West Quay, Glasson Dock, Lancaster, Lancs, LA2 0DB
Glasson Grain Limited	100	Feed and Fertiliser merchant	West Quay, Glasson Dock, Lancaster, Lancs, LA2 0DB
Wynnstay (Agricultural Supplies) Limited	100	Agricultural merchant	Eagle House, Llansantffraid Ym Mechain, Powys, SY22 6AQ
Woodheads Seeds Limited	100	Seed merchants	Eagle House, Llansantffraid Ym Mechain, Powys, SY22 6AQ
Youngs Animal Feeds Limited	100	Equine and pet products distributor	Eagle House, Llansantffraid Ym Mechain, Powys, SY22 6AQ
Grainlink Limited	100	Grain merchant	Eagle House, Llansantffraid Ym Mechain, Powys, SY22 6AQ
Wrekin Grain Limited	100	Dormant company	Eagle House, Llansantffraid Ym Mechain, Powys, SY22 6AQ
Eifionydd Farmers Limited	100	Dormant company	Eagle House, Llansantffraid Ym Mechain, Powys, SY22 6AQ
Shropshire Grain Limited	100	Dormant company	Eagle House, Llansantffraid Ym Mechain, Powys, SY22 6AQ
Welsh Feed Producers Limited	100	Dormant company	Eagle House, Llansantffraid Ym Mechain, Powys, SY22 6AQ
Banbury Farm and General Supplies Limited	100	Dormant company	Eagle House, Llansantffraid Ym Mechain, Powys, SY22 6AQ

Investments in the subsidiaries listed above are held directly by Wynnstay Group Plc, with the exception of the following which are direct subsidiaries of the respective following companies:

Glasson Group (Lancaster) Limited
Glasson Grain Limited

Youngs Animal Feeds Limited
Eifionydd Farmers

During the year, the following dormant subsidiaries were dissolved:

Westhope Livestock Supplies Limited
MVZ Farm Supplies Limited
Wynnstay Country Farmstock Limited
PSB (Country Supplies) Limited

During the year, Just for Pets Limited entered administration and hence is no longer a subsidiary, refer to note 11 for more details.

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	Registered office address
Wyro Developments Limited	50% - Ordinary	Property development	Eagle House, Llansantffraid Ym Mechain, Powys, SY22 6AQ
Bibby Agriculture Limited	50% - Ordinary 50% - Preference	Distribution of compound animal feeds	Old Croft, Stanwix, Carlisle, Cumbria, United Kingdom, CA3 9BA
Total Angling Limited	50% - Ordinary	Retailer of angling products	Eagle House, Llansantffraid Ym Mechain, Powys, SY22 6AQ
Fertlink Limited	50% - Ordinary	Fertiliser blending	Cavendish Wharf, Duke Street, Birkenhead, Merseyside, CH41 1HN

Investments in joint ventures listed above are held directly by Wynnstay Group Plc, with the exception of Fertlink Limited which is a joint venture with Glasson Grain Limited.

Joint ventures are accounted for using the equity method.

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

	2017 £000	2016 £000
Non-current assets	**922**	985
Current assets	**5,802**	5,987
Current liabilities	**(4,192)**	(4,531)
Non-current liabilities	**(8)**	(81)
NET ASSETS	**2,524**	2,360

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19. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES continued

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

	2017 £000	2016 £000
Revenue	**20,247**	19,665
Expenses	**(20,002)**	(19,611)

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

	2017 £000	2016 £000
Group's share of joint ventures profit before tax	**245**	54

Principal associates

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

Company name	Interest	Nature of business	Registered office address
Wynnstay Fuels Limited	40%	Supply of petroleum products	Eagle House, Llansantffraid Ym Mechain, Powys, SY22 6AQ
Celtic Pride Limited	33.3%	Production and marketing of premium welsh beef	Castell Howell Foods Ltd, Celtic Pride Ltd Cross Hands Food Park, Cross Hands, Llanelli, Carmarthenshire, Wales, SA14 6SX

Summarised financial information in respect of the Group's associates are as follows:

	2017 £000	2016 £000
Total assets	**3,901**	2,843
Total liabilities	**(1,984)**	(1,085)
Net assets	**1,917**	1,758
Group's share of associates' net assets	**760**	703
Total revenue	**15,463**	11,086
Profit for the period	**55**	98
Group's share of associates' profit before tax	**22**	39

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 2017
Wynnstay Fuels Limited	31 December 2016
Bibby Agriculture Limited	31 August 2017
Fertlink Limited	31 October 2017
Total Angling Limited	31 October 2017
Celtic Pride Limited	31 January 2017

IAS 27 "Consolidated and separate financial statements" and IAS 28 "Investments in Associates" require the use of accounting periods within three 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 and Celtic Pride Limited. In the opinion of the Directors there is no material effect on the reported figures as a result of this departure.

