WYNNSTAY

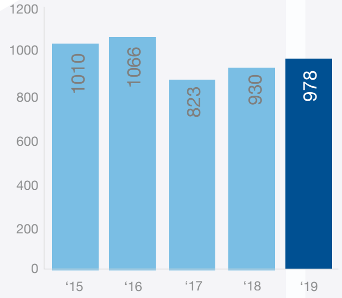
ANNUAL REPORT
AND ACCOUNTS 2019

Contents

Financial Performance Highlights - Continuing Operations

ABOUT WYNNSTAY

Wynnstay Group was established in 1918 as a farmers' cooperative, converting to a Plc in 1992. The core Wynnstay business supplies goods and services to farmers and rural communities. We aim to be the supplier of choice, by helping farmers prosper through offering a diverse product range supported by specialist technical advice and, where applicable, innovative and sustainable products.



Employee Numbers

Group Revenue

£490.60m **+ 6.04%**

2018: £462.66m

Profit before Tax

£7.55m **- 20.74%**

2018: £9.53m

Underlying Pre-tax Profit*

£8.01m **- 16.58%**

2018: £9.60m

Earnings per Share

30.95 pence **- 20.86%**

2018: 39.11 pence

Shareholders' Funds

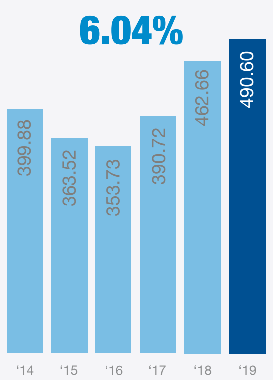
£94.95m **+ 4.25%**

2018: £91.07m

Dividend per Share

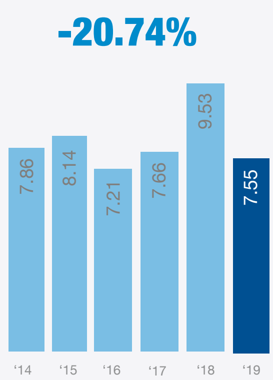
14.00 pence **+ 4.79%**

2018: 13.36 pence



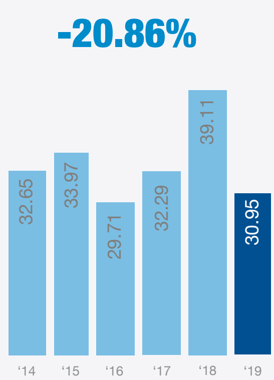
Group Revenue (£m)

£490.60m



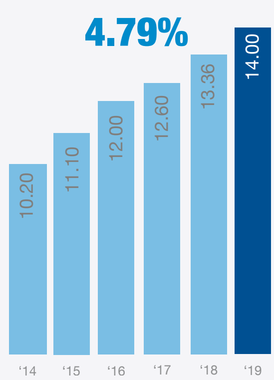
Profit before Tax (£m)

£7.55m



Earnings per Share (pence)

30.95p



Dividend per Share (pence)

14.00

*Underlying pre-tax profi t is a non-GAAP (generally accepted accounting principles) measure and is not intended as a substitute for GAAP measures and may not be calculated in the same way as those used by other companies. Refer to the Finance Review for an explanation on how this measure has been calculated and the reasons for its use.

Key Strengths

01

A robust and balanced business model with two complementary divisions - Agriculture and Specialist Agricultural Merchanting

02

A strong balance sheet with the capacity to support future growth

03

Committed and loyal colleagues who offer technical advice to support the prosperity of our farmer customer base through efficiencies and new innovations

04

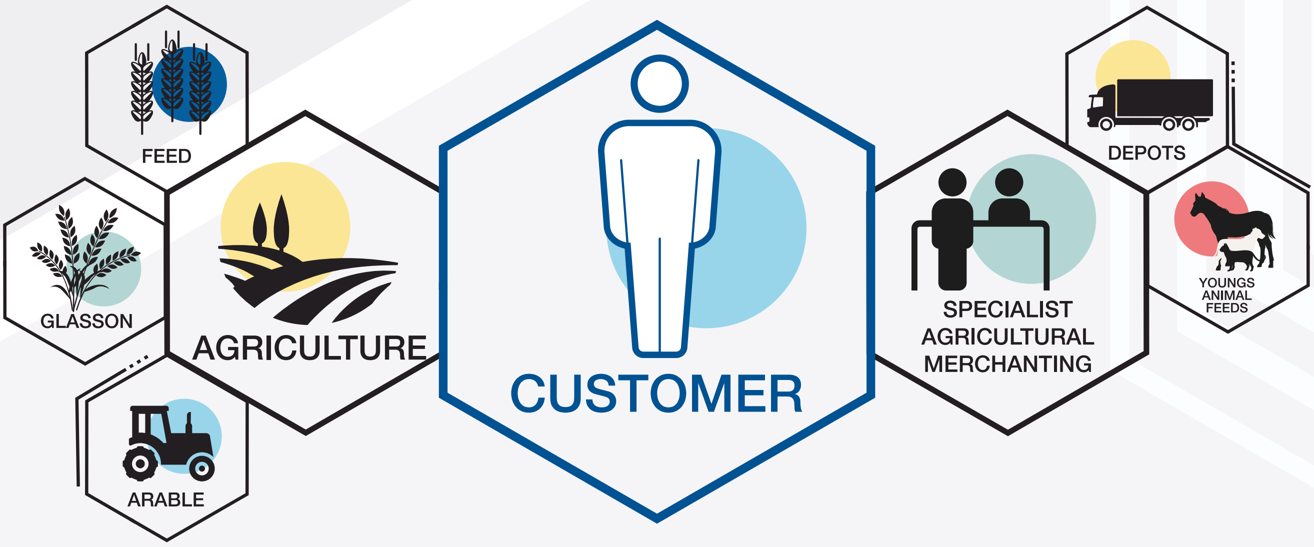
A broad range of agricultural products, including innovative and sustainable products, marketed via a multichannel sales offering

05

Opportunities for future growth into the currently fragmented farming and rural economy by increased geographic reach though organic and focused acquisitions

Principal Activities and Business Model

The business model is aligned with the buying needs and habits of our farming customer base, which includes arable, livestock and mixed farms. The Group is committed to sustained development within the agricultural sector and strives for continued growth with a view to optimising the return to all stakeholders.



Agriculture

Comprises the manufacturing and supply of a comprehensive range of agricultural inputs to customers across many parts of the UK

FEED

The Group operates two multi-species compound feed mills and one blending plant, offering a full range of animal nutrition products to the agricultural market in bulk or bags. Third party mills are also used to satisfy additional seasonal and geographic requirements.

GLASSON

Glasson operates from Glasson Dock, near Lancaster. It is a producer of blended fertiliser, a supplier of feed raw materials and a manufacturer of added-value products to specialist animal feed retailers.

The business operates fertiliser blending manufacturing facilities at Winmarleigh, Goole and Montrose, and also sources from a facility at Birkenhead. It is currently the second largest fertiliser blender in the UK.

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

ARABLE

The Group's arable activities supply a wide range of products to arable and grassland farmers, including seed, fertiliser and agro-chemicals. Seed processing facilities are located at Shrewsbury, Shropshire and Selby, Yorkshire.

GRAINLINK

GrainLink is the Group's in-house grain marketing company and 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. GrainLink operates from Shrewsbury, Shropshire and Grantham, Lincolnshire.

Specialist Agricultural Merchanting

Supplies specialist agricultural and associated sundry products to customers throughout Wales, Midlands, North West and South West of England

DEPOTS

The Group's Specialist Agricultural Merchanting depots are well established and provide a comprehensive range of products for farmers and rural dwellers. The Group operates 55 depots across Wales, the Midlands, North West and South West England, supplying to farmers, small holders and rural dwellers.

Our team is trained to help customers with technical advice and our customers can purchase via depot, catalogue or van service.

We partner with pharmaceutical companies to provide specialist advice on animal health and other agricultural products

YOUNGS ANIMAL FEEDS

Youngs Animal Feeds operates from its production facility at Standon, Staffordshire, and three other locations, selling a range of equine and small animal feeds through to wholesalers and retailers in Wales and the Midlands. The Molichop branded equine feed range is a market leading product.

Wynnstay People

Our colleagues are the backbone of our business and our strategy is to recruit, develop and retain the right people to provide excellent customer service and specialist technical advice. We do this by targeting recruitment at suitability qualified and experienced personnel, and providing training through a mixture of mentoring from experienced colleagues and training for externally recognised qualifications. A future generation management and leadership development scheme has been introduced to support succession planning, in partnership with Cardiff Metropolitan University. We recognise the achievements of colleagues and acknowledge service milestones.

FACTS BASIS

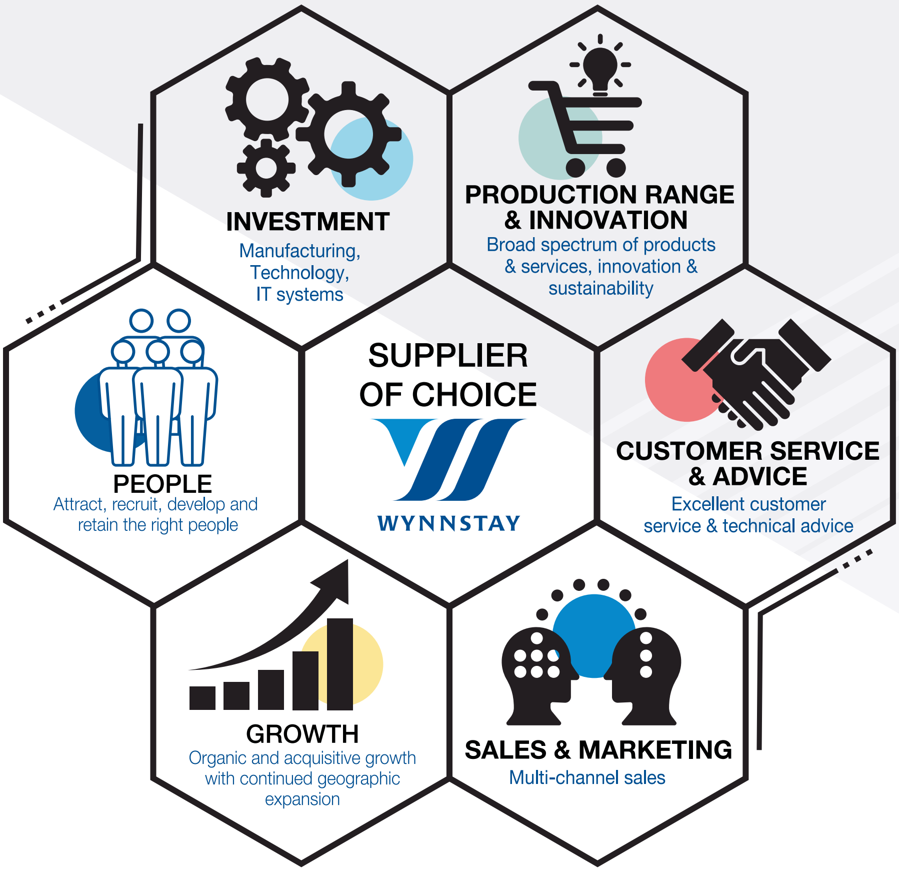
"My qualification enables me to give specialist advice to our customers. I have colleagues who cover dairy, arable, poultry, sheep & beef, agronomy, animal health, calf & youngstock and hardware"

AMTRA

My management and leadership development is helping to meet the future needs of the business by focusing on leadership, innovation and growth

My 25 years of service was marked with a long service award and lunch attended by the Chairman and Chief Executive

Group Strategy



GROWTH STRATEGY

The Group is confident that macro-economic factors, including world population growth and the need for higher levels of national self-sufficiency, should continue to make the UK a strong and growing food producer. In addition, the UK farming sector benefits from a favourable growing climate.

The fragmented nature of the UK's agricultural supplies market presents growth opportunities, and the Group has demonstrated its ability to increase its market share organically and through complementary acquisitions. Wynnstay has completed over 50 corporate transactions and expanded its supplied product range to more than 25,000 SKU's (stock keeping units or individual product items). It has become a preferred route-to-market for many of its main suppliers.

The Group's strategy focuses on developing these twin strands of acquisitive and organic growth as follows:

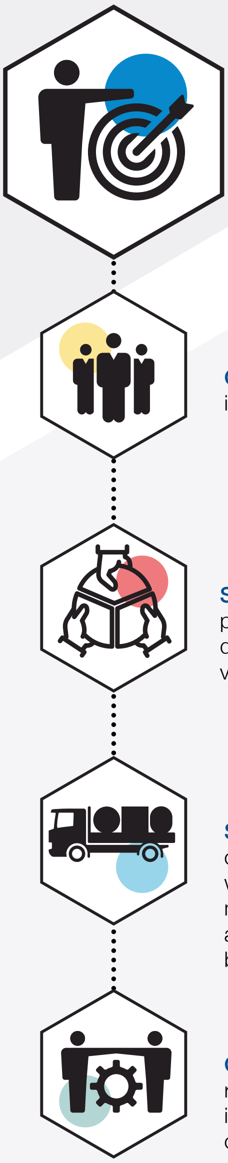
ACQUISITION

- Act as consolidator in the UK agricultural supply sector
- Continue 'bolt-on' geographic transactions
- Seek larger opportunities to complement existing activities and enhance economies of scale
- Explore opportunities for innovative and sustainable products

ORGANIC

- Enhance relationships with key customers through CRM
- Maximise cross-selling opportunities, supported with technical advice from trained colleagues
- Develop new sales channels, including on-line & specialist digital catalogues
- Seek new depot and operating centre opportunities to grow footprint & increase efficiencies
- Continuous investment in research and development to offer innovative products

CORPORATE GOALS



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

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

Suppliers – the Group has developed a comprehensive network of relationships with suppliers, and constantly reviews the marketplace for innovative products. It acts as a valuable channel-to-market for the supplier base

Colleagues – the Group aims to attract, reward and develop high-quality personnel in order to encourage the highest levels of customer service

OPERATIONAL STRATEGY AND LONG-TERM VIABILITY

Wynnstay's objective is to establish itself as the 'supplier of choice' within its trading areas, providing a comprehensive offering that caters for the needs of arable, livestock and mixed farms. We place a great deal of importance on identifying innovative products and bringing 'best-in-class' products to customers.

We are also investing in our advisory services to farmers, and have strong teams of specialists in dairy, poultry, animal health, calf, hardware, youngstock and animal farming. These technical teams assist our customers in identifying areas to improve their production efficiency. As UK agriculture comes under increasing pressure to increase efficiency and productivity, we believe that the advisory element of our services will become more important.

Taken together, we believe that this strategy builds customer engagement and creates a platform for further growth.

The Group's broad range of activities across both the livestock and arable sectors helps to mitigate risk and even out the effects of sub-sector cycles. This balanced business model is one of the Group's major strengths.

Our broad range of activities across agricultural supplies also helps to even out the effects of sub-sector cycles and we view this approach as a major strength.

The Board intends to maintain this balanced approach to Wynnstay's spread of activities.

The Board operates a strategic planning process to ensure clear direction and focus for the strategic development of the business, which is supported by annual budgets and cashflow projections.

LONG-TERM VIABILITY

The Group's corporate plan ensures clear direction and focus for the long-term strategic development of the business. The plan is regularly reviewed to ensure it is up to date with changing circumstances, allowing annual budgets set in line with long-term goals whilst still recognising specific market conditions.

The Company's growth prospects are underpinned by macro-economic factors that point to increased worldwide demand for agricultural produce, and the ability of the UK agriculture sector to feed and benefit from this demand.

While Brexit has presented our sector with significant uncertainty over the past few years, the Board remains optimistic for the future of the UK agricultural industry and is encouraged by the prospect that 2020 could bring greater clarity. The UK Agricultural Bill presents a framework focused on economic resilience and public money for public goods, with financial support guaranteed to 2022. The effects of the implementation of this legislation, as well as the UK's forthcoming exit from the EU, will be given careful consideration in the ongoing development of the business.

Chairman's Statement

Results reflect difficult market conditions for the agricultural sector

OVERVIEW

The Group's full year results reflect an especially difficult year for the agricultural sector as a whole. Lower farmgate prices and ongoing political uncertainty around Brexit adversely affected farmer confidence, leading to reduced spending. Wynnstay's trading performance was also held back by the abnormally warm winter weather in the first half of the financial year, which reduced feed sales and other weather-related products during key trading months.

Underlying Group pre-tax profit* (the Board's preferred alternative performance measure) from continuing operations is down by £1.59m year-on-year to £8.01m (2018: £9.60m), and reported profit before tax was £7.55m (2018: £9.53m). Revenue of £490.60m (2018: £462.66m) was higher year-on-year reflecting commodity price inflation.

Within our Agriculture Division, feed volumes contracted significantly but the reduction was in line with market trends, while Glasson Grain delivered an exceptionally strong performance, driven by increased fertiliser volumes, reflecting market share gains in Scotland, and higher sales of specialist added-value animal feed products. The good harvest in 2019 helped to generate an above-average sector performance from GrainLink, our grain trading operation, and the seeds operation performed well in challenging conditions.