19. 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:

	Company 2017 £000	Company 2016 £000
Transactions and balances with subsidiaries		
Amounts due from subsidiary undertakings:		
Trade receivables	**-**	-
Amounts due to subsidiary undertakings:		
Trade payables	**-**	-
Transactions reported in the statement of comprehensive income:		
Income received	**298**	-
Purchases	**298**	-

Transactions and balances with associates	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Amounts due from associated undertaking:				
Trade receivables	**7**	4	**-**	-
	7	4	**-**	-
Amounts due to associated undertaking:				
Trade payables	**24**	24	**-**	-
	24	24	**-**	-
Transactions reported in the statement of comprehensive income:				
Revenue	**19**	19	**-**	-
Purchases	**375**	346	**-**	-

Transactions and balances with joint ventures	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Amounts due from joint ventures:				
Trade receivables	**8,671**	2,680	**-**	-
Loans	**2,844**	2,786	**2,844**	2,786
	11,515	5,466	**2,844**	2,786
Amounts due to joint ventures:				
Trade payables	**2,278**	41	**-**	-
	2,278	41	**-**	-
Transactions reported in the statement of comprehensive income:				
Revenue	**21,236**	10,575	**-**	-
Purchases	**13,700**	5,000	**-**	-
Income received	**58**	58	**-**	-

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.

Notes to the Financial Statements continued

20. INVENTORIES

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Raw materials and consumables	**4,098**	3,773	**-**	-
Finished goods and goods for resale	**25,958**	27,571	**-**	-
	30,056	31,344	**-**	-

21. TRADE AND OTHER RECEIVABLES

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Current				
Trade receivables	**60,658**	47,456	**-**	-
Amounts owed by group undertakings	**-**	-	**30,317**	30,417
Other receivables	**2,146**	2,615	**-**	-
Current tax asset	**-**	-	**1**	-
Fair value of derivatives	**157**	245	**-**	-
	62,961	50,316	**30,318**	30,417

Trade receivables are stated after a provision for impairment of £718,687 (2016: £777,699) (Company £nil (2016: £nil)).

22. TRADE AND OTHER PAYABLES

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Current				
Trade payables	**48,889**	39,684	**82**	-
Amounts owed to group undertakings	**-**	-	**1,680**	2,087
Other taxes and social security	**516**	682	**-**	-
Other payables	**847**	1,752	**141**	106
Accruals and deferred income	**2,211**	2,337	**77**	-
Contingent consideration	**112**	137	**-**	-
Fair value of derivatives	**163**	158	**-**	-
	52,738	44,750	**1,980**	2,193

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Non-current				
Other payables	**-**	365	**-**	-
Government grants	**22**	23	**-**	-
Contingent consideration	**-**	-	**-**	-
	22	388	**-**	-

23. CURRENT TAX LIABILITIES

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Current tax liabilities	**847**	905	**-**	112
	847	905	**-**	112

24. CASH AND CASH EQUIVALENTS AND BANK OVERDRAFTS

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Cash and cash equivalents per balance sheet	**8,914**	10,111	**1**	1
Bank overdrafts	**-**	-	**-**	-
Cash and cash equivalents per cash flow statement	**8,914**	10,111	**1**	1

25. FINANCIAL LIABILITIES - BORROWINGS

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Current				
Bank loans and overdrafts due within one year or on demand:				
Secured loans	**866**	905	**806**	848
	866	905	**806**	848
Loan capital (unsecured)	**672**	664	**672**	664
Other loanstock (unsecured)	**16**	16	**16**	16
Net obligations under finance leases	**958**	1,041	**-**	-
	2,512	2,626	**1,494**	1,528

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Non-current				
Bank loans:				
Secured	**1,120**	1,986	**1,111**	1,916
	1,120	1,986	**1,111**	1,916
Net obligations under finance leases	**776**	1,216	**-**	-
	1,896	3,202	**1,111**	1,916

The loan capital and loanstock is redeemable at par at the option of the Company. Interest at 1.5% per annum is payable to the holders (2016: 1.5%) of the unsecured loan capital and unsecured loanstock.

Notes to the Financial Statements continued

25. FINANCIAL LIABILITIES - BORROWINGS continued

Non-current

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

	Monthly instalment (inc' interest)	Balance outstanding 2017	Balance outstanding 2016	Interest rate	Maturity date
HSBC Bank Plc	-	-	£51,911	1.80% over base rate	Nov 2016
Lombard Bank Loan	£5,111	£69,459	£126,026	4.75% per annum	Dec 2018
HSBC Bank Plc	£68,811	£1,917,369	£2,712,514	0.75% over base per annum	March 2020

The outstanding loans are secured by an unlimited composite company guarantee by all the trading entities within the Group.

Bank loans and overdrafts of £nil (2016:£nil) relating to subsidiary companies, are secured by an unlimited composite guarantee by all the trading entities within the Group.

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

	Group		Company	
	2017 £000	2016 £000	2017 £000	2016 £000
Borrowings are repayable as follows:				
On demand or within one year	2,512	2,626	1,494	1,528
In the second year	1,316	1,605	817	806
In the third to fifth years inclusive	580	1,597	294	1,110
Over five years	-	-	-	-
	4,408	5,828	2,605	3,444
Finance leases included above are repayable as follows:				
On demand or within one year	958	1,041	-	-
In the second year	491	729	-	-
In the third to fifth years inclusive	285	487	-	-
Over five years	-	-	-	-
	1,734	2,257	-	-
The net borrowings are:				
Borrowings as above	4,408	5,828	2,605	3,444
Cash and cash equivalents	(8,914)	(10,111)	(1)	(1)
Net (cash)/debt	(4,506)	(4,283)	2,604	3,443

26. FINANCIAL INSTRUMENTS

Fair values of non-derivative financial assets and financial liabilities

The fair value of current assets and current liabilities are assumed to approximate to book value due to the short-term maturity of these 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.

Fair values of derivative financial assets and financial liabilities

Derivatives are used to hedge exposure to market risks, and those that are held as hedging instruments are formally designated as hedges as defined in IAS 39. Derivatives may qualify as hedges for accounting purposes and the Group's hedging policies are further described below.

Fair value hedges

The Group maintains futures based commodity contracts to hedge against the open long or short physical positions on its forward purchase and sales books. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Group Statement of Comprehensive Income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss on the hedging instrument and hedged item is recognised in the Group Statement of Comprehensive Income. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying value of the hedged item is amortised to the Group Statement of Comprehensive Income under the effective interest rate method. The ineffective element of these fair value hedges are not material in this year or the prior year.

The Group's derivative financial assets and liabilities that are measured at fair value at 31 October 2017 have been considered against the following hierarchical criteria to assess their classification level:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

All derivative financial assets and liabilities are classified as Level 1 instruments as they are valued at quoted market prices.

Risks associated with financial instruments

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

- ***Market Risk***

  Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices that will affect the Group's income or the value of its holdings of financial instruments.

- ***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 risk***

  The main currency related risk to the Group comes from the forward purchasing of imported raw materials for our Glasson Grain business. This risk is mainly managed by entering into currency purchase agreements at the time the underlying transaction is completed. The fair value of these contracts is not material.

  As at the year end the principal amounts relating to forward purchased currency amounted to £8,529,816 (2016: £6,342,105).

- ***Commodity price risk***

  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 apprised of the exposure level on a regular basis, and where possible hedging tools, primarily wheat futures contracts on the London LIFFE market, are used to manage price decisions.

- ***Credit risk***

  Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

  A significant proportion of the Group's trade is conducted on credit terms and as such a risk of non payment is always present.

26. FINANCIAL INSTRUMENTS continued

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 low. The Group's grain trading activities has exposed it to certain substantial customer credit balances, and to assist in mitigating this perceived risk, a credit insurance policy has been purchased to provide partial cover against default by certain customers.

The overdue accounts are reviewed monthly at divisional management meetings to mitigate exposure to credit risk and make provisions accordingly.

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 £nil (2016: £nil) of intercompany trade debtors.