The performance of our Agricultural Merchanting Division was similarly affected. Lower demand for bagged feed and feed-related products were the principal factors behind its reduced contribution to Group profits. We rationalised our depot network from 59 sites in 2018 to 55 by the end of the financial year. This followed the acquisition in April 2019 of Stanton Farm Supplies, the van-based specialist dairy products supplier that operates in Somerset, and the 2018 acquisition of a number of former Countrywide stores in the South West of England. We continue to focus on developing our specialist advisory services, so that we can assist customers with advice on the latest farming products and methods.

Our Arable Event, which highlights innovation in arable farming, attracted over 1,000 farmers in June 2019 and helps to emphasise Wynnstay's position as a trusted supplier partner and value-added specialist adviser.

We continued to focus on improving efficiencies within our manufacturing, distribution and processes across the Group, and this will be an ongoing priority for our operations.

FINANCIAL RESULTS

Revenue increased by £27.94m to £490.60m (2018: £462.66m), with much of this growth accounted for by higher unit commodity prices. The Agriculture Division generated £358.69m of revenue (2018: £334.34m), reflecting higher average commodity values particularly in feed and fertiliser products. The Specialist Agricultural Merchanting Division generated £131.84m in revenue (2018: £128.26m), with a full year contribution from the former Countrywide depots acquired in April 2018. Like-for-like sales, however, showed a small reduction of 3.5% as the mild winter reduced demand for bagged feed products.

Reported profit before taxation on an IFRS basis was £7.55m (2018: £9.53m). Underlying Group pre-tax profit*, which includes the gross share of results from joint ventures and associates, but excludes share-based payments and non-recurring items and is the Board's preferred alternative performance measure, was £8.01m (2018: £9.60m). Including contributions from joint ventures, the Agriculture Division contributed £2.95m (2018: £4.29m) to this result, and the Specialist Agricultural Merchanting Division £5.24m (2018: £5.53m). Other activities showed a small loss of £0.05m (2018: loss of £0.09m). Non-recurring business combination and reorganisation costs of £0.30m were incurred during the year, and net finance costs were similar to last year at £0.18m (2018: £0.19m). Profit after taxation was £6.13m (2018: £7.71m), and basic earnings per share was 30.95p (2018: 39.11p).

Continued strong cash generation together with tight control of working capital resulted in a net cash position at the year-end of £3.84m (2018: net debt of £0.98m).

Balance sheet net assets stood at £94.95m (2018m: £91.07m) at the year-end equating to £4.79 (2018: £4.62) per share, and the return on net assets was 8.5% (2018: 10.6%).

*Underlying pre-tax profit is a non-GAAP (generally accepted accounting principles) measure and is not intended as a substitute for GAAP measures and may not be calculated in the same way as those used by other companies. Refer to the Finance Review for an explanation on how this measure has been calculated and the reasons for its use.

DIVIDEND

The Board is pleased to propose the payment of a final dividend of 9.40p per share, which together with the interim dividend of 4.60p per share, paid on 31 October 2019, takes the total dividend for the year to 14.00p, an increase of 4.8% on last year (2018: 13.36p). The final dividend will be paid on 30 April 2020 to shareholders on the register on 27 March 2020. 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 2020.

COLLEAGUES

Our colleagues across the Group continue to show great dedication, commitment and motivation. On behalf of the Board I would like to thank them for their significant input and hard work over the year.

OUTLOOK

The trading environment for the agricultural supplies sector remains challenging. Farmgate prices are generally lower than a year ago, and the detail of what Brexit means for the agricultural industry remains uncertain - although the Government has made clear its support for UK farmers and outlined proposals that emphasise environmental management and efficiency. We therefore anticipate that farmers will remain circumspect in their spending and investment plans over 2020.

Against this background, the high level of forage stocks on farms has reduced feed demand, and the wet weather conditions over recent months have decreased the acreage of winter cereals that farmers have been able to plant.

Nonetheless, Wynnstay's wide spread of activities provides a robust platform and we continue with plans to reduce costs, optimise margins, invest in our manufacturing facilities, systems and skill base, supported by Wynnstay's strong balance sheet. In addition, we will continue to review acquisition opportunities to strengthen our existing activities.

We see opportunities to further develop our relationship with farmer customers and supplier partners, in particular as UK farmers seek to implement initiatives to enhance efficiencies and drive environmental standards. Our focus is advising on and supplying products, ideas and practices that will facilitate both goals.

Whilst there has been understandable weakness in the agricultural sector in the short-term, the Board is confident that Wynnstay's medium and long-term prospects within the industry remain strong.

Jim McCarthy
Chairman
21 January 2020

"Focus on advisory services to support farm efficiency and environmental goals"

Datganiad Y Cadeirydd

> Mae'r canlyniadau yn adlewyrchu amodau anodd yn y farchnad ar gyfer y sector amaethyddol

TROSOLWG

Mae canlyniadau blwyddyn lawn y Grŵp yn adlewyrchu blwyddyn arbennig o anodd i'r sector amaethyddol cyfan. Gwnaeth prisiau is wrth gât y fferm ac ansicrwydd gwleidyddol parhaus ynghylch Brexit gael effaith andwyol ar hyder ffermwyr, gan arwain at lai o wariant. Effeithiodd tywydd anarferol o gynnes y gaeaf yn ystod hanner cyntaf y flwyddyn ariannol ar berfformiad masnachu Wynnstay, gan leihau gwerthiannau porthiant a chynhyrchion eraill yn ymwneud â'r tywydd yn ystod misoedd masnachu allweddol.

Mae elw cyn treth sylfaenol y Grŵp* (y mesur perfformiad amgen a ffefrir gan y Bwrdd) o weithrediadau parhaus wedi gostwng £1.59m,o flwyddyn i flwyddyn i £8.01m (2018: £9.60m) ac roedd yr elw cyn treth cofnodedig yn £7.55m (2018: £9.53m). Roedd y refeniw o £490.60m (2018: £462.66m) yn uwch o flwyddyn i flwyddyn gan adlewyrchu chwyddiant mewn prisiau nwyddau.

Er y cafwyd gostyngiad sylweddol yng nghyfeintiau porthiant yn ein His-adran Amaeth, roedd yn cyd-fynd â thueddiadau'r farchnad. Perfformiodd Glasson Grain yn arbennig o gadarn wedi ei hybu gan gynnydd mewn cyfeintiau gwrtaith, gan adlewyrchu enillion cyfran y farchnad yn yr Alban a chynnydd mewn gwerthiannau cynhyrchion porthiant anifeiliaid gwerth ychwanegol arbenigol. Helpodd y cynhaeaf da yn 2019 i sicrhau perfformiad gwell na'r cyfartaledd yn y sector gan GrainLink, sef ein gweithrediad masnachu ŷd, a pherfformiodd yr ymgyrch hadau yn dda yn wyneb amodau heriol.

Effeithiwyd ar berfformiad ein His-adran Masnachu Amaethyddol yn yr un modd. Y galw llai am borthiant artiffisial a chynhyrchion yn ymwneud â phorthiant oedd y prif resymau dros gyfraniad is yr Is-adran i elw Grwpiau. Gwnaethom ad-drefnu ein rhwydwaith depo o 59 o safleoedd yn 2018 i 55 erbyn diwedd y flwyddyn ariannol. Roedd hyn yn dilyn caffael Stanton Farm Supplies ym mis Ebrill 2019, sef y dosbarthwr cynhyrchion llaeth arbenigol mewn faniau yng Ngwlad yr Haf, a chaffael sawl siop Countrywide gynt yn 2018 yn Ne-orllewin Lloegr. Rydym yn parhau i ganolbwyntio ar ddatblygu ein gwasanaethau cynghori arbenigol, fel y gallwn helpu cwsmeriaid drwy roi cyngor iddynt ar y cynhyrchion a'r dulliau diweddaraf ym maes ffermio.

Gwnaeth ein Digwyddiad Tir Âr, sy'n tynnu sylw at arloesedd mewn ffermio tir âr, ddenu dros 1,000 o ffermwyr ym mis Mehefin 2019 ac mae'n helpu i bwysleisio safle Wynnstay fel partner cyflenwi y gellir ymddiried ynddo a chynghorydd arbenigol gwerth ychwanegol.

Gwnaethom barhau i ganolbwyntio ar wella arbedion effeithlonrwydd yn ein dulliau gweithgynhyrchu a dosbarthu a'n prosesau, ym mhob rhan o'r Grŵp, a byddwn yn parhau i flaenoriaethu hyn yn ein gweithrediadau.

CANLYNIADAU ARIANNOL

Cynyddodd y refeniw £27.94m i £490.60m (2018: £462.66m), gyda phrisiau nwyddau uwch fesul uned yn gyfrifol am lawer o'r cynnydd. Gwnaeth yr Is-adran Amaeth greu refeniw o £358.69m (2018: £334.34m), gan adlewyrchu gwerthoedd nwyddau uwch ar gyfartaledd yn enwedig ar gyfer cynhyrchion porthiant a gwrtaith. Gwnaeth yr Is-adran Masnachu Amaethyddol Arbenigol greu refeniw o £131.84m (2018: £128.26m), yn ogystal â chaffael cyfraniad blwyddyn lawn gan ddepos Countrywide gynt ym mis Ebrill 2018. Fodd bynnag, dangosodd gwerthiannau tebyg am debyg ostyngiad bach o 3.5% gan fod y gaeaf mwyn wedi lleihau'r galw am gynhyrchion artiffisial.

Roedd yr elw y rhoddwyd gwybod amdano cyn treth ar sail IFRS yn £7.55m (2018: £9.53m). Roedd elw cyn treth sylfaenol y Grŵp* a gaiff ei ddefnyddio fel y mesur perfformiad amgen a ffefrir gan y Bwrdd, sy'n cynnwys cyfran gros y canlyniadau o fentrau ar y cyd a chwmnïau cyswllt, ond nad yw'n cynnwys taliadau yn seiliedig ar gyfranddaliadau ac eitemau anghylchol, yn £8.01m (2018: £9.60m). Yn cynnwys cyfraniadau gan fentrau ar y cyd, gwnaeth yr Is-adran Amaeth gyfrannu £2.95m (2018: £4.29m) i'r canlyniad hwn a chyfrannodd yr Is-adran Masnachu Amaethyddol Arbenigol £5.24m (2018: £5.53m). Gwnaeth gweithgareddau eraill golled fach o £0.05m (2018: colled o £0.09m). Aed i gostau cyfuno ac ad-drefnu busnes anghylchol o £0.30m yn ystod y flwyddyn, ac roedd y costau cyllid net yn debyg i'r llynedd, sef £0.18m (2018: £0.19m). Roedd elw ar ôl treth yn £6.13m (2018: £7.71m), ac roedd yr enillion sylfaenol fesul cyfranddaliad yn 30.95c (2018: 39.11c).

Nid yw elw cyn treth sylfaenol yn fesur Egwyddorion Cyfrifyddu a Dderbynnir yn Gyffredinol (GAAP) ac ni fwriedir iddo ddisodli mesurau GAAP ac ni ellir ei gyfrifo yn yr un ffordd ag y mae cwmnïau eraill yn ei ddefnyddio. Cyfeiriwch at Nodyn 17 i gael esboniad o'r ffordd y cafodd y mesur hwn ei gyfrifo a'r rhesymau dros ei ddefnyddio. Dylid cyfeirio at yr Adolygiad Cyllid er mwyn cael esboniad o sut y cyfrifwyd y mesur hwn a'r rhesymau dros ei ddefnyddio.

Yn sgil lefelau cynhyrchu arian cryf parhaus a rheoli cyfalaf gweithio yn ofalus, cafwyd sefyllfa arian parod net o £3.84m ar ddiwedd y flwyddyn (2018: dyled net o £0.98m).

Cyfanswm asedau net y fantolen oedd £94.95m (2018: £91.07m) ar ddiwedd y flwyddyn sy'n cyfateb i £4.79 (2018: £4.62) fesul cyfranddaliad, a'r adenillion ar asedau net oedd 8.5% (2018: 10.6%).

DIFIDEND

Mae'r Bwrdd yn falch o gynnig talu difidend terfynol o 9.40c fesul cyfranddaliad, sydd, gyda'r difidend interim o 4.60c fesul cyfranddaliad, a dalwyd ar 31 Hydref 2019, yn rhoi cyfanswm difidend o 14.00c am y flwyddyn, sy'n gynnydd o 4.8% ers y llynedd (2018: 13.36c). Caiff y difidend terfynol ei dalu ar 30 Ebrill 2020 i gyfranddalwyr sydd ar y gofrestr ar 27 Mawrth 2020. Bydd difidend sgrip amgen ar gael o hyd, fel mewn blynyddoedd blaenorol. Y dyddiad olaf ar gyfer dewis cael difidend sgrip fydd 16 Ebrill 2020.

CYDWEITHWYR

Mae ein cydweithwyr ym mhob rhan o'r Grŵp yn parhau i ddangos llawer o ymroddiad, ymrwymiad a chymhelliant. Ar ran y Bwrdd, hoffwn ddiolch iddynt am eu holl fewnbwn a'u gwaith caled dros y flwyddyn.

RHAGOLWG

Mae'r amgylchedd masnachu ar gyfer y sector cyflenwadau amaethyddol yn parhau i fod yn heriol. Ar y cyfan, mae prisiau wrth gât y fferm yn is na phrisiau'r llynedd, ac mae ansicrwydd o hyd ynglŷn â sut y bydd Brexit yn effeithio ar y diwydiant amaethyddol - er bod y Llywodraeth wedi dangos ei chefnogaeth i ffermwyr y DU yn glir ac wedi nodi'r cynigion sy'n pwysleisio rheolaeth ac effeithlonrwydd amgylcheddol. Felly, rydym yn rhagweld y bydd ffermwyr yn parhau i fod yn ofalus gyda'u gwariant a'u cynlluniau buddsoddi yn ystod 2020.

Yn erbyn y cefndir hwn, mae'r lefel uchel o stociau cnydau porthiant ar ffermydd wedi lleihau'r galw am borthiant ac mae'r tywydd gwlyb dros y misoedd diwethaf wedi lleihau'r erwau o rawnfwydydd y gaeaf y mae ffermwyr wedi gallu eu plannu.

Er hyn, mae'r amrywiaeth eang o weithgareddau Wynnstay yn darparu llwyfan cadarn ac rydym yn parhau i geisio lleihau costau, sicrhau'r maint elw mwyaf posibl, buddsoddi yn ein cyfleusterau, ein systemau a'n sgiliau gweithgynhyrchu, gan ddefnyddio mantolen gadarn Wynnstay. Yn ogystal â hyn, byddwn yn parhau i ystyried cyfleoedd caffael i gryfhau'r gweithgareddau rydym eisoes yn eu cynnal.

Credwn fod cyfleoedd i ddatblygu ein perthynas ymhellach â chwsmeriaid sy'n ffermwyr a phartneriaid cyflenwi, yn enwedig gan fod ffermwyr y DU yn ceisio rhoi mentrau ar waith i wella arbedion effeithlonrwydd a llywio safonau amgylcheddol. Rydym yn canolbwyntio ar ddarparu cynhyrchion, syniadau ac arferion a fydd yn hwyluso'r ddau nod a rhoi cyngor arnynt.

Er bod gwendid dealladwy wedi bod yn y sector amaethyddol yn y tymor byr, mae'r Bwrdd yn hyderus bod rhagolygon tymor canolig a hirdymor Wynnstay yn y diwydiant yn parhau i fod yn gadarn.

Jim McCarthy
Cadeirydd
21 Ionawr 2020

"Mae'r ffocws ar wasanaethau cynghori i gefnogi effeithlonrwydd ffermydd a sicrhau mwy o nwyddau amgylcheddol"

Strategic Report

Arable Event

Established in 2013, the Arable Event is held annually at Woodlands Farm, Weston Under Lizard.

With the Arable Event now into its 8th year and with an attendance for 2019 of over 1,500 visitors and exhibitors on the day, the event has proved a popular day out for farmers who use the day to receive updates on new technology and the latest cereal varieties.

It has become the key practical demonstration for arable farmers in the west of the UK. The Event features key note speakers, a machinery demonstration area and trade stands from a variety of agricultural businesses.

Investment across the group continued

JOINT VENTURES AND ASSOCIATES

The Group has three joint venture businesses, Bibby Agriculture Limited, Wyro Developments Limited and Total Angling Limited as well as an associate company, Celtic Pride Limited. The Bibby business performed very strongly, increasing market share, especially within the dairy sector. This helped to drive an increase in the combined profit contribution from the four businesses.

COLLEAGUES

It has been a challenging year and I am proud of the way colleagues have responded. Wynnstay is in a stronger position as a result, and I would like to thank everyone for their contribution and commitment.