At 31 October 2017 trade receivables of £11,574,835 (2016 £8,426,486), (Company £nil (2016: £nil)) were past due but were not impaired.

These related to a number of independent customers for whom there is no recent history of default.
The aging analysis is as follows:

	Group		Company	
	2017 £000	2016 £000	**2017 £000**	2016 £000
Up to 3 Months	**9,861**	6,800	**-**	-
Over three months	**1,714**	1,626	**-**	-

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.
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	
	2017	2016	**2017**	2016
Bank overdraft	**1.0%**	1.0%	**n/a**	1.0%
Bank borrowings	**1.7%**	1.7%	**1.6%**	1.6%
Loan capital	**1.5%**	1.5%	**1.5%**	1.5%
Finance leases	**6.7%**	5.8%	**-**	-

27. DEFERRED TAXATION

	Group		Company	
	2017 £000	2016 £000	**2017 £000**	2016 £000
At 1 November	**358**	292	**-**	-
Charge for the year	**(75)**	66	**-**	-
Disposal of subsidiary	**(29)**	-	**-**	-
At 31 October	**254**	358	**-**	-

The provision for deferred taxation is made up as follows:

	Group		Company	
	2017 £000	2016 £000	**2017 £000**	2016 £000
Accelerated capital allowances	**254**	358	**-**	-

28. SHARE CAPITAL

	2017 No. of shares 000	2017 £000	2016 No. of shares 000	2016 £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	**19,665**	**4,916**	19,495	4,874

During the year 59,289 shares (2016: 77,429) were issued with an aggregate nominal value of £14,822 (2016: £19,357) and were fully paid up for equivalent cash of £344,979 (2016: £367,244) to shareholders exercising their right to receive dividends under the Company's scrip dividend scheme.

A total of 110,896 (2016: 26,800) shares with an aggregate nominal value of £27,724 (2016: £6,700) were issued for a cash value of £377,614 (2016: £67,804) to relevant holders exercising options in the Company. No other shares were issued in this financial year (2016: nil).

29. SHARE- BASED PAYMENTS

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

	Exercise Price per share £	Exercisable by	As at 01 November 2016	(Exercised)/ Issued in year	Lapsed in year	As at 31 October 2017
Discretionary Share Option Schemes						
Granted April 2012	3.7500	April 2015 - March 2022	40,000	-	-	**40,000**
Granted October 2014	5.4750	Oct 2017 - Oct 2024	357,000	-	(24,000)	**333,000**
Granted October 2014	0.2500	Oct 2017 - Mar 2018	100,000	-	(100,000)	**-**
			497,000	-	(124,000)	**373,000**
Savings Related Option Schemes						
Granted August 2012	3.4000	Sept 2017 - Feb 2018	124,965	(109,202)	(4,122)	**11,641**
Granted July 2014	5.0600	Aug 2019 - Jan 2020	170,797	-	(15,759)	**155,038**
Granted July 2016	3.7000	Aug 2021 - Jan 2022	453,417	(2,188)	(46,847)	**404,382**
			749,179	(111,390)	(66,728)	**571,061**
			1,246,179	(111,390)	(190,728)	**944,061**

During the year nil (2016: 26,800) Discretionary Share Options and 111,390 (2016: nil) Savings Related Options were exercised and satisfied by the allotment of 110,896 (2016: 26,800) new shares by the Company, and 494 (2016: nil) transferred by the Company's ESOP Trust. The change in the number of other Discretionary and Savings Related Options relates to members withdrawing from the scheme by leaving employment or closing their savings contracts.

Notes to the Financial Statements continued

29. SHARE- BASED PAYMENTS continued

Fair Value of Options after 7 November 2002

During the year, the Group charged £141,859 (2016: £63,520) of share-based remuneration cost to its Group 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	**2017**	2016
Share price at year end	**£4.95**	£5.52
Average share price	**£5.58**	£4.90
Exercise price	**£4.08**	£4.10
Expected volatility	**23.02%**	21.53%
Expected life	**3.11 years**	2.53 years
Number of options	**559,420**	1,206,179
Risk free interest rate at inception	**0.50%**	0.50%
Number of options exercisable	**384,641**	66,800

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 inception of each scheme.

30. CONTINGENT LIABILITIES

The Company is part of a corporate cross guarantee arrangement between companies of Wynnstay Group Plc.