OUTLOOK

UK Government support for farmers in the forthcoming year will continue in its current form. It is set to change in the longer-term with the UK's exit from the European Union and national schemes are expected to be introduced to support efficiency at farm level. New Environmental Land Management Schemes (ELMS) will also be introduced to incentivise and reward farmers for environmental outcomes. In the very short-term though, ongoing uncertainties are likely to continue to stifle investment on farms.

Farmer sentiment remains sensitive to farmgate prices, with milk, beef and egg prices lower than a year ago. Global supply and demand for lamb has lifted sheep prices though, which bodes well for 2020. Feed volumes so far have been adversely affected by the on-farm forage stocks, and sales are behind the equivalent point last year. Given the significant reduction in autumn cereal planting that resulted from the prolonged wet weather we also anticipate lower cereal tonnages for trading later in the year.

We continue to concentrate on improving efficiencies, building on the work of the last financial year. In addition, we plan to expand our technical teams both on-farm and in our specialist agricultural depots, and to strengthen our digital and precision farming offering. Sourcing and accessing innovative products to our farming customers remains an important part of our overall offering. We are engaging with the National Farmers Union's goal of reach 'net zero' greenhouse gas emissions across the whole of agriculture in England and Wales by 2040.

Although we anticipate that the agricultural sector will continue to experience a difficult period, we believe that Wynnstay is well-positioned to navigate through and is well-placed to seek opportunities for growth.

INTRODUCTION

Wynnstay's performance was delivered against a difficult agricultural backdrop, including generally weaker farmgate prices. Farmer sentiment over the year was also significantly affected by uncertainties over Brexit. Combined, these factors resulted in farm businesses holding off investment decisions and created margin pressure in certain product categories.

The exceptionally warm winter months and the early spring, together with a good grass growing summer, reduced farmers' need to purchase feed and feed-related products across the year as a whole, and the impact of this was felt in both the Agriculture and Specialist Agricultural Merchanting Divisions.

Fertiliser and grass seed sales benefited from the early spring, however the wetter summer subdued demand for arable inputs in the second half of the year.

Glasson Grain Limited, with its broad-base of activities in raw material trading, added-value feed products and blended fertiliser manufacturing, performed exceptionally well. The fertiliser business in particular performed very strongly, consolidating our position as the second largest fertiliser blender in the UK.

In a difficult marketplace, GrainLink, which markets and trades grain, performed well, increasing its tonnage. This was helped by the Grantham trading office, which was opened in late spring 2019 and made good progress.

A key feature of the year was the introduction of cost reduction and efficiency programmes. Our investment across manufacturing, distribution and systems will support improved efficiencies and is ongoing.

We believe that the ability to provide the latest technical and product advice to our customers is fundamental to securing their business in the future. We therefore continued to invest in our colleagues in line with our objective to improve Wynnstay's proposition as a value-added adviser. We added to our on-farm technical teams, which span the dairy, youngstock, poultry, animal health, hardware and arable cropping sectors, in particular by appointing a National Sheep & Beef Specialist. We were able to introduce precision farming techniques to both our livestock and arable farmer customers, through feeding and nutrient management programmes that use new technologies sourced from our innovative suppliers and associates.

Chief Executive's Review continued

AGRICULTURE DIVISION

The Agriculture Division's main activities comprise the manufacture and processing of feed, fertiliser and seeds as well as other agricultural inputs. Glasson Grain and GrainLink also form part of this Division.

Total revenues amounted to £358.69m (2018: £334.34m), mainly reflecting higher commodity prices, and the operating profit, including the contribution from joint ventures, was £2.95m (2018: £4.29m). The decrease in operating profit year-on-year mainly reflected reduced customer demand, especially for feed.

Feed Products

Feed products are manufactured at our main facilities at Llansantffraid and Carmarthen as well as at a smaller blending facility at Rhosfawr. We manufacture a broad range of ruminant and monogastric feeds, in both loose bulk and a variety of bagged sizes. We also sell raw materials to farmers and other feed manufacturers. The wide range of feed that we offer, supplying dairy, beef, sheep, pig and poultry producers, is a strength, helping to mitigate variation in demand across the sub-sectors. Our product ranges are complemented by our technical sales colleagues who are able to advise customers on all aspects of animal nutrition.

Feed volumes were significantly impacted during the year by weather conditions, and sales were sharply behind last year's record result, but in line with market trends. The exceptionally mild winter and early spring reduced demand during the key trading period, after which the excellent grass growing summer reduced the need for bought-in feeds and feed-related products in the ruminant sector.

Sheep feed volumes in particular reduced, both in the spring lambing season and the summer/autumn period. This reflected the national trend, with sheep farmers selling their lambs earlier in the year ahead of a potential 'hard Brexit' in October 2019.

Dairy and beef farmers also moved feed spending to 'straight' feeds as opposed to manufactured compounded and blended feed, which adversely affected sales. This trend was evident nationally.

We continued to strengthen our position within the free-range egg sector, and achieved higher volumes of poultry mash, despite egg prices remaining subdued. This was helped by our team of poultry specialists who provide a value-added service, advising on quality egg production.

Our team of highly trained calf and youngstock specialists, offering advice and introducing innovative products and ideas to livestock farmers, helped to drive an increase in market share in milk replacers.

Capital investment at Llansantffraid Mill has improved efficiency in both manufacturing and distribution. This has been reflected in record daily and weekly production figures and reduced energy unit costs over the year.

We will continue to seek opportunities to strengthen our feed activities, and to ensure that we support our customers with innovative, added-value products. We also welcome the increasing attention by food retailers on feed ingredients that are sourced in an environmentally sustainable manner. Wynnstay is well placed in this regard to deliver the needs of the market.

Glasson Grain

The Glasson business, which is based at Glasson Dock, near Lancaster operates in three main areas; the supply of feed raw materials, production of fertiliser, and manufacture of specialist added-value animal feed products. Glasson's dock-side location remains an important part of its success and provides a valuable competitive advantage. It is also the UK's second largest blender of fertiliser.

The Glasson team delivered a record performance this year, significantly outperforming budget expectations.

Feed raw materials commodity trading performed well in a difficult trading environment. After a strong start to the financial year, trading activities reduced over the spring and summer periods as demand for bought-in feed reduced.

The fertiliser blending operations delivered an exceptional performance. The integration of the fertiliser blending plant at Goole and continued sales expansion at Montrose resulted in record volumes. The mild weather and early spring encouraged farmers to apply fertiliser to their land. This resulted in good trading volumes, although the summer and early autumn activities were restricted by good grass growing conditions and wet weather restoring arable planting. The 'Glasson' brand continues to grow and attract new business.

Specialist added-value feed products also enjoyed an exceptional year with record volumes. The business has been successful in developing innovative products that win new customers.

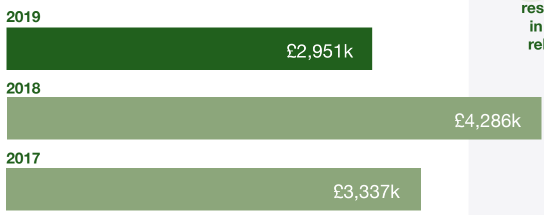
"Feed sales were impacted by the abnormally warm winter"

Agriculture - Revenue (note 2, page 58)

"Up 7% as a result of commodity price inflation"

Agriculture - Segment Result (note 2, page 58)

"Down 31% as a result of reduction in feed and feed related products"



Arable Products

Overall, our arable activities performed strongly during the year.

Our seeds activities performed well despite a number of challenges during the year. The very early spring encouraged strong grass seed sales, but sales dipped during the wetter summer. This meant that overall grass seed sales were below last year's record levels, although margins were maintained. Spring cereal seed volumes were lower than the prior year's strong performance, which was a reflection of the increased winter cereal plantings of 2018 (4.0% higher than the previous year). New legislation restricting the use of some traditional seed dressings also challenged cereal seed margins. Sales of autumn/winter cereal seed were strong, although the wet weather has significantly reduced the acreage sown to date and this will impact on the volume. It is expected that farmers will require lower volumes of seed next autumn since seed will be carried over from one year to the next. However, there should be a positive impact on spring seed sales in 2020, as farmers plant spring cereal seed instead of winter cereal seed.

We continue to seek innovation within the seed business by aligning ourselves to seed breeders, introducing newer varieties and continually assessing the value of new seed dressings.

Merchanted fertiliser sales for the year were below budget but we have maintained market share. Sales in the first half of the year were higher year-on-year as farmers took advantage of the early spring to replenish forage stocks. However, the wet summer that followed reduced sales activity in the second half of the year since there was an abundance of on-farm grass and silage available.

Our team of highly qualified agronomists continue to advise on best practice in terms of crop management and environmental care, which includes the use of digital nutrient management programmes.

GrainLink performed well in challenging conditions. The high-volume harvest of 2019 offered increased volumes for sale and the integration of the Grantham office helped to increase the volume of trade.

Our specialist Arable Event held near Shifnal, Shropshire, in June 2019, continues to grow from strength to strength. Over 1,000 farmers attended and there were opportunities to hear presentations from keynote industry speakers, and obtain advice on innovative arable techniques, seed varieties, and new mechanisation practices. The event ensures that Wynnstay is recognised as a key supplier of innovation and advice to the arable sector.

The management of the arable operations has been restructured with all activities now under a single director. Woodhead Seeds has also benefitted from the appointment of an arable manager to oversee sales activities throughout the sector. Overall, the arable business is well-placed to build upon its strong position in the marketplace.

Feed processing sites in Powys and Carmarthenshire, blending plant in Gwynedd, arable and seed processing sites in Shropshire and Yorkshire, raw materials and feed processing site in Lancashire, fertiliser processing sites at Lancashire, Angus and Yorkshire.

Chief Executive's Review continued

SPECIALIST AGRICULTURAL MERCHANTING DIVISION

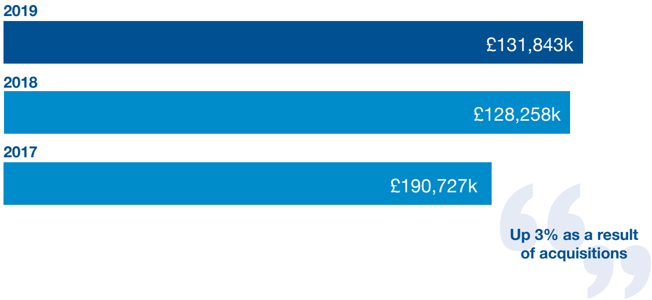
The Specialist Agricultural Merchanting Division trades predominantly through a network of depots, which supply a wide range of products specifically geared to the needs of farmers, although rural dwellers also account for a proportion of sales. The offering at our depots includes animal health products, bagged feed and hardware. We also have Suitably Qualified Persons ("SQP") who provide value-added advice on animal health products as well as the other products that we sell. This aspect of our operations make us an attractive route to market for our supplier base.

Channels-to-market also include specialist catalogues, specifically for the dairy, beef, sheep and poultry sectors, vans and online. Our Youngs Animal Feeds business is accounted for in this Division.

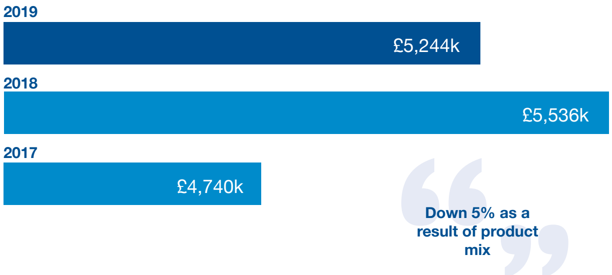
Total revenues generated in the year amounted to £131.84m (2018: £128.26m) and the Division's operating profit contribution was £5.24m (2018: £5.53m). Total revenues benefited from first full-year contributions from acquisitions, principally the Countrywide depots, acquired in April 2018, and MD Lloyd acquired in January 2018. There was also a partial contribution from Stanton Farm Supplies, acquired in April 2019. Contributions from acquisitions accounted for £8.1m of incremental sales in the year. Like-for-like revenue was 3.5% lower than the previous year, which was predominantly as a result of the reduction in demand for bagged feed and feed-related products.

"Somerset-based Stanton Farm Supplies was acquired in April 2019"

Specialist Agricultural Merchanting - Revenue (note 2, page 58)



Specialist Agricultural Merchanting - Segment Result (note 2, page 58)



Wynnstay Depots

Following our acquisitions, we amalgamated two depots and closed two small depots in our network of Specialist Agricultural Merchanting depots. This has taken the network to 55 depots (2018: 59 depots), which are located across the North West, Midlands, South West and Wales. The Countrywide depot integration was also successfully completed in the year.

Revenues were impacted by the significant reduction in demand for bagged feed and feed-related products, caused by weather conditions, as well as lower demand for grass seed, fertiliser and agrochemical sales during the wetter summer and autumn periods.

The continued development of our youngstock team helped to drive a record performance for milk replacer products.

During the year, like-for-like inventories at our depots reduced by 15.3%, benefiting our working capital utilisation.

Sales via our alternative routes to market, including catalogues and on-line activities continued to account for a relatively small percentage of Divisional sales.

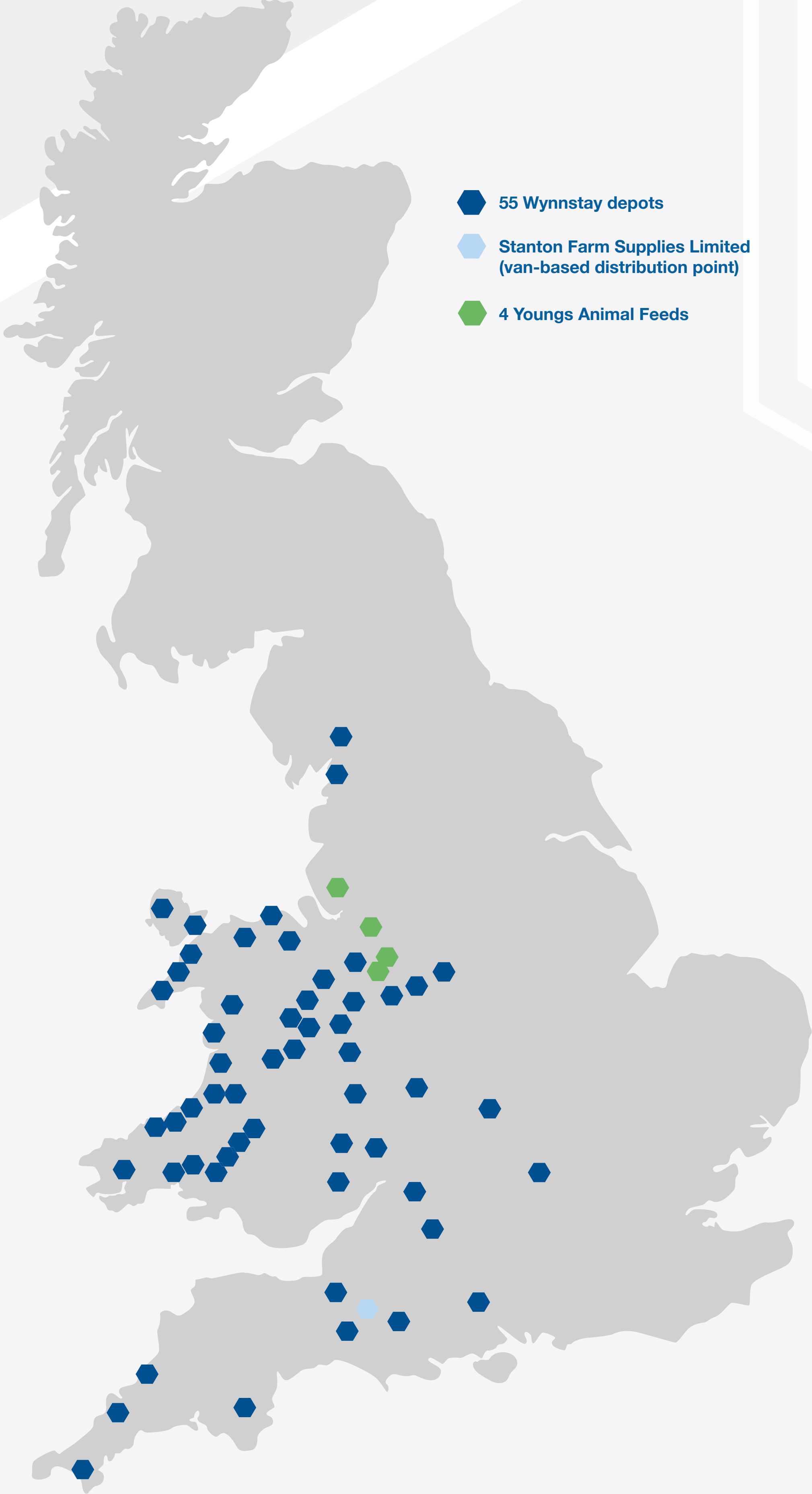
We will continue to train agricultural specialists to enhance the level of advice-driven transactions from our customers and will seek opportunities to extend our footprint into new geographical areas.