Under the terms of the agreement the bank is authorised to offset credit balances to reduce the liabilities of the other companies included in the agreement. At the balance sheet date the potential combined liability to the companies was £nil (2016: £nil).

31. CAPITAL COMMITMENTS

At 31 October 2017 the Group and Company had capital commitments as follows:

	Group		**Company**	
	2017 £000	2016 £000	**2017 £000**	2016 £000
Contracts placed for future capital expenditure not provided in the financial statements	**386**	361	**-**	-

32. OPERATING LEASE COMMITMENTS

Non-cancellable operating leases are payable as follows:

	Land and buildings		**Others**	
	2017	2016	**2017**	2016
	£000	£000	**£000**	£000
Group				
Expiry date:				
Within 1 year	**1,982**	3,154	**72**	70
Between 2 and 5 years	**5,067**	8,702	**53**	142
Over 5 years	**2,574**	8,699	**-**	-
Company				
Expiry date:				
Within 1 year	**369**	457	**-**	-
Between 2 and 5 years	**1,219**	848	**-**	-
Over 5 years	**758**	830	**-**	-

33. GROUP FINANCIAL COMMITMENTS

The Group has guaranteed the overdrafts of one of its associate companies to a maximum of £125,000 (2016: £125,000).

34. 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 £832,538 (2016: £811,605). The liability owed to the pension schemes at 31 October 2017 was £106,710 (2016: £59,103).

35. EMPLOYEE SHARE OWNERSHIP TRUST

The Company operates an employee share ownership trust (ESOP). As at 31 October 2017, 8,724 ordinary 25p shares (2016: 55,841 ordinary 25p shares) were held by the trust with an aggregate market value of £43,183 (2016: £308,242). The assets, liabilities, income and costs of the ESOP are incorporated into the financial statements of the Group.

36. RELATED PARTY TRANSACTIONS

During the year sales and purchases took place between the Group and a number of its 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 Director's Remuneration disclosure (note 9).

	Total sales		Balance outstanding	
	2017	2016	**2017**	2016
	£	£	**£**	£
J J McCarthy	**-**	-	**-**	-
K R Greetham	**604**	887	**189**	20
D A T Evans	**223,422**	201,198	**62,486**	38,188
B P Roberts	**295**	304	**47**	24
P M Kirkham	**314,071**	279,928	**34,454**	22,135
H J Richards	**2,704,798**	2,284,821	**1,073,974**	51,503
S J Ellwood	**-**	-	**-**	-
	3,243,190	2,767,138	**1,171,150**	111,870

At the year end, the Group had balances outstanding with Just for Pets Limited, a company whose Directors include Mr D A T Evans and Mr B P Roberts, which ceased to be a subsidiary of the Group on 10 October 2017.

	2017
	£
Receivables from Just for Pets Limited	**£103,957**
Payables to Just for Pets Limited	**(£151,587)**
	(£47,630)

Notes to the Financial Statements continued

37. CASH GENERATED FROM/(USED IN) CONTINUING OPERATIONS

	Group 2017 £000	Group (Restated) 2016 £000	Company 2017 £000	Company 2016 £000
Profit/(Loss) for the year from continuing operations	**6,305**	5,771	**(3,166)**	1,199
Adjustments for:				
Tax	**1,359**	1,436	**(19)**	112
Dividend received	**-**	-	**(1,900)**	(1,100)
Investment impairment	**60**	-	**5,354**	-
Depreciation of tangible fixed assets	**2,657**	2,448	**299**	288
Amortisation of other intangible fixed assets	**14**	15	**-**	-
Profit on disposal of property, plant and equipment	**(73)**	(127)	**-**	-
Interest income	**(66)**	(69)	**-**	-
Interest expense	**219**	208	**-**	-
Share of results of joint ventures and associates	**(197)**	(67)	**-**	-
Share-based payments	**142**	63	**142**	63
Changes in working capital (excluding effects of acquisitions and disposals of subsidiaries):				
(Increase)/decrease in short term loan to joint venture	**(58)**	16	**(58)**	16
(Increase)/decrease inventories	**(1,048)**	607	**-**	-
(Increase)/decrease in trade and other receivables	**(13,654)**	(1,862)	**99**	2,161
Increase/(decrease) in payables	**10,393**	38	**(213)**	9
Cash generated from continuing operations	**6,053**	8,477	**538**	2,748

38. EVENTS ARISING AFTER THE END OF THE REPORTING PERIOD

On 1 November 2017, Glasson Grain Limited entered into a business combination and acquired 100% of certain trade and assets, which together comprise a mill and related processing facilities, located at Montrose in Scotland. The business is intended to be run as a going concern. The acquisition will enable Glasson Grain Limited to better service customers throughout Scotland. The consideration was £550,000, which is represented by £1 paid on 1 November 2017 and £549,999 payable by 1 November 2020. The payment of the deferred consideration is contingent on the resolution of certain conveyancing issues which management expect to be satisfactorily resolved within the three year period.