Youngs Animal Feeds

Youngs Animal Feeds manufactures and markets a range of equine products that are sold throughout specialist outlets across Wales and the Midlands and in some of our Specialist Agricultural Depots. Our Molichop branded feed range, manufactured at our purpose-built factory at Standon, remains a market-leading added-value product.

Gareth Davies
Chief Executive
21 January 2020

SPECIALIST AGRICULTURAL MERCHANTING SITES



Strategic Report

Finance Review

Over 16 years of dividend growth

GROUP STRUCTURE

The Group's effective legal structure continues to be a holding company, Wynnstay Group Plc, which has investments in four wholly owned active trading subsidiaries which are:

- Wynnstay (Agricultural Supplies) Limited, an agricultural merchant.
- Glasson Grain Limited, a feed and fertiliser merchant.
- GrainLink Limited, a grain 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 18 in the accounts, and certain other property and investment assets.

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 Agricultural Merchanting, covering the supply of products, primarily to farmers, 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.

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 15-19, which includes details of the impact of the mild winter weather conditions and the Brexit related political uncertainties which have adversely affected the financial performance of the business.

Group revenue in the period increased to £490.60m (2018: £462.66m), with the majority of the increase attributed to commodity inflation which is estimated at some £23.5m for the period. Contributions from acquisitions made both in the year, and during the previous year where they have made a further incremental contribution as a result of being included for the full period this year, added an additional £8.1m to revenue.

	2019 £000	2018 £000
Profit before tax	**7,553**	9,529
Share of tax incurred by joint ventures & associates	**103**	82
Share-based payments	**49**	55
Non-recurring items	**301**	(69)
Underlying pre-tax profit	**8,006**	9,597

Our Agriculture division absorbed most of the inflationary impact with a net £24.35m increase in revenues, taking the total to £358.69m (2018: £334.34m). This net result also reflected falls in the volumes of manufactured feeds partly offset by an increased tonnage of grain traded, all of which were at higher unit values. The Specialist Agricultural Merchanting division included the growth from acquisitions, with a net increase of £3.58m to a total revenue of £131.84m (2018: £128.26m). Like for like activities together with some depot consolidation produced a small 3.5% revenue reduction.

Group adjusted[1] operating profit was £7.76m (2018: £9.43m), and profit before taxation on an IFRS basis was £7.55m (2018: £9.53m). 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 excludes share-based payments and non-recurring items, the Group achieved £8.01m (2018: £9.60m). A reconciliation with the reported income statement and this measure is shown above.

[1]Adjusted results are after adding back amortisation of acquired intangible assets, share-based payment expense and non-recurring items.

The Board provides this alternative performance measure as it believes it provides a view of the underlying commercial performance of current trading activities, providing investors and other users of the accounts with an improved view of likely future performance by making the following adjustments to the IFRS 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.

Inclusive of contributions from joint ventures and associate businesses, our Agriculture division generated an operating profit before non-recurring items of £2.95m (2018: £4.29m), while our Specialist Merchanting Division produced £5.24m (2018: £5.53m). Other activities generated a small loss of £0.05m (2018: £0.09m).

TAXATION

The Group's tax charge, including joint ventures and associates, of £1.52m (2018: £1.90m) represents 19.9% (2018: 19.8%) of the Group pre-tax profit of £7.65m (2018: £9.61m). Deferred tax provisions have continued to be calculated at the target rate of 17% which was substantively enacted in 2016 and was due to become effective from April 2020, although we note recent Government proposals to cancel this reduction. A reconciliation relating to the Group's tax charge and Group pre-tax profit is given:

Total tax	**2019 £000**	2018 £000
Taxation	**1,421**	1,821
Share of tax incurred by associate and joint venture	**103**	82
	1,524	1,903
Group pre-tax profit from operations		
Profit before taxation from operations	**7,553**	9,529
Share of tax incurred by joint ventures and associates	**103**	82
	7,656	9,611

In accordance with Schedule 19 of the Finance Act 2016, the Group has published a Tax Strategy document on its website, which confirms that the organisation is committed to full compliance with all statutory obligations and adopts a policy of full disclosure to HMRC. The Group refrains from using offshore tax jurisdictions and will not use specifically constructed tax avoidance schemes or arrangements.

EARNINGS PER SHARE AND DIVIDEND

Basic earnings per share were 30.95p (2018: 39.11p), based on a weighted average number of shares in issue during the year of 19.812m (2018: 19.708m). The Board proposes to recommend the payment of a final dividend of 9.40p per share to be paid on the 30 April 2020, which when added to the interim dividend of 4.60p per share paid on the 31 October 2019, makes a total of 14.00p for the year (2018: 13.36p), an increase of 4.8%. The total dividend is expected to be covered 2.21 times (2018: 2.92 times) by earnings. The total dividend represents the sixteenth consecutive year of payment growth since the business was floated on the Alternative Investment Market of the London Stock Exchange in 2004. This current dividend cover remains within the range which can support the continuing progressive policy. Current Company distributable reserves amount to £16.29m, (2018: £15.83m) and are adequate to cover over five years of current dividend payment levels. 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 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 124,212 (2018: 106,418) new ordinary shares were issued for a total equivalent cash amount of £0.373m (2018: £0.439m). No (2018: 18,816) shares were issued in relation to the exercise of employee share options during the year, while the 124,212 (2018: 87,602) shares were issued to existing shareholders exercising their right to receive dividends in the form of new shares, with an equivalent cash value of £0.373m (2018: £0.372m).

BALANCE SHEET

Group net assets at the year end amounted to £94.95m (2018: £91.07m). Based on the weighted average number of shares in issue during the year of 19.812m, (2018: 19.708m) this represented a net asset value per share of £4.79 (2018: £4.62). During the financial year the share price traded in a range between a high of £4.55 in February 2019 and a low of £2.70 in August 2019. Based on these balance sheet values, Return on Net Assets from Underlying pre-tax profits was 8.5% (2018: 10.6%).

Capital investment in fixed assets amounted to £4.92m (2018: £5.11m) in the year, with the upgrading of the bulk feed delivery fleet having been a priority. Additionally, the Group invested £0.53m in the year on the acquisition of Stantons Farm Supplies Limited on a gross provisional fair value basis with £0.15m of this deferred. A further total of £0.60m of deferred payments on earlier acquisitions was also paid during the year.

Net Working Capital, which is defined as, the net of inventory, trade and other receivables and trade and other payables, showed an overall 10% decrease as at the year end, standing at £43.81m (2018: £48.48m), which was primarily caused by seasonal differentials in trading patterns.

CASHFLOW, NET CASH/(DEBT) AND BANKING FACILITIES

The business's trading activity remains strongly cash generative, with this being measured by reference to a key performance indicator called EBITDA. Essentially, this measures operating profit in broad cash generative terms, and a reconciliation of this measure to reported IFRS profit before tax is provided:

	2019 £000	2018 £000
IFRS reported pre-tax profit from operations	**7,553**	9,529
Tax on joint venture and associate income	**103**	82
Profit on disposal of fixed assets	**(170)**	(328)
Profit on disposal of Associate	**(84)**	-
Interest	**184**	191
Depreciation	**3,579**	3,157
Amortisation and share-based payments	**77**	71
Non-cash non-recurring costs	**-**	138
EBITDA	**11,242**	12,840

A reconciliation of EDITDA, as shown, to the net cash position at the year-end is provided in the table below, which is shown for additional information only and is prepared under the indirect method of item allocation, which is not is accordance with IAS 7:

	2019 £000	2018 £000
EBITDA before non-recurring items	**11,242**	12,840
Loans (made to)/repaid by joint ventures	**(1,601)**	32
Adjustment for pre-tax joint ventures and associates	**(463)**	(376)
Working capital movements – balance sheet	**4,667**	(8,221)
Working capital movements – re-analysed	**911**	(1,444)
Cash generated from operations – as reported	**14,756**	2,831
Working capital movements – re-analysed	**(911)**	1,444
Net interest	**(184)**	(191)
Tax paid	**(1,680)**	(1,674)
Capital expenditure	**(4,915)**	(5,112)
Capital disposal proceeds	**288**	548
Acquisitions	**(527)**	(1,760)
Other acquired assets/(liabilities)	**168**	(262)
Other proceeds	**135**	778
Dividends	**(2,683)**	(2,524)
Issue of new equity	**374**	439
Net increase /(decrease) in cash	**4,821**	(5,483)
Opening net (debt)/cash	**(977)**	4,506
Closing net cash/(debt)	**3,844**	(977)

During the year a substantial element of this generated cash has been invested in fixed assets and acquisitions to broaden the base of the business, and with lower working capital requirements at the year-end, the Group was able to report significant cash balances.

The year-end does represent a low point in the Group's cash utilisation cycle, and 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.

At the year-end, the Group had a combination of committed and short-term bank facilities of £20.3m in place (2018: £18.8m), together with asset finance lines of £8.7m, which are expected to satisfy forecast peak requirements for 2020. The committed Revolving Credit Facility element in this total is £7.5m which expires in June 2020, with discussions already underway to renew this with HSBC Bank, which are expected to conclude well before the expiry date. The Board will continue to keep the overall facility requirement position under review, taking a balanced approach between assessing the costs of committed debt against short-term working capital requirements.

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. £490.60m (2018: £462.66m).

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 non-recurring costs and share-based payment expense. £8.01m (2018: £9.60m).

EBITDA: Earnings before interest, tax, depreciation and amortisation, and excluding non-recurring costs, and share-based payment expense. £11.24m (2018: £12.84m).

Adjusted operating profit: Adjusted operating profit includes adding back amortisation of acquired intangible assets, share-based payment expense and non-recurring items. £7.76m (2018: £9.43m)

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. 30.95p (2018: 39.11p).

Return on net assets: Underlying pre-tax profit, with intangible amortisation added back, divided by the balance sheet net asset value. 8.5% (2018: 10.6%).

Net assets per share: The balance sheet net asset value, divided by the weighted average number of shares in issue during the year. £4.79 (2018: £4.62).

Whilst disappointed with the lower profit performance after last year's record results, the Board believes that under the difficult prevailing trading conditions through the year, which were announced in a trading update on 21 March 2019, the business has performed to revised expectations.

Paul Roberts
Finance Director
21 January 2020

Company Details

COMPANY NUMBER
02704051

REGISTERED OFFICE
Eagle House
Llansantffraid Ym Mechain
Powys
SY22 6AQ

Innovation and Sustainability

Innovation and sustainability can help maximise returns in farming enterprises. Information generated by precision farming technology can be used to drive effective decision making and optimise returns on inputs, whilst preserving resources.

> **Wynnstay have introduced the revolutionary CracklessEgg™ technology to help our bulk poultry feed customers save hundreds, or even thousands of pounds in wasted cracked eggs**

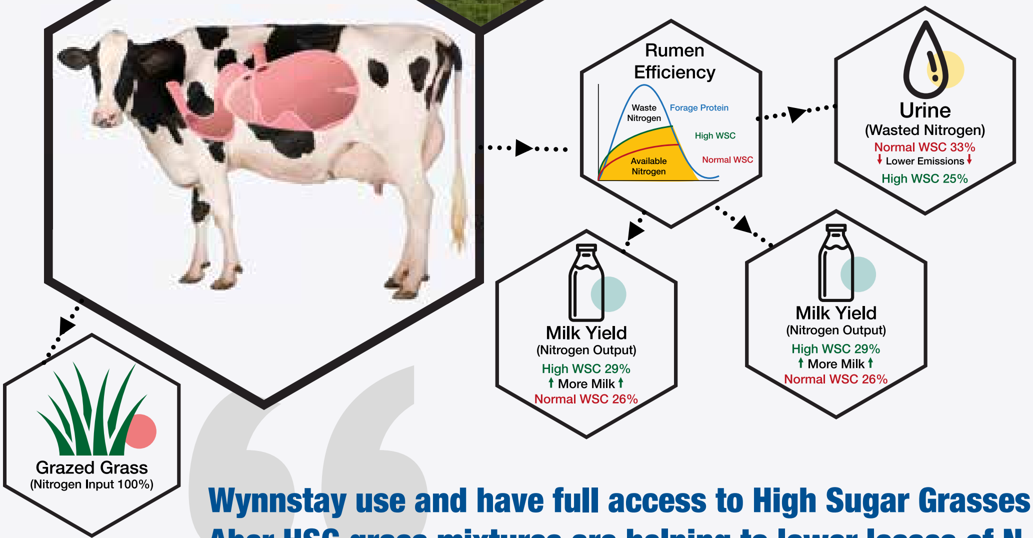
> **It is vital to optimise a calf's growth and development in the first few months of life, with innovative milk replacement products**

> **Recent years have seen a surge in the adoption of precision farming techniques, particularly in the arable sector. As dairy enterprises continue to increase in size, precision technologies are becoming more widely adopted.**

“We use AMTS software to formulate dairy rations using the Cornell Net Carbohydrate and Protein System which results in improved efficiency, allowing for formulation with lower crude protein, resulting in; increased production, improving cow health and, in turn, less nitrogen excretion, which reduces the impact on the environment”

“A phosphate enhancer that creates a sphere of availability for phosphate in the soil by preventing fixation with cations. It leaves the phosphate free to be taken up by the plant, unlocking the phosphate and making it 30% more available”

“Sustainable Farming Services - Manure management plans ensure nitrate vulnerable zones are protected, controlling nitrogen fertiliser and organic manure application and onfarm storage capabilities”



“Wynnstay use and have full access to High Sugar Grasses (HSG). Aber HSG grass mixtures are helping to lower losses of N_2O into the atmosphere. These improve the efficiency with which cattle utilise protein and reduce the excretion of nitrogen in urine, which in turn result in lower losses of nitrate to ground water.”

Principal Risks and Uncertainties

For the year ended 31 October 2019

The Group aims to mitigate the risks it faces as we seek to create sustainable growth over the medium to long-term by adopting an approach that is appropriate to the business activities being conducted. The Board retain overall responsibility for reviewing risk management strategies and this statement provides information about the extent of exposure to identified risks that the Board is able to bear and willing to take. The executive directors work closely with the non-executive directors who provide oversight and scrutiny in this area to ensure that risk management is appropriately aligned with commercial strategy.

As a Board, we play a critical role in helping to shape the tone for the organisation. This is achieved by modelling behaviours which drive strategic thinking, pace, risk management and compliance. Stakeholder feedback is sought from a variety of sources which is considered and acted upon as appropriate in order to ensure the Group is functioning in line with our corporate goals.

As with all businesses, there are some risks and uncertainties which are not able to be controlled.

The table below sets out the principal risks and uncertainties which could have a material impact on the Group, the list is not exhaustive, and it is possible that there will be other risks or uncertainties that could have a material adverse impact. Whilst all companies are subject to some financial risk, the Group continues to have a strong balance sheet and low gearing.

RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS
Increasing	**Operational: Brexit and the political backdrop**	
	There is uncertainty about the terms of the trade agreement which the UK will be able to negotiate with the European Union which may impact the Group in the following ways:	We continue to closely monitor the government's Brexit arrangements and adapt our plans to respond to the latest arrangements.
	- Imports of raw materials Potential disruption of imports of raw materials due to congestion and customs procedures at point of entry which could lead to disruption of manufacturing and merchanting operations.	Our raw material inputs and goods for resale are sourced from worldwide locations and where possible we plan to purchase from a variety of sources in order to minimise reliance on a single point of supply.
	- Customer exports Some of our customers export their end product, so the imposition of tariffs may impact demand for their products, which in turn could affect their demand for the Group's products.	The Group's customers are located in Britain and are involved in enterprises meeting the country's basic need for food. The Group diversifies where possible to avoid reliance on individual customer or product groups, such as offering products to arable and livestock farmers.
	- Exchange rate volatility Leading to commodity price risk.	Detailed mitigating actions for commodity price risk are in the subsequent "financial: commodity prices and currency exchange rates" section.
	- Historic reliance of our customers on government support Our core farmer base has historically relied upon government support and whilst the UK Agriculture Bill 2019 guarantees support until 2022 it is unclear what will happen after this time. This may lead to uncertainty and impact our customer buying patterns.	

RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS
No change	**Operational: Infrastructure and IT systems** 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 time can provide a competitive advantage. The breakdown of any of these systems through mechanical fault, weather and traffic disruption, or computer malfunctions or errors could lead to failure to fulfil customer orders.	The Group has internal IT support teams to manage its computer systems, including procedures for recovery from disruption. The Group operates multiple supply points, with additional third-party manufacturing arrangements in place. It is recognised that all organisations could be subject to cyber attacks and data theft and we have policies around data protection and use of IT systems which seek to minimise the risk of breaches.
No change	**Operational: Recruitment, retention and development of our key people** Recruiting and retaining the right people is crucial to the success of the Group.	Succession planning and development of key colleagues is considered at Board level. The Remuneration Committee develops remuneration policy for executives and key colleagues, referring to external benchmarking data as appropriate.
No change	**Operational: Supply chain efficiency** The Group requires access to raw materials and goods for resale and any disruption to its supply chains would damage revenue streams.	Strategic partnerships with suppliers are managed by specialist colleagues who aim to ensure inventories are kept at an optimum level.
No change	**Financial: Commodity prices and currency exchange rates** The Group's raw material inputs (grain, feed inputs), along with the farmer customer outputs (dairy, meat, agricultural goods) are subject to world prices which are impacted by world supply and demand, political factors and currency exchange rates which could lead to fluctuating demand for the Group's products.	The Group does not engage in the taking of speculative commodity positions, but it does have to make significant forward purchases of certain raw materials, particularly for use in its animal feed and fertiliser manufacturing operations. Position reporting systems are in place, together with appropriate limits, to ensure the Board is appraised of the exposure level on a regular basis. Where available, hedging tools such as commodity futures contracts on the London LIFFE market are used to manage pricing decisions. Foreign currency risk is managed by entering into currency purchase agreements at the time the underlying transaction for the purchase of raw materials is completed. The adjusted fair value of these contracts is now material. At the year end the principal amounts relating to forward purchased currency amounted to £9,178k (2018: £11,489k).
No change	**Financial: Availability of finance and interest rates** Fluctuating commodity prices can adversely impact the Group's working capital requirements and it is possible that interest rates charged may increase.	The Group monitors and maintains headroom in its facilities to accommodate unexpected but foreseeable trading patterns and conditions. Debt facilities are in place with HSBC Bank Plc which includes variable overdraft and revolving credit facilities and term loans. The majority of debt is floating and linked to interest base rates. The Board reviews its option to fix the rates attached to debt through the use of interest swap derivatives.

Principal Risks and Uncertainties continued

RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS
Increasing	**Operational: Operating climate**	
	- Impact of weather conditions and climate change Demand for the Group's products is impacted by climatic conditions as these impact demand for animal feed and associated products and arable activities and so customer demand can be impacted by the weather which, in turn, could lead to volatility of earnings.	The Group monitors trends and, as noted above, seeks to diversify where possible to avoid reliance on individual customer or product groups, such as offering products to arable and livestock farmers.
	- Consumer awareness There is growing evidence of consumer awareness and concern about sustainability of products purchased, including food.	The Board monitors developments in consumer buying patterns in relation to sustainability and looks to ensure that the Group offers a range of products to meet consumer preferences, and looks for new opportunities to service emerging trends in agriculture, such as the public goods concept in the UK Agriculture Bill 2019.
	- Government regulation and licences A number of the operating sites within the Group require specific Environmental Agency regulated permits or other governmental approvals or licences. Non-compliance with terms could result in the withdrawal to operate certain activities which could lead to volatility of earnings or loss of reputation.	The Board oversees Environment and Regulatory Compliance by receiving regular updates from management and monitoring the results of audits.
No change	**Financial: Credit**	
	A significant proportion of the Group's trade is conducted on credit terms and as such the risk of non payment is always present.	Customers are credit checked and appropriate limits set up prior to goods being supplied. The Group actively monitors accounts using the credit control policy and the Board regularly monitors debtor days. The historic incidence of bad debts is low.
	- Grain trading business The grain trading business derives a significant proportion of revenue from a small number of key customers, leading to substantial customer credit balances.	The Group utilises credit insurance in order to provide partial cover against default by certain customers.
No change	**Operational: Industry consolidation and change**	
	The Group operates in a fragmented market which is undergoing consolidation. Our strategy is to grow through a combination of organic and acquisition-based means in order to remain competitive and benefit from economies of scale. Consequently, it is important to successfully identify, execute and integrate growth opportunities in order to mitigate the risk of customer loss and competition.	The Group pursues a sensible growth strategy by seeking to increase its market share through geographic expansion and acquisitions. The Group continues to invest its sales channels, capturing data through a customer relationship management tool in order to identify and manage customer sales, service, support and quality across our catalogue direct to farm and specialist agricultural merchanting depot networks.

Focus on Glasson

GLASSON

Glasson Dock

Working from the quayside of an international port Glasson Grain Limited operates in three main areas - the supply of feed raw materials, production of fertiliser and the manufacture of specialist added value animal feed products.

Cornmill

Situated on the banks of the River Lune and adjacent to our dock facilities our Cornmill produces a wide range of animal feeds for the farm animal, equine, poultry and wild bird food markets.

Raw material trading

We specialise in the supply of a comprehensive range of Feed Raw Materials and Wheatfeed to Compounders, Feed Blenders and Merchant businesses throughout the UK, on either a delivered or ex store basis. The materials supplied include maize, cereals, and proteins.

Fertiliser Manufacturing

Glasson Grain Limited are the second largest blender of fertiliser in the UK, operating from sites at Montrose, Goole, Winmarleigh and Birkenhead.

WYNNSTAY

Board of Directors and Company Secretary

RC

NC

James John McCarthy
Chairman

Jim joined the Board in July 2011 and was appointed Chairman of the Group in November 2013. He has over 40 years' experience in fast-moving retail industry, having served as CEO of Poundland Group plc, MD of Convenience at J Sainsbury plc, and 10 years as CEO of T&S Store plc. Jim is also Non-Executive Chairman at UP Global Sourcing Holdings plc.

KEY SKILLS

Sector experience

Strategy and leadership

Property

AC

RC

NC

Philip Michael Kirkham
Vice-Chairman / Senior Independent Non-Executive Director

Philip joined the Board in April 2013. He runs a mixed farming business in the West Midlands and has significant experience in the UK livestock sector. He is also Non-Executive Chairman of Meadow Quality Limited, a multi-species livestock marketing business.

KEY SKILLS

Sector experience

Strategy and leadership

AC

RC

Howell John Richards
Independent Non-Executive Director

Howell joined the Board in July 2014. He has significant experience within the agricultural industry and has established a large dairy enterprise business 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.

KEY SKILLS

Sector experience

Strategy and leadership

AC

Stephen Ellwood
Independent Non-Executive Director

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 Smith & Williamson for four years. Steve is also a Non-Executive Director at NIAB, AH Worth and Company and Velcourt Group.

KEY SKILLS

Sector experience

Mergers and acquisitions

Finance

Strategy and leadership

COMMITTEE MEMBERSHIP

AC Audit Committee NC Nominations Committee RC Remuneration Committee Committee chair

Gareth Wynn Davies
Chief Executive Officer

Gareth was appointed to the Board as Chief Executive in May 2018. He joined Wynnstay in 1999 as Sales Manager for South Wales and became Head of Agriculture in 2008. He is also a Non-Executive Director at Hybu Cig Cymru - Meat Promotion Wales.

KEY SKILLS

- Sector experience
- Mergers and acquisitions
- Strategy and leadership
- Sales and marketing

David Andrew Thomas Evans
Agriculture Director

Andrew joined the Board in 2008 and has executive responsibility for the activities of Wynnstay (Agricultural Supplies) Limited. Andrew joined Wynnstay in 1996 as Marketing Manager and became Retail Manager in 2003. He also owns a dairy farm in Mid Wales.

KEY SKILLS

- Sector experience
- Strategy and leadership
- Operations
- Sales and marketing

Bryan Paul Roberts
Finance Director

Paul joined the Board in 1997. He joined Wynnstay in 1987 having previously worked in the animal feed industry. He is a Fellow of the Chartered Institute of Management Accountants.

KEY SKILLS

- Company secretarial
- Sector experience
- Finance
- Mergers and acquisitions

Claire Alexander Williams
Company Secretary

Claire was appointed to the Board in January 2020. She joined Wynnstay in 2017 as Group Financial Controller. She is a member of the Institute of Chartered Accountants in England and Wales.

KEY SKILLS

- Company secretarial
- Finance

Corporate Governance

Senior Management

David Chadwick
Managing Director, Glasson Grain

Dave joined the Group in August 2006 when Wynnstay acquired Glasson Grain. Dave has significant commercial experience in international trading of animal feeds and fertiliser.

KEY SKILLS

- Strategy and leadership
- Sales and marketing
- Operations and supply chain

Stuart Dolphin
Arable Director

Joined the Group in May 2011 when Wynnstay acquired Wrekin Grain which subsequently became GrainLink. Stuart has significant commercial experience in commodity trading and arable farming, including seed, fertiliser and agronomy.

KEY SKILLS

- Strategy and leadership
- Sales and marketing
- Operations and supply chain

Samantha Jayne Roberts
Group Personnel Manager

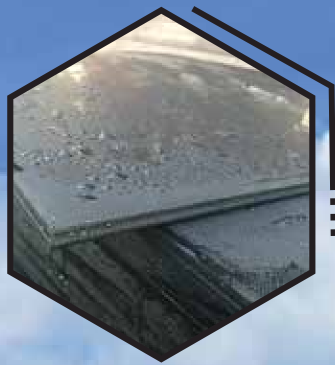
Samantha joined the Group in July 2000 and held a variety of roles before assuming Group Personnel Manager in July 2005.

KEY SKILLS

- Human Resource Management and Development
- Health and safety

Depot network - 55 depots offer a range of products to farmers, rural dwellers and small-holders

FENCING



RECYCLED PRODUCTS

CALF 35

ANIMAL HEALTH

PET FOOD

BAGGED FEED

Directors' Report

For the year ended 31 October 2019

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 2019.

RESULTS AND DIVIDENDS

	2019	2018
Interim dividend per share paid	**4.60p**	4.41p
Final dividend per share proposed	**9.40p**	8.95p
Total dividend	**14.00p**	13.36p

	2019	2018
	£000	£000
Group revenue	**490,602**	462,657
Group profit after tax	**6,132**	7,708

Subject to approval at the Annual General Meeting, the final dividend will be paid on 30 April 2020 to shareholders on the register at the close of business on 27 March 2020. The share price will be marked ex dividend with effect 26 March 2020. In accordance with the rules of the Company's script 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 2020.

DIRECTORS AND THEIR INTERESTS

The Directors who held office during the year and as at 31 October 2019 had the following interests in the ordinary shares of the Company:

	25p Ordinary Shares		SAYE Options		Discretionary Options	
	2019	2018	**2019**	2018	**2019**	2018
Gareth Davies	**21,091**	8,992	**7,986**	7,986	**8,000**	8,000
Steve Ellwood	**4,700**	-	**-**	-	**-**	-
Andrew Evans	**22,130**	21,165	**-**	3,243	**-**	-
Philip Kirkham	**1,077**	1,030	**-**	-	**-**	-
Jim McCarthy	**34,700**	5,000	**-**	-	**-**	-
Howell Richards	**2,810**	-	**-**	-	**-**	-
Paul Roberts	**98,498**	98,498	**3,121**	4,306	**8,000**	8,000

Further information on the Directors' discretionary options can be found in the Directors' Renumeration Report.

In addition to the above shareholdings, Gareth Davies and Paul Roberts are trustees of the Company's Employee Share Ownership Plan trust which at the year end held 16,834 shares (2018: 6,834 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.

Further details on related party transactions with Directors are provided in note 35 to the financial statements.

Under Article 91, Steve Ellwood and Paul Roberts retire from the Board by rotation at the Annual General Meeting on 24 March 2020 and being eligible, offer themselves for re-election.

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.

SHARES AND SUBSTANTIAL SHAREHOLDINGS

At 31 October 2019, the following shareholders held 3% or more of the issued share capital of the Company:

Registered Shareholder	Beneficial Holder	Number of shares	% of issued share capital
Ferlim Nominees Limited	Discretionary managed funds of Investec Wealth & Investment Limited	1,904,694	9.6
Lion Nominees Limited	Discretionary managed funds of Close Asset Management Limited	1,468,947	7.4
Luna Nominees Limited	Discretionary managed funds of Brown Shipley Private Bank	1,359,514	6.8
Goldman Sachs Securities Limited	Polar Capital Partners	643,500	3.2
Rulegale Nominees Limited	Discretionary managed funds of James Sharp & Co	592,921	3.0

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.

Details of authorised and issued share capital and the movement in the year is detailed in note 26 to the financial statements.

At the 2019 Annual General Meeting the Directors received authority from the shareholders to:

- Allot shares

This gives Directors the authority to allot shares and maintains flexibility in respect of the Company's financing arrangements. The nominal value of ordinary shares which the Director may allot in the period up to the next Annual General Meeting to be held on 24 March 2020 is limited to £450,000. The Directors do not have any present intention of exercising this authority other than in connection with the issue of ordinary shares in respect of the Company's share option plans. This authority will expire on 24 March 2020 at the Annual General Meeting.

- Disapplication of rights of pre-emption

This disapplies rights of pre-emption on the allotment of shares by the Company and the sale of treasury shares. This authority allows the Directors to allot equity securities for cash pursuant to the authority to allot shares mentioned above, and to sell treasury shares for cash without a pre-emptive offer to existing shareholders, up to an aggregate amount of £450,000. This authority will expire on 24 March 2020 at the Annual General Meeting.

- To buy own shares

This authority allows the Company to buy its own shares in the market, as permitted under the Articles of Association of the Company, up to a limit of 500,000 ordinary shares. The Directors have no immediate plans to exercise the powers of the Company to purchase its own shares and would only plan to do so if they were satisfied that a purchase would result in an increase in expected earnings per share and was in the best interests of the Company at the time. This authority will expire on 24 March 2020 at the Annual General Meeting.

COLLEAGUES

The Group has procedures for keeping its colleagues informed about the progress of the business. For further information please refer to our Corporate Social Responsibility report on page 39.

The Group continues to encourage employee motivation by operating a Savings Related Share Option Scheme open to all colleagues.

The Group provides training and support for all colleagues 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 colleagues 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.

PAYMENT OF SUPPLIERS

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 56 days (2018: 56 days).

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 2019 as provided in note 17 to the financial statements by approximately £6,200,000 (2018: £4,200,00).

POLITICAL AND CHARITABLE DONATIONS

Details of support to the community is within the Corporate Social Responsibility report on page 39. There were no political donations during the year (2018: none).

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who were members of the Board at the time of approving the Directors' Report are listed on pages 30 to 31.

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.

INDEPENDENT AUDITORS

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

INFORMATION CONTAINED WITHIN OTHER PARTS OF THE ANNUAL REPORT AND ACCOUNTS

Further information on the activities of the business, Group strategy, likely future developments and principal risks and uncertainties are contained in the Strategic Report.

By order of the Board

Claire Williams
Company Secretary
21 January 2020

Responsibility Statement Of The Directors 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 judgements 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

Claire Williams
Company Secretary
21 January 2020

Advisors

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DWF LLP
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Liverpool, L3 9AE

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Halesowen
West Midlands
B62 8HD

Corporate Governance Statement

For the year ended 31 October 2019

Dear shareholder

On behalf of the Board, I am pleased to present our Corporate Governance Statement for the year ending 31 October 2019.

As a Board we are committed to high standards of corporate governance in order to deliver long-term shareholder value. I am pleased to report that the Group remained in compliance with the QCA Corporate Governance Code for Small and Mid-size Quoted Companies published in April 2018 ("the Code") throughout the year.

This report describes how the principals of the Code were complied with.

Further details relating to going concern and long-term viability can be found in the Group Strategy on pages 8 to 9.

1. ESTABLISH A STRATEGY AND BUSINESS MODEL WHICH PROMOTE LONG-TERM VALUE FOR SHAREHOLDERS

Wynnstay is committed to sustainable development within the agriculture sector. The Group's business model, strategy and principal risks and uncertainties are set out in the Strategic Report.

2. SEEK TO UNDERSTAND AND MEET SHAREHOLDER NEEDS AND EXPECTATIONS

The Board appreciates that the diverse shareholder base of the Group may have differing objectives for their investment in the business, and therefore the importance of ensuring that non-executive directors ("NED") in particular, have an up to date understanding of these perspectives is well recognised.

Directors will therefore routinely engage with both institutional and private investors and will seek out opinions on unusual or potentially controversial matters before adopting policy changes or tabling shareholder resolutions. The Board will always review written feedback reports from investors following financial results "roadshows" and will also always consider information received from institutional voter advisory firms. Philip Kirkham is the nominated independent NED who makes himself available to shareholders who may require independent Board contact.

We published a Whistleblowing policy which sets out a procedure for all colleagues to report any concerns of malpractice in April 2019.

3. TAKE INTO ACCOUNT WIDER STAKEHOLDER AND SOCIAL RESPONSIBILITIES AND THEIR IMPLICATIONS FOR LONG-TERM SUCCESS

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.

The Board monitors developments in sustainable farming practices and where possible looks to incorporate these into the Group's product offering. Examples of these include sustainably sourced protein in animal feed and supporting our customers to maximise production efficiency through precision farming techniques.

Employee feedback is obtained in a number of ways, including senior management roadshows and team meetings. See our Corporate Social Responsibility statement on page 39.

Customer feedback is sought via both sales colleagues and senior management and sales related metrics and reviewed through our CRM system.

Supplier feedback is obtained via both purchasing colleagues and senior management.