The business combination accounting is in progress and will be completed before the next reporting period.

Assets acquired:

	£000
Property, plant and equipment	**550**
Consideration	**550**

The Directors consider it impractical to estimate the recent historical financial performance of the acquired trade and assets, as the operation was one element of a larger business recently initially acquired by Origin UK Operations Limited, and which was subsequently required to be divested for competition remedy purposes.

Shareholder Information

Notice of the Annual General Meeting

Notice is hereby given that the twenty fifth Annual General Meeting (the "Meeting") of Wynnstay Group Plc (the "Company") will be held in The Sovereign Suite, Shrewsbury Town Football Club, Oteley Road, Shrewsbury, Shropshire, SY2 6ST on Tuesday 20 March, 2018 at 11.45am to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Company's annual accounts for the financial year ended 31 October 2017 together with the Directors' Report and Auditors' Report on those accounts.
2. To declare a final dividend for the year ended 31 October 2017.
3. To reappoint the following Director who retires by rotation under Article 91:

   James John McCarthy
4. To reappoint the following Director who retires by rotation under Article 91:

   Howell John Richards
5. To reappoint, at a remuneration to be determined by the Directors KPMG LLP as auditors, to hold office from the conclusion of the Meeting to the conclusion of the competitive review process to be conducted by the Directors for the position of the Company's auditors within a three month period of the passing of this resolution. KPMG LLP have expressed their willingness to be considered in the competitive review process and thereafter, should they be unsuccessful in such review, have undertaken to resign as auditor and the Directors in such circumstances be then authorised hereby to appoint a new auditor pursuant to s.489(3)(c) of the Companies Act 2006 as if a casual vacancy in the office of auditor had occurred, with such appointment to be until the conclusion of the next Meeting at which accounts are laid before the Company, and at a remuneration to be determined by the Directors.

SPECIAL BUSINESS

To consider and, if thought fit, pass the following Resolutions which will be proposed as Special Resolutions:

6. That, the Directors be and they are hereby generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot equity securities up to an aggregate nominal amount of £450,000 provided that this authority shall, unless renewed, varied or revoked by the Company in General Meeting, expire on the earlier of the next Annual General Meeting of the Company and 15 months from the date of this Resolution save that the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry, and the Directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this Resolution has expired. This authority is in substitution for all previous authorities conferred upon the Directors pursuant to Section 551 of the Companies Act 2006, but without prejudice to the allotment of any relevant securities already made or to be made pursuant to such authorities.
7. That, subject to passing Resolution 6 earlier, the Directors be and they are empowered pursuant to Section 570 of the Act to allot equity securities wholly for cash pursuant to the authority conferred by the previous Resolution as if Section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:-

(a) in connection with an offer of such securities by way of rights to holders of Ordinary Shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and

(b) otherwise than pursuant to sub-paragraph (a) above up to an aggregate nominal amount of £450,000, and shall expire on the earlier of the next Annual General Meeting of the Company and 15 months from the date of this Resolution save that the Company many, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this Resolution has expired.

8. That, the Company be and is generally and unconditionally authorised for the purposes of Section 701 of the Act to make one or more market purchases (within the meaning of Section 693 of the Act) on the London Stock Exchange of Ordinary Shares of £0.25 each in the capital of the Company provided that:-

(a) the maximum aggregate number of Ordinary Shares authorised to be purchased is 500,000 (representing approximately 2.6% of the Company's issued ordinary share capital);

(b) the minimum price which may be paid for such shares is £0.25 per share;

(c) the maximum price which may be paid for an Ordinary Shares shall not be more than 5% above the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the ordinary share is purchased;

(d) unless previously renewed, varied or revoked, the authority conferred shall expire at the conclusion of the Company's next Annual General Meeting or 15 months from the date of passing this Resolution, if earlier; and

(e) the Company may make a contract or contracts to purchase Ordinary Shares under the authority conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of ordinary shares in pursuance of any such contract or contracts.

By order of the Board

Paul Roberts

30 January 2018

Company Secretary
Wynnstay Group Plc
Eagle House
Llansantffraid-ym-Mechain
Powys
SY22 6AQ

Notes to the Annual General Meeting

1. Appointment of proxies

   A member of the Company is entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote at the Meeting. A form of proxy accompanies this document and if it is to be used, it must be deposited at the Companies Head Office not less than 24 hours before the meeting. A proxy does not need to be a member of the Company but must attend the Meeting to represent you.

2. Reappointment of Auditor

   The Board have decided that after a tenure of six years it would be appropriate to carry out a competitive tender for the Group audit for 2018. KPMG LLP have indicated their willingness to continue in office up to the point of the conclusion of this review and accordingly a resolution proposing their reappointment is submitted to the Annual General Meeting. However to facilitate the competitive review KPMG LLP have expressed their willingness to resign should they be unsuccessful, which would enable the Directors to appoint a new auditor in accordance with the Companies Act 2006, and the authority sought from shareholders in this resolution.

3. Authority to allot shares

   Special resolutions 6 & 7 are put forward to give the Directors authority to allot new shares (including to those shareholders exercising their preference to receive dividends in the form of Scrip shares). The resolutions limit the requested authority to the stated maximum as an added shareholder protection. These authorities give the Directors the flexibility in financing possible business opportunities and are normal practise for a company of this size, and are routinely put to shareholders.

4. Authority to purchase shares

   Special resolution 8 is put forward to give the Directors the ability to buy back and cancel existing shares if they feel that such action would benefit all remaining shareholders and are normal practise for a company of this size, and are routinely put to shareholders.

5. Documents on display

   Copies of necessary documents will be available for at least 15 minutes prior to the Meeting and during the Meeting.

6. Enquiries relating to the Meeting

   Members are welcome to contact the Company Secretary with any enquiries relating to the Meeting or the Agenda during normal business hours at any time prior to the Meeting. Enquiries concerning shareholdings should be directed to the Company's external registrar at the following address: Neville Registrars, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA (Tel. 0121 585 1131)

Financial Calendar

31 January 2018	Announcement of 2017 results
20 March 2018	Annual General Meeting
03 April 2018	Dividend Record Date
30 April 2018	Payment of Final 2017 Dividends
June 2018	Announcement of 2018 Interim Results

Shareholder Fraud Warning

Shareholders are advised that as the Company's share register is a public document, details concerning individual shareholdings may be available to people who may try to use such information for fraudulent, scam or other criminal purposes. Extreme diligence is recommended whenever you receive any un-solicited contact about your Wynnstay Group Plc shares or any other investment holding. Fraudsters can be very persuasive and will use high pressure tactics to try to scam investors they believe to have disposable resources. Such contact may be used to sell shares or other investments which may be fake or worthless, or to try to persuade you to dispose of existing investments for below their market value.

The Financial Conduct Authority (FCA) has a very useful website providing information on known frauds and scams, and identifying companies that may be operating in an unauthorised or illegal manner, which is likely to increase the risk associated with doing business with them. Please visit http://scamsmart.fca.org.uk/.

Some simple advice to avoid investment scams and share frauds include :

1. Hang up on cold calls – if you are cold called in relation to investment opportunities there is a high risk that it may involve an attempted scam. The safest thing to do is to hang up.
2. Check out any firm – before considering any relationship with a new individual or firm offering financial services, check them out on the Financial Services Register on the FCA website. Generally all businesses legally authorised to offer such services will be regulated by the FCA.
3. Get impartial advice – before handing over any money in relation to new investments, think about seeking advice from someone unconnected to the new contact or entity that would receive your funds.
4. Report a scam – if you suspect you have been approached by attempted fraudsters, then please report it to the FCA by using the reporting form available on the FCA website. If you have actually lost money to an investment fraud, you should report it to the police using the Action Fraud National Reporting scheme on 0300 123 2040 or http://www.actionfraud.police.uk/.

REMEMBER, IF IT SOUNDS TOO GOOD TO BE TRUE, IT PROBABLY IS !

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