4. EMBED EFFECTIVE RISK MANAGEMENT, CONSIDERING BOTH OPPORTUNITIES AND THREATS, THROUGHOUT THE ORGANISATION

Principal risks and uncertainties, along with our mitigating actions, are described in the Strategic Report. The Board retains ultimate responsibility for determining our risk appetite and overseeing management strategies.

The Group does not currently have a formal internal audit function and at present the Board believes that existing management resource is sufficient to adequately control the Group in its current size, however this matter continues to be actively reviewed.

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.

5. MAINTAIN THE BOARD AS A WELL-FUNCTIONING, BALANCED TEAM LED BY THE CHAIR

Details of membership of the Board, along with biographies are included on pages 30 to 31.

The Board is comprised of three executive directors, four independent non-executive directors and a company secretary which provides an appropriate balance.

The roles of Chairman and Chief Executive are separated. The Chairman is responsible for the Board, he is a non-executive and is elected by the whole Board on an annual basis. Jim McCarthy was elected Chairman in November 2013 and has been re-elected each year to date.

The Senior Independent director supports the other directors by acting as a confidential "sounding board" and also leads engagement with shareholders who may require independent Board contact.

The Chief Executive is responsible for the operating performance of the Group.

The Company Secretary acts as a trusted adviser to the Chair and the Board with specific duties in relation to both legal and regulatory compliance and reports directly to the Chair on governance matters.

All members are able to take independent professional advice on matters associated with the Company at the Company's expense.

A formal schedule of matters requiring Board approval is maintained and regularly reviewed and covers items such as Group strategy, approval of budgets and financial results, dividend policy, major capital expenditure, corporate governance and Board appointments and comprehensive briefing papers are circulated prior to each meeting. The Board usually meets once per month with additional meetings when necessary. The Board met each month during the year and all members attended each meeting.

We confirm that all the non-executive directors are considered to be suitably independant.

Corporate Governance Statement continued

6. ENSURE THAT BETWEEN THEM THE DIRECTORS HAVE THE NECESSARY UP-TO-DATE EXPERIENCE, SKILLS AND CAPABILITIES

Biographical details of the Directors and their skills are included on pages 30 to 31. 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 merchanting experience. Steve Ellwood is Audit Committee Chair and has recent and relevant financial oversight experience roles at HSBC and Smith & Williamson.

The Board is satisfied that it has an appropriate balance of sector, financial and public markets skills and experience and is not dominated by any one person or group of people.

> **We further strengthened our Corporate Governance function by appointing Claire Williams as Company Secretary in January 2020 hence separating this role from that of an executive. On Governance matters, she reports directly to me as Chairman of the Board.**

7. EVALUATING BOARD PERFORMANCE BASED ON CLEAR AND RELEVANT OBJECTIVES, SEEKING CONTINUOUS IMPROVEMENT

The Chairman is responsible for the periodic performance reviews of the Board, its sub-committees and non-executive directors. Stakeholder feedback is sought and acted upon.

The results of a Board effectiveness evaluation were considered in November 2018.

Executive training has been undertaken during the year to enhance leadership and communication skills.

8. PROMOTE A CORPORATE CULTURE THAT IS BASED ON ETHICAL VALUES AND BEHAVIOURS

The Board operates a policy of collective responsibility with regard to its decision making, with the Chairman being responsible for the smooth functioning of its activities. The Chairman will ensure that each member of the Board is given fair and equal opportunity to clearly express their respective views on all matters, and that the executive directors are adequately able to communicate reasonable commercial views on matters under debate.

The Board is satisfied that BDO LLP has adequate policies and safeguards in place to ensure that external auditor objectivity and independence is maintained.

9. MAINTAIN GOVERNANCE STRUCTURES AND PROCESSES THAT ARE FIT FOR PURPOSE AND SUPPORT GOOD DECISION-MAKING BY THE BOARD

The Board is supported by Shore Capital and Corporate Limited who are consulted on matters when appropriate.

The Board is supported by three sub-committees, membership of which is shown on pages 30 to 31.

- Audit

The committee meets to provide oversight of the financial reporting process, the external audit process including maintaining auditor objectivity and independence in relation to non-audit services, the Group's system of internal controls, compliance with laws and regulations and risk management. The Committee met twice during the year and all members attended.

- Remuneration

The committee meets to consider remuneration policy for executive directors and senior managers and the supervision of employee benefit structures throughout the Group. The Committee met twice during the year and all members attended.

- Nominations

Meets as required to consider senior appointments. There were no meetings during the year.

The Board is satisfied that the Group's governance structures and processes are appropriate to its size, complexity and appetite and tolerance to risk and keeps these structures under review as the Group develops over time. The Board regularly monitors developments to Corporate Governance regulations and processes and will regularly review the continuing suitability of the QCA code.

10. COMMUNICATE HOW THE COMPANY IS GOVERNED AND IS PERFORMING BY MAINTAINING A DIALOGUE WITH SHAREHOLDERS AND OTHER RELEVANT STAKEHOLDERS

A Directors remuneration report is contained on pages 40 to 45.

During the year the Audit Committee considered the matters described under Principal 9 and also the implementation of IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Contracts with Customers', the use of the going concern assumption in the preparation of the financial statements and the results of the annual goodwill impairment review.

Arrangements for maintaining a dialogue with shareholders and other relevant stakeholders are described under Principals 2 and 3.

Members of the Board are available at the Annual General Meeting which is a well attended occasion and includes a presentation on the financial results of the Group. Close relationships are maintained with Shore Capital and Corporate Limited who are our nominated Advisor and Stockbroker who are able to facilitate further opportunities for stakeholder engagement.

Jim McCarthy
Chairman
21 January 2020

Corporate Social Responsibility

Colleagues

The relationship nature of much of the Group's trading activities makes it heavily dependent on the quality and efficiency of the colleagues involved in the business. People management and development is therefore critical to our success. Considerable effort and investment is put into the recruitment, training, welfare and support of all colleagues, and examples of technical training that enables our colleagues to provide advice to our customers are shown on page 6. In addition a number of our colleagues are training for professional qualifications in HR Management and Accountancy.

Colleagues are kept informed about key developments and the financial performance of the business. Board meetings and management meetings are held in different locations to facilitate engagement with the executive and non-executive directors. The purpose of the group is to contribute to balanced decision making and stakeholder engagement. In addition all eligible colleagues are encouraged to become shareholders in the business through regular invitations to join sharesave schemes.

The Group is committed to creating a fair, enjoyable and fulfilling work environment and has policies in place to prevent discrimination, bullying or harassment.

The nature of our business presents a range of potential hazards and the Directors are committed to ensuring we have high standards of health and safety across the Group. Further enhancements made during the year include investment in training with a new e-learning platform, the creation of a help desk to register any incidents or concerns, and augmented Board reporting. There were seven reportable incidents (RIDDOR) across the Group, compared to six in the previous year.

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.

The Group has complied with the government's energy assessment scheme (ESOS) for a number of years and is currently making preparations for the implementation of the new Streamlined Energy & Carbon Reporting (SECR) scheme.

Fuel efficiency is paramount in vehicle investment decisions, and mileage management is a key task for all fleet responsible colleagues.

Significant capital expenditure on environmental and water management projects at Carmarthen mill have continued. Recycling processes operate across the Group for plastics, paper, cardboard, metal, wood, electrical equipment and used oils.

In November 2018 we were pleased to receive the Green Dragon award which recognises the actions we are taking to understand, monitor and control the impacts on the environment at our Llansantffraid site.

SAFON AMGYLCHEDDOL Y DDRAIG WERDD • GREEN DRAGON ENVIRONMENTAL STANDARD

Social engagement

Making a positive difference to the communities in which we operate is important to the Group – we support the communities surrounding our depots and business offices by supporting local events, fundraising activities and community groups. We have partnered with the NFU by sponsoring the NFU Cymru/Wynnstay Sustainable Agriculture Award.

We also have active links with Harper Adams University, which is a specialist provider of higher education for the agricultural and rural sector, including sponsoring the Wynnstay Beef and Wynnstay Youngstock awards.

We celebrated the end of our centenary year by coming together at a Black-Tie dinner in January 2019 to raise money for Children with Cancer UK and have also supported the Royal Agricultural Benevolent Institution.

Across the Group we donated £24,700 to charity over the course of the year, including £19,000 from the Centenary Dinner and a further £19,700 to sponsorship of community events, such as local agricultural shows.

Our Corporate Values

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. There are policies in place to mitigate the risk and promote awareness, including risk based auditing of our supply chain.

During the year, the Group introduced a Whistleblowing policy which provides all colleagues with a structured process to follow if they wish to raise concerns about any potential malpractice and has processes in place to guard against the risk of fraud and corruption.

Directors' Remuneration Report

Board Remuneration

INTRODUCTORY STATEMENT

As Chair of the Remuneration Committee and on behalf of the Board of Directors, I am delighted to present our report on Board remuneration for the Financial Year ended 31 October 2019.

Our approach to remuneration

The Committee conducted a full review of the Group's Remuneration Policy in 2018 with the assistance of RSM Tax & Advisory Services LLP, and as a result implemented a number of changes to the remuneration of Executive Directors with a focus on ensuring that:

- the remuneration packages offered are competitive within the marketplace that the Company operates, allowing it to attract and retain the talent necessary to deliver the results demanded by the Board and the Company's shareholders;
- the performance-based elements of remuneration are aligned with the Group's strategic objectives, with measures that reward exceptional achievement whilst avoiding rewarding poor performance; and
- the remuneration structures provide the mechanisms to protect shareholders where necessary and adopt a sufficiently long-term basis for aligning the interests of Executive Directors with those of investors.

The Committee's approach to remuneration is based on offering a competitive but not excessive reward package for Executive Directors that aligns their pay with the strategy of the Group. We seek to encourage, incentivise and motivate those behaviours in our Executive Directors which we believe will deliver long-term success for the Group and strong returns for its shareholders. In addition to seeking to align the interests of Executive Directors with those of shareholders, our Policy seeks to adopt best practice and comply with all relevant laws and corporate governance regulations, giving the Group a sound basis for long-term growth and progression.

Committee decisions on remuneration

During the 2018 review, the Committee introduced a new long-term incentive arrangement for Executive Directors and other Senior Managers in the form of a Performance Share Plan ("PSP") which is based on annual awards with a performance period of three years and a further holding period of two additional years. In line with good corporate governance practice, the new PSP includes malus and clawback provisions. Having reached a view on the preferred structure of a long-term incentive scheme, the Committee decided that it wished to obtain shareholder approval for the new PSP before granting any awards. A resolution was therefore put to the Company's Annual General Meeting in March 2019, which was overwhelmingly supported. The Committee now intends to grant the initial awards under the new scheme immediately following the announcement of the 2019 financial results in January 2020. For the Executive Directors, the structure of the 2020 awards will be based on nil cost options over a number of shares equating to 40% of the individual's base salary divided by the market price of shares on the day before the grant. The number of shares eligible to vest after three years will depend on stretching performance targets based on diluted earnings per share growth (75%) and the Group's return on capital employed (25%).

On a similar basis, the Committee reviewed the Annual Performance Bonus schemes for Executive Directors during 2018 and, introduced new arrangements for 2019 (APB). These contain ambitious performance criteria which include targets based on profit before tax (75%) and stretching, specific and measurable strategic and/or individual objectives (25%).

In line with comparable companies, the Committee proposes that under the Remuneration Policy:

- the maximum bonus opportunity in the APB will be 100% of base salary in the case of all Executive Directors; and
- the maximum award opportunity under the PSP will be over shares with a market value at grant of 100% of base salary.

The performance criteria attached to all awards will ensure that the maximum opportunity will only be realised in the event of exceptional performance, and no payments will be made where performance has been inadequate.

The Remuneration Committee remains fully committed to an open and honest dialogue with our shareholders, and we welcome your views on any aspects of remuneration at any time.

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 business objectives. Proper regard is given to the need to recruit and retain high quality and motivated colleagues 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, and takes appropriate external professional advice where considered necessary. Executive Director remuneration packages were reviewed in 2018 following advice taken from RSM Tax and Advisory Services LLP.

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:

Basic Salary

Purpose: To provide an appropriate amount of basic fixed income to enable the recruitment and retention of effective management to implement Group strategy.

Operation: The Committee reviews base salaries on an annual basis, consistent with the reviews conducted for other colleagues. The review takes into account:

- absolute and relative Group profitability;
- any changes to the scope of each role and responsibilities;
- any changes to the size and complexity of the Group;
- salaries in comparable organisations;
- pay increases elsewhere in the Group; and
- the impact of any increases to base salary on the total remuneration package.

Maximum opportunity: The Remuneration Committee has set no overall maximum on salary increases, as it believes that this creates an anchoring effect for Executive Directors and other colleagues.

Performance measures: None, although individual performance, skills and experience are taken into consideration by the Remuneration Committee when setting salaries.

Annual Bonus Plan (ABP)

Purpose: To incentivise the Executive Directors to deliver the Group's Corporate Strategy by focusing on annual goals that are consistent with longer-term strategic objectives.

Operation: Bonus targets are reviewed and set on an annual basis. Pay-out levels are determined by the Remuneration Committee after the year-end, after completion of the audit, based upon a rigorous assessment of performance against the targets.

Malus provisions apply for the duration of the performance period and any deferral period allowing the Remuneration Committee to reduce to zero any unvested or deferred awards. Clawback provisions apply to cash amounts paid and shares or cash released for three years following payment or release, allowing the Remuneration Committee to claim back all or any amount paid or released.

The circumstances in which malus and/or clawback provisions may be triggered include:

- if the assessment of any performance condition was based upon erroneous or inaccurate or misleading information;
- if a material misstatement is discovered that results in the audited accounts of the Group being adjusted; or
- in the event of any action or conduct of a participant that amounts to fraud or gross misconduct.

Maximum opportunity: The maximum annual bonus opportunity that can be earned for any year is capped at 100% of base salary for all Executive Directors. Payments at or approaching these levels would require an exceptional level of performance.

Performance measures: The payment of awards under the APB is dependent upon performance conditions based upon:

- profit before tax (PBT) after accrual for bonus payments (75% weighting); and
- stretching, specific and measurable strategic and/or individual objectives. (25% weighting).

The Remuneration Committee believes the chosen metrics are suitably aligned with the Group's strategy and are focused on delivering long-term growth and shareholder return.

Wynnstay Profit Related Pay

Purpose: An all-employee scheme in which the Executive Directors participate on the same basis as all other colleagues, designed to encourage achievement of profit budgets within main trading subsidiaries.

Operation: An employee scheme to reward all colleagues with a pro-rata profit share, based on a pre-set formula. Paid in February following the announcement of the financial results for the previous year, after completion of the annual audit.

Performance measures: Based upon the pre-tax profit of two trading subsidiaries, as a net percentage of revenues adjusted for commodity inflation and subject to a total cap on the overall all-employee pay-out of 10% of profits of the participating companies.

Performance Share Plan (PSP)

Purpose: To incentivise Executive Directors to focus on the long-term strategic objectives of the Group and to deliver substantial shareholder value, aligning their interests with the interests of shareholders.

Operation: Awards may be granted annually under the PSP and will consist of rights over shares, calculated as a percentage of base salary. Vesting is subject to the Group's performance, measured over three years and is followed by a holding period in respect of 50% of the vested shares, of which one half are released after a one-year holding period and one half after a two-year holding period. Malus provisions apply for the duration of the performance period and shares held under deferral arrangements, allowing the Remuneration Committee to reduce to zero any unvested or deferred awards. Clawback provisions apply until two years after the date upon which any entitlement becomes unconditional, allowing the Remuneration Committee to claim back all or part of the value of any shares vested.

The circumstances in which malus and/or clawback provisions may be triggered are as stated in relation to the APB above.

The principal terms of the PSP were approved by shareholders at the 2019 AGM.

Maximum opportunity: The maximum PSP award opportunity per Executive Director, in respect of any financial year, is limited to rights over shares with a market value at grant of 100% of base salary.

Performance measures: The vesting of all awards made under the PSP is dependent upon performance conditions based upon:

- EPS growth (75% weighting); and
- return on capital employed (25% weighting).

The Remuneration Committee believes the chosen metrics are suitably aligned with the Group's strategy and are focused on delivering long-term growth and shareholder return.

Directors' Remuneration Report continued

All-employee share plans

Purpose: To align the interests of the broader employee base with the interests of shareholders and to assist with recruitment and retention.

Operation: The Group currently operates a HM Revenue & Customs-approved Save As You Earn plan. In accordance with the relevant tax legislation, the Executive Directors are entitled to participate on the same basis (and subject to the same maximums) as other Group colleagues.

Maximum opportunity: As determined by the statutory limits in force from time to time.

Performance measures: None.

Pension

Purpose: To provide an income for Executive Directors during their retirement and enable the Group to recruit and retain suitable individuals.

Operation: Fixed company contributions expressed as a percentage of current basic salary for each individual are paid into a personal pension scheme held in that individual's name. In addition, 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

Purpose: To attract and retain suitable Executive Directors and assist Executive Directors in the performance of their duties.

Operation: The benefits provided by the Group to Executive Directors are currently restricted to the provision of a company car and private medical insurance.

Maximum opportunity: Dependent upon the cost of providing the relevant benefits and the individual's personal circumstances. The Remuneration Committee examines the cost of benefit provision and will only agree to provide benefits that are in line with market practice and cost-effective for the Group.

Performance measures: None.

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;
- Post employment restrictive covenants lasting twelve months; and
- Standard non-compete restrictions during employment.

NON-EXECUTIVE DIRECTORS:

Basic Annual Fee

Purpose: To attract and retain a balanced skill set of individuals to ensure strong stewardship and governance of the Group.

Operation: 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

Purpose: To reimburse legitimately incurred costs of attending necessary Board and associated meetings.

Operation: Pre-set rates used to reimburse mileage, travel, accommodation and other incurred expenses in line with those used for other colleagues.

Medical Insurance Benefit

Purpose: To assist Directors in the completion of their duties.

Operation: 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; and
- Post employment restrictive covenants lasting twelve months.

Remuneration Report

EXECUTIVE DIRECTOR REMUNERATION

A review of remuneration arrangements for executive directors and senior executives was carried out by the Remuneration Committee following advice received from RSM Tax and Advisory Services LLP in 2018. This review resulted in the implementation of current packages which are designed to ensure both the continued competitiveness of remuneration levels, and the satisfaction of current investor expectations with regard to governance arrangements for Long-Term Incentive Plans.

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 2019, is shown in the table below in column A. The previous annual salary, where relevant, is shown in column B, with the actual amounts received during the last financial year shown in column C.

Basic Salary	Column A	Column B	Column C
Executive Director	Current Basic Salary	Previous Basic Salary	Actual Salary Received as a Director Nov 17 – Oct 18
	£000	£000	£000
G W Davies	204	200	200
B P Roberts	163	160	160
D A T Evans	148	145	145

Annual Performance Bonuses and Profit Related Pay. The bonus payments made to executive directors in March 2019, and therefore during the financial year under review, were in relation to the performance of the business for the financial year 2017/18. These contractual bonus schemes for that period for G W Davies and D A T Evans were based on a fixed percentage of the pre-tax Profit of Wynnstay (Agricultural Supplies) Ltd. The scheme for B P Roberts for the financial year 2017/18 was 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 respective bonus percentages, and the payments made for the financial year ending October 2018, received in March 2019, are shown in the table below in columns A & 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. The scheme is subject to a limiting factor preventing the total paid under the arrangements from exceeding 10% of the profits of the participating companies. The relevant rate for 2018, paid in February 2019, was 3.1% (2018: 3.0%), with the actual PRP paid to each individual executive shown in column C below. The anticipated rate for 2019, to be paid in February 2020 relating to the last financial year is 1.6% of relevant earnings.

	Column A	Column B		Column C	
	Annual	Bonus received		PRP received	
Bonuses	bonus %	£000		£000	
Executive Director					
		Mar 19	Mar 18	**Feb 19**	Feb 18
G W Davies	0.750%	**46**	n/a	**5**	n/a
B P Roberts	0.550%	**52**	7	**4**	4
D A T Evans	0.750%	**46**	35	**4**	4

For the financial year 2018/19, the executive directors will receive bonuses in March 2020 calculated in accordance with the revised Annual Performance Bonus Plan introduced for periods starting that year and described in the Remuneration Policy above.

Directors' Remuneration Report continued

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 basic salary, and the amounts paid on behalf of each individual for their period of service as a director 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 the executive directors belong, had a total renewal cost at November 2018 of £81,165 (2017: £74,219), and there were 631 (2017: 577) members covered, equating to an average cost of £129 per person (2017: £129).

Pension Executive Director	Column A Pension %	Column B Pension Contribution £000
Gareth Davies	9.6%	20
Paul Roberts	9.6%	16
Andrew Evans	9.6%	14

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 2019 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 2018 is shown below in column B.

Benefits in kind Executive Director	Column A Company Car Value	Column B Private Medical Cover
Gareth Davies	£10,240	£777
Paul Roberts	£10,997	£777
Andrew Evans	£11,222	£777

Long-Term Incentives. The Remuneration Policy provides for a Performance Share Plan (PSP) to incentivise executive directors to focus on the long-term strategic objectives of the Group and to deliver substantial shareholder value, aligning their interests with the interests of shareholders. This PSP is intended to grant option awards annually, with rights over shares, calculated as a percentage of base salary. Other conditions are explained in the Remuneration Policy above. No grants of options under this arrangement were made during the 2018/19 financial year, but the Remuneration Committee intend to issue the first awards in January 2020 to the three executive directors each with rights over shares to the value of 40% of their respective annual salaries, as at the date of grant.

Further information relating to the PSP is set out in the Rules of the scheme which are published on the Group's website at https://www.wynnstay.co.uk/corporate-governance/wynnstay-performance-share-plan/

Therefore, the number of current options as at 31 October 2019 under various schemes held by executive directors who have held office during the year is shown in the table below :

Share Option Table	LTIP Schemes	Other Outstanding Options	
Executive Director	Maximum Award No. of Options	SAYE No. of Options	CSOP No. of Options
Gareth Davies	Nil	7,986	8,000
Paul Roberts	Nil	3,121	8,000
Andrew Evans	Nil	Nil	Nil

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 a 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 2019 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 August 2021 and March 2024, with further details provided in the Director's Report on page 34 to 35 and in Note 9 to the accounts.

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 ending31 October 2019			Financial Year ending 2018	
	Basic Fee £000	Benefits in kind £000	Travelling Expenses £000	Current Basic Fee £000	Benefits in kind £000
Jim McCarthy	50	-	1	50	-
Philip Kirkham	34	1	1	34	1
Steve Ellwood	34	-	1	34	-
Howell Richards	34	1	1	34	1

Philip M. Kirkham
Vice-Chairman and Chairman of Remuneration Committee
21 January 2020

Independent auditor's report to the members of Wynnstay Group Plc

OPINION

We have audited the financial statements of Wynnstay Group Plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 October 2019 which comprise consolidated statement of comprehensive income, consolidated and company balance sheets, consolidated and company statement of changes in equity, consolidated and company cash flow statements, principle accounting policies and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group and parent company financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group and of the parent company's affairs as at 31 October 2019 and of the group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the parent company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, 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. This matter was 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 this matter.

IMPAIRMENT OF GOODWILL

As described in the accounting policies on page 56 and Note 13 (Goodwill), the Group recognises goodwill of £15.0m (2018: £14.8m). Management are required to review the carrying value of annually for impairment.

The Group continues to operate in an environment of fluctuating commodity prices, competitor activity and pressure on margins. Management exercise significant judgement in determining the underlying assumptions used in the impairment review; the assumptions include the discount rate used, the allocation of assets to cash generating units (CGU) and the future cash flows attributed to each CGU. The sensitivities associated with these reviews have been disclosed in Note 13.

The potential impairment of the group's goodwill is a significant risk for the audit given the judgements involved.

How we addressed the key audit matter:

- We checked the calculations in management's model for the impairment assessment by verifying the accuracy of the model prepared;
- We assessed the reasonableness of the assumptions underlying management's assessment of goodwill, including those around short term and long term growth rate future changes in cash flows in particular within the Grainlink CGU by considering the reasonableness of any assumptions made against corroborating evidence. We also assessed the discount rates used by comparing these with internally and externally derived data and using our own valuation specialists;
- We performed sensitivity analysis on the key assumptions noted above;
- We also assessed 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.

OUR APPLICATION OF MATERIALITY

Group materiality 2019	Group materiality 2018	Basis for materiality
£375,000	£380,000	5% of profit before tax (2018: 4% of profit before tax)

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, intruding omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

We consider profit before tax to be the most significant determinant of the Group's financial performance used by shareholders given the listed status of the Group.

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality was set at £262,500 (2018: £247,000) which represents 70% (2018: 65%) of the above materiality levels. This was the threshold selected in response to the aggregation risk for the Group audit and our assessment of the overall control environment and the low level of misstatements in the past..

Whilst materiality for the financial statements as a whole was £375,000 (2018: £380,000), each component of the Group was audited to a lower level of materiality. Audits of the components were performed at a materiality level calculated by reference to a proportion of Group materiality appropriate to the relative scale of the business concerned. The Parent company materiality was £45,000 (2018: £237,000). We also applied component materiality's, which ranged from £45,000 to £281,250, having regard to the mix of size and risk profile of the Group across the components.

We agreed with the Audit Committee that we would report to the committee all individual audit differences identified during the course of our audit in excess of £11,250 (2018: £9,500). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

The Group has 12 subsidiaries, 3 (2018: 3) of which were determined to be significant components to the Group alongside the parent entity and were subject to full scope audits.

Together with the parent company and its Group consolidation, which was also subject to a full scope audit, these components represented the principal business units of the group and accounted for 100% of the Group's revenue and profit before tax and 99% of the group's assets. The work on all significant components, including the audit of the parent company, was performed by the Group team.

The remaining 1% of the total Group assets is represented by 5 reporting components none of which contributed to the Group's revenue or profit before tax and none of which individually represented more than 1% of total group assets. For these non significant components, BDO LLP performed analytical reviews at an aggregated Group level to re-examine our assessment that there were no significant risk of material misstatement within these.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements 2019, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Responsibility statement of the directors in respect of the Annual Report and Accounts, Strategic Report and Directors' Report and the Financial

Statements set out on page 36, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the 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 the directors 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 FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report

USE OF OUR REPORT

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Stuart Wood (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester
United Kingdom
21 January 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Comprehensive Income

For the year ended 31 October 2019

	Note	2019 £000	2019 £000	2018 £000	2018 £000
Revenue	2		**490,602**		462,657
Cost of sales			**(428,621)**		(400,950)
Gross profit			**61,981**		61,707
Manufacturing, distribution and selling costs			**(48,177)**		(46,718)
Administrative expenses			**(6,434)**		(5,896)
Other operating income	4		**385**		335
Adjusted operating profit[1]			**7,755**		9,428
Amortisation of acquired intangible assets and share-based payment expense	5		**(77)**		(71)
Non-recurring items	5		**(301)**		69
Group operating profit			**7,377**		9,426
Interest income	3	**164**		92	
Interest expense	3	**(348)**		(283)	
			(184)		(191)
Share of profits in joint ventures and associates accounted for using the equity method		**463**		376	
Share of tax incurred by joint ventures and associates		**(103)**		(82)	
	7		**360**		294
Profit before taxation			**7,553**		9,529
Taxation	10		**(1,421)**		(1,821)
Profit for the year and other comprehensive income attributable to the equity holders			**6,132**		7,708
Basic earnings per ordinary share (pence)	12		**30.95**		39.11
Diluted earnings per ordinary share (pence)	12		**30.95**		38.94

The notes on pages 57 to 84 form part of these financial statements.

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

[1]Adjusted results are after adding back amortisation of acquired intangible assets, share-based payment expense and non-recurring items.

Consolidated and Company Balance Sheet

For the year ended 31 October 2019 Registered Number 2704051

		Group		Company	
		2019	2018	**2019**	2018
	Note	**£000**	£000	**£000**	£000
ASSETS					
NON-CURRENT ASSETS					
Goodwill	13	**14,968**	14,818	**-**	-
Investment property	15	**2,372**	2,372	**2,372**	2,372
Property, plant and equipment	16	**23,225**	21,979	**9,095**	8,489
Investment in subsidiaries	17	**-**	-	**42,562**	42,562
Investments accounted for using equity method	17	**3,175**	2,863	**191**	191
Intangibles	14	**261**	89	**-**	-
		44,001	42,121	**54,220**	53,614
CURRENT ASSETS					
Inventories	19	**42,239**	52,250	**-**	-
Trade and other receivables	20	**63,887**	70,907	**-**	2,799
Financial assets					
- loans to joint venture	18	**4,413**	2,812	**4,413**	2,812
Cash and cash equivalents	23	**10,608**	6,676	**7**	4
		121,147	132,645	**4,420**	5,615
TOTAL ASSETS		**165,148**	174,766	**58,640**	59,229
LIABILITIES					
CURRENT LIABILITIES					
Financial liabilities - borrowings	23	**(3,686)**	(3,887)	**(2,140)**	(2,647)
Trade and other payables	21	**(62,113)**	(74,522)	**(658)**	(249)
Current tax liabilities	22	**(894)**	(1,102)	**(133)**	(55)
		(66,693)	(79,511)	**(2,931)**	(2,951)
NET CURRENT ASSETS		**54,454**	53,134	**1,489**	2,664
NON-CURRENT LIABILITIES					
Financial liabilities – borrowings	23	**(3,078)**	(3,766)	**(902)**	(2,356)
Trade and other payables	21	**(201)**	(157)	**-**	-
Deferred tax liabilities	25	**(228)**	(259)	**-**	-
		(3,507)	(4,182)	**(902)**	(2,356)
TOTAL LIABILITIES		**(70,200)**	(83,693)	**3,833**	(5,307)
NET ASSETS		**94,948**	91,073	**54,807**	53,922
EQUITY					
Share capital	26	**4,974**	4,943	**4,974**	4,943
Share premium		**30,284**	29,941	**30,284**	29,941
Other reserves		**3,429**	3,377	**3,260**	3,208
Retained earnings		**56,261**	52,812	**16,289**	15,830
TOTAL EQUITY		**94,948**	91,073	**54,807**	53,922

Jim McCarthy – Director

Paul Roberts - Director

The Company generated profit of £3,142,000 (2018: profit of £4,164,000).

The financial statements were approved by the Board of Directors on 21 January 2020 and signed on its behalf.

The notes on pages 57 to 84 form part of these financial statements.

Consolidated Statement of Changes in Equity

As at 31 October 2019

Group	Share capital £000	Share premium account £000	Other reserves £000	Retained earnings £000	Total £000
At 31 October 2017	4,916	29,529	3,319	47,628	85,392
Profit for the year	-	-	-	**7,708**	**7,708**
Total comprehensive income for the year	**-**	**-**	**-**	**7,708**	**7,708**
Transactions with owners of the Company, recognised directly in equity:					
Shares issued during the year	**27**	**412**	**-**	**-**	**439**
Own shares disposed of by ESOP trust	**-**	**-**	**3**	**-**	**3**
Dividends	**-**	**-**	**-**	**(2,524)**	**(2,524)**
Equity settled share-based payment transactions	**-**	**-**	**55**	**-**	**55**
Total contributions by and distributions to owners of the Company	**27**	**412**	**58**	**(2,524)**	**(2,027)**
At 31 October 2018	**4,943**	**29,941**	**3,377**	**52,812**	**91,073**
Profit for the year	**-**	**-**	**-**	**6,132**	**6,132**
Total comprehensive income for the year	**-**	**-**	**-**	**6,132**	**6,132**
Transactions with owners of the Company, recognised directly in equity:					
Shares issued during the year	**31**	**343**	**-**	**-**	**374**
Own shares disposed of by ESOP trust	**-**	**-**	**3**	**-**	**3**
Dividends	**-**	**-**	**-**	**(2,683)**	**(2,683)**
Equity settled share-based payment transactions	**-**	**-**	**49**	**-**	**49**
Total contributions by and distributions to owners of the Company	**31**	**343**	**52**	**(2,683)**	**(2,257)**
At 31 October 2019	**4,974**	**30,284**	**3,429**	**56,261**	**94,948**

All amounts are derived from continuing operations.

The notes on pages 57 to 84 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 2019

Company	Share capital £000	Share premium account £000	Other reserves £000	Retained earnings £000	Total £000
At 31 October 2017	4,916	29,529	3,150	14,190	51,785
Profit for the year	-	-	-	**4,164**	**4,164**
Total comprehensive income for the year	**-**	**-**	**-**	**4,164**	**4,164**
Transactions with owners of the Company, recognised directly in equity:					
Shares issued during the year	**27**	**412**	**-**	**-**	**439**
Own shares disposed of by ESOP trust	**-**	**-**	**3**	**-**	**3**
Dividends	**-**	**-**	**-**	**(2,524)**	**(2,524)**
Equity settled share-based payment transactions	**-**	**-**	**55**	**-**	**55**
Total contributions by and distributions to owners of the Company	**27**	**412**	**58**	**(2,524)**	**(2,027)**
At 31 October 2018	**4,943**	**29,941**	**3,208**	**15,830**	**53,922**
Profit for the year	**-**	**-**	**-**	**3,142**	**3,141**
Total comprehensive income for the year	**-**	**-**	**-**	**3,142**	**3,141**
Transactions with owners of the Company, recognised directly in equity:					
Shares issued during the year	**31**	**343**	**-**	**-**	**374**
Own shares disposed of by ESOP trust	**-**	**-**	**3**	**-**	**3**
Dividends	**-**	**-**	**-**	**(2,683)**	**(2,683)**
Equity settled share-based payment transactions	**-**	**-**	**49**	**-**	**49**
Total contributions by and distributions to owners of the Company	**31**	**343**	**52**	**(2,683)**	**(2,257)**
At 31 October 2019	**4,974**	**30,284**	**3,260**	**16,289**	**54,807**

The notes on pages 57 to 84 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 2019

		Group		Company	
	Note	**2019**	2018	**2019**	2018
		£000	£000	**£000**	£000
Cash flows from operating activities					
Cash generated from/(used in) operations	36	**14,756**	2,831	**2,223**	(2,154)
Interest received		**164**	92	**31**	-
Interest paid		**(348)**	(283)	**(59)**	(39)
Tax paid		**(1,680)**	(1,674)	**(50)**	(20)
Net cash generate from/(used by) operating activities		**12,892**	966	**2,145**	(2,213)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**288**	548	**-**	362
Purchase of property, plant and equipment		**(2,412)**	(2,310)	**(1,007)**	(1,187)
Proceeds on sale of investments		**-**	20	**-**	20
Acquisition of subsidiaries, net of cash acquired		**(893)**	(1,021)	**-**	-
Own shares disposed of by ESOP trust		**3**	3	**3**	3
Dividends received from associates		**132**	755	**132**	755
Dividends received from subsidiaries		**-**	-	**3,000**	1,950
Net cash (used by)/generated from investing activities		**(2,882)**	(2,005)	**2,128**	1,903
Cash flows from financing activities					
Proceeds from the issue of ordinary share capital		**374**	439	**374**	439
Finance lease principal repayments		**(1,798)**	(1,453)	**-**	-
Proceeds from borrowings		**-**	3,500	**-**	3,500
Repayment of borrowings		**(1,971)**	(1,161)	**(1,961)**	(1,102)
Dividends paid to shareholders		**(2,683)**	(2,524)	**(2,683)**	(2,524)
Net cash (used by)/generated from financing activities		**(6,078)**	(1,199)	**(4,270)**	313
Net increase/(decrease) in cash and cash equivalents		**3,932**	(2,238)	**3**	3
Cash and cash equivalents at the beginning of the period		**6,676**	8,914	**4**	1
Cash and cash equivalents at the end of the period		**10,608**	6,676	**7**	4

The notes on pages 57 to 84 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 23. 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.

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 23 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 reasonably 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 2020. 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 joint ventures and associates.

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the company considers all relevant facts and circumstances, including:

- the size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- substantive potential voting rights held by the company and by other parties;
- other contractual arrangements; and
- historic patterns in voting attendance.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The fair value of contingent consideration is assessed using management judgement to reflect the likelihood of the pertinent matters being achieved. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

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 joint ventures and associates are accounted for using the equity method.

REVENUE RECOGNITION

Revenue is income arising for the sale of goods and services in the ordinary course of the Group's activities, net of value added taxes and discounts. Revenue is recognised when performance obligations are satisfied, and control has transferred to the customer. Although the Group does provide some services (agronomy, such as analysis of nutritional content of sileage samples), the vast majority of revenue relates to sale of goods and consequently the level of judgement required to determine the transaction price or the timing of transfer of control is low.

Agriculture

For feed, seed, fertiliser and other agricultural products sold in bulk to farmer customers, revenue is recognised on collection by, or delivery to, the customer and the Group had evidence that all criteria for acceptance have been satisfied.

Specialist Agricultural Merchanting

For goods sold in depots, revenue is recognised at the point of sale. For goods sold through catalogues or online, revenue is recognised on collection by, or delivery to, the customer. Some contracts provide customers with a limited right of return, but experience has shown that the value of these returns is immaterial.

Principal Accounting Policies continued

AMORTISATION OF ACQUIRED INTANGIBLE ASSETS, SHARE-BASED PAYMENT EXPENSE AND NON-RECURRING ITEMS

Amortisation of acquired intangible assets, share-based payment expense and non-recurring items that are material by size and/or by nature are presented within their relevant income statement category but highlighted separately on the face of the consolidated statement of comprehensive income and within a note to the financial statements, see note 5. The separate disclosure of profit before these items helps provide a better indication of the Group's underlying business performance is discussed in the non-IFRS alternative performance measure 'Underlying pre-tax profit' in the Finance Review on pages 20 to 21.

Events which may give rise to non-recurring items include, but are not limited to, gains or losses on the disposal of subsidiaries/businesses, gains or losses on the disposal or revaluation of properties, gains or losses on the disposal of investments, the restructuring of the business, the integration of new businesses, acquisition related costs, changes to estimates in relation to contingent consideration for prior period business combinations and asset impairments including impairment of goodwill.

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 and other receivables and loans to joint ventures

Wynnstay's objective is to hold trade receivables in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade debtors are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar aging. The expected loss rates are based on the Groups historical credit losses experience over the twelve month period prior to the period end. During this process the probability of the non-payment of the trade debtors is assessed. For trade debtors, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade debtor will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Investments

Investments are measured at fair value in the statement of financial position, with value changes recognised in profit or loss, except for those equity investments for which the entity has elected to present value changes in 'other comprehensive income'. Cost is used as an appropriate estimate of fair value for investments where in limited cases there is insufficient, recent information available to measure fair value.

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 are recognised at fair value, less any impairment losses.

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. Furthermore, to document and demonstrate an assessment of the relationship between the hedged item and the hedging instrument. IFRS 9 has been adopted, see note 38 for more detail.

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.

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.

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
- 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

INTANGIBLE ASSETS

The cost of an intangible asset acquired in a business combination is its fair value at its acquisition date.

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 colleagues. 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.

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.

Principal Accounting Policies continued

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

JUDGEMENTS

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. The IFRS 9 Financial Instruments: Recognition and Measurement “own use” exemption removes the otherwise required requirement to revalue all open forward contracts to fair value at the year end.

The Group does utilise derivative grain futures contracts to commercially hedge its open positions. At the period end any open derivatives are fair valued, see note 24.

ESTIMATES AND ASSUMPTIONS

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.

Directors consider the sensitivity to key assumptions and one cash generating unit (GrainLink) contains reasonably possible changes in key assumptions which could have a material impact on the carrying value of goodwill, see note 13.

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 and expected credit loss under IFRS 9. There is a risk that the provision will not match the trade receivables that ultimately prove to be irrecoverable, see note 20.

Fair value measurement

A number of assets and liabilities included in the Group’s financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group’s financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique are (the ‘fair value hierarchy’):

- 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).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures a number of items at fair value:

- Investment property (note 15)
- Financial instruments (note 24)
- Contingent consideration (note 29)
- Equity settled share-based payment liabilities (note 27)

Notes to the Financial Statements

For the year ended 31 October 2019

1. GENERAL INFORMATION & SIGNIFICANT ACCOUNTING POLICIES

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.

Changes in accounting policies

New standards impacting the Group that will be adopted in the annual financial statements for the year ended 31 October 2019, and which have given rise to changes in the Group's accounting policies are:

- IFRS 9 Financial Instruments (IFRS 9)
- IFRS 15 Revenue from Contracts with Customers (IFRS 15)

Details of the impact these two standards have had are given in note 38 below.

Other new and amended standards and interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

New Standards, interpretations and amendments not yet effective

The table below shows standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

New Standards	**EU effective date for accounting periods commencing on or after**
IFRS 16 Leases	1st January 2019
Amendments to Existing Standards	**EU effective date for accounting periods commencing on or after**
IFRIC 23 Uncertainty over Income Tax Treatments	1st January 2019
Annual Improvements to IFRSs (2015-2017 Cycle)	1st January 2020
Amendments to IFRS 3 Business Combinations – Definition of a Business	1st January 2020
Definition of Material - Amendments to IAS 1 and IAS 8	1st January 2020

The most significant of these is IFRS 16 Leases (IFRS 16), mandatorily effective for periods beginning on or after 1 January 2019.

The Group has progressed its project dealing with the implementation of IFRS 16 and is able to provide the following information regarding its likely impact.

IFRS 16 will first apply to the Group in the year ending 31 October 2020. The first interim accounts that will be prepared in accordance with the new standard are the 2020 half-year results. Adoption of IFRS 16 will result in the Group recognising right of use assets and lease liabilities for all contracts that are, or contain, a lease. For leases currently classified as operating leases, under current accounting requirements the Group does not recognise assets or liabilities, and instead spreads the lease payments on a straight-line basis over the lease term, disclosing in its annual financial statements the total commitment. The Group will apply the exemptions for any asset with an annual value of less than £1,000 or a lease term shorter than 12 months.

The Board has decided it will apply the first variation of the modified retrospective approach and therefore at initial application an amount equal to the lease liability, using the entity's current incremental borrowing rate. This will ensure that there is no immediate impact to net assets on that date.

At 31 October 2019 operating lease commitments amounted to £7.7m, the effect of discounting those commitments is anticipated to result in right-of-use assets and lease liabilities of approximately £6.8m being recognised on 1 November 2019.

Instead of recognising an operating expense for its operating lease payments, the Group will instead recognise interest on its lease liabilities and amortisation on its right-of-use assets. This will increase reported EBITDA by approximately the amount of its current operating lease cost, which for the year ended 31 October was £3.0m. The interest element is front end loaded in proportion to the capital outstanding of the lease liability and this is expected to result in an overall decrease in earnings of approximately £100,000 in the year ending 31 October 2020.

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 assess 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 Agricultural Merchanting 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 Agricultural Merchanting – supplies a wide range of specialist products to farmers, smallholders, and pet owners.

Other – miscellaneous operations not classified as Agriculture or Specialist Agricultural Merchanting.

The Board assesses the performance of the operating segments based on a measure of operating profit. Non-recurring costs and 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. No segment is individually reliant on any one customer.

Notes to the Financial Statements continued

2. SEGMENTAL REPORTING continued

The segment results for the year ended 31 October 2019 are as follows:

Year ended 31 October 2019	Agriculture £000	Specialist Agricultural Merchanting £000	Other £000	Total £000
Revenue from external customers	358,687	131,843	72	490,602
Segment result				
Group operating profit before non-recurring items	2,417	5,240	21	7,678
Share of results of joint ventures and associates before tax	534	4	(75)	463
	2,951	5,244	(54)	8,141
Non-recurring items				(301)
Interest income				164
Interest expense				(348)
Profit before tax from operations				7,656
Income taxes (includes tax of joint ventures and associates)				(1,524)
Profit for the year attributable to equity shareholders from operations				6,132
Assets				
Segment net assets	47,213	36,097	7,794	91,104
Corporate net cash (note 23)				3,844
Net assets after corporate net cash				94,948

The segment results for the year ended 31 October 2018 are as follows:

Year ended 31 October 2018	Agriculture £000	Specialist Agricultural Merchanting £000	Other £000	Total £000
Revenue from external customers	334,337	128,258	62	462,657
Segment result				
Group operating profit before non-recurring items	3,859	5,548	(50)	9,357
Share of results of joint ventures and associates before tax	427	(12)	(39)	376
	4,286	5,536	(89)	9,733
Non-recurring items				69
Interest income				92
Interest expense				(283)
Profit before tax from operations				9,611
Income taxes (includes tax of joint ventures and associates)				(1,903)
Profit for the year attributable to equity shareholders from operations				7,708
Assets				
Segment net assets	43,878	41,848	6,324	92,050
Corporate net debt (note 23)				(977)
Net assets after corporate net cash				91,073

3. FINANCE COSTS

	2019 £000	2018 £000
Interest expense:		
Interest payable on borrowings	**(191)**	(158)
Interest payable on finance leases	**(157)**	(125)
	(348)	(283)
Interest receivable	**164**	92
Net finance costs	**(184)**	(191)

4. OTHER OPERATING INCOME

	2019 £000	2018 £000
Rental income	**385**	335

5. AMORTISATION OF ACQUIRED INTANGIBLE ASSETS, SHARE-BASED PAYMENTS AND NON-RECURRING ITEMS

	2019 £000	2018 £000
Amortisation of acquired intangible assets and share-based payments		
Amortisation of intangibles	**28**	16
Cost of share-based reward	**49**	55
	77	71
Non-recurring items		
Business re-organisation costs	**297**	-
Business combination expenses	**4**	70
Goodwill and Investment impairment	**-**	138
Profit on disposal of freehold property	**-**	(277)
	301	(69)

Business re-organisation costs relate to the redundancy related expenses of colleagues leaving the business as a result of re-organising operations.

Business combination expenses relate to business combinations in the year.

The goodwill impairment relates to goodwill held on the balance sheet of one of our subsidiaries which related to an acquisition which took place prior to the subsidiary becoming part of the Wynnstay Group. The investment impairment relates to unlisted investments.

The profit on disposal of property is in relation to the sale of freehold property for one of our depots which was relocated.

Notes to the Financial Statements continued

6. GROUP OPERATING PROFIT

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

	2019 £000	2018 £000
Staff costs	**30,143**	28,132
Cost of inventories recognised as an expense	**347,239**	344,695
Depreciation of property plant and equipment: - owned assets	**3,289**	2,888
- under finance leases	**290**	269
Amortisation of intangibles	**28**	16
(Profit) on disposal of fixed assets	**(170)**	(328)
Other operating lease rentals payable	**3,221**	2,858
Repairs and maintenance expenditure on plant, property and equipment	**1,652**	1,809
Trade receivables impairment	**81**	113

Services provided by the Group's auditor

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

	2019 £000	2018 £000
Audit services – statutory audit	**93**	92
Other services relating to taxation	**-**	-
Other services - XBRL tagging	**-**	-

Included in the Group audit fee are fees of £4,000 (2018: £4,000) 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 and not recharged.

7. SHARE OF POST-TAX PROFITS OF JOINT VENTURES AND ASSOCIATES

	2019 £000	2018 £000
Share of post-tax profits in associates	**-**	19
Share of post-tax profits in joint ventures	**360**	275
Total share of post-tax profits of joint ventures and associates	**360**	294

8. STAFF COSTS

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

	2019 £000	2018 £000
Wages and salaries	**26,600**	24,864
Social security costs	**2,510**	2,374
Pension and other costs	**984**	839
Cost of share-based reward	**49**	55
	30,143	28,132

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

	2019 No.	2018 £000
Administration	**106**	104
Production	**144**	126
Sales, distribution and depots	**728**	700
	978	930

The parent company did not have any employees in the current or prior year.

9. DIRECTORS' REMUNERATION

	2019 £000	2018 £000
Directors' emoluments	**850**	704
Social security costs	**99**	79
Company contributions to money purchase pension schemes	**48**	36
Aggregate gains made on the exercise of Approved SAYE options	**-**	9
	997	828

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	2019 Total £000	2018 Total £000
Executives					
Ken Greetham (retired 11 July 2018)	**-**	**-**	**-**	**-**	125
Gareth Davies (appointed 8 May 2018)	**200**	**11**	**51**	**262**	99
Paul Roberts	**160**	**12**	**57**	**229**	157
Andrew Evans	**145**	**12**	**50**	**207**	169
Non-Executives					
Jim McCarthy	**50**	**-**	**-**	**50**	50
Steve Ellwood	**34**	**-**	**-**	**34**	34
Philip Kirkham	**34**	**1**	**-**	**35**	35
Howell Richards	**34**	**1**	**-**	**35**	35
	657	**37**	**158**	**852**	704

Retirement benefits are accruing to the following number of directors under:

	2019 No.	2018 No.
Money purchase pension scheme	**3**	4

	2019 £000	2018 £000
Contribution paid by the Group to money purchase pension schemes in respect of such directors were:		
Ken Greetham (retired 11 July 2018)	**-**	9
Gareth Davies (appointed 8 May 2018)	**19**	10
Paul Roberts	**15**	10
Andrew Evans	**14**	7
	48	36

Gains made on exercise of approved and unapproved share option schemes:

	2019 £000	2018 £000
Gareth Davies (appointed 8 May 2018)	**-**	-
Paul Roberts	**-**	-
Andrew Evans	**-**	9
	-	9

Financial Statements

Notes to the Financial Statements continued

10. TAXATION

Analysis of tax charge in year:

	2019 £000	2018 £000
Current tax		
- operating activities	**1,502**	1,886
- adjustments in respect of prior years	**(50)**	(70)
Total current tax	**1,452**	1,816
Deferred tax - accelerated capital allowances	**(31)**	5
Total deferred tax	**(31)**	5
Tax on profit on ordinary activities	**1,421**	1,821

Factors affecting tax charge for the year

The tax assessed for the year is lower (2018: higher) than the standard rate of corporation tax in the UK applicable to the Group, which was 19.00% in both years and is explained as follows:

	2019 £000	2018 £000
Current tax		
Profit on ordinary activities before tax	**7,553**	9,529
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	**1,435**	1,811
Effects of:		
Tax effect of share of profit of joint ventures and associates	**(68)**	(56)
Other items	**(8)**	13
Expenses not deductible for tax purposes	**43**	19
Adjustment to tax charge in respect of prior years	**(50)**	(70)
Movement on unrecognised deferred tax	**69**	104
Total tax charge for year	**1,421**	1,821

Factors that may affect future tax charges

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

11. DIVIDENDS

	2019 £000	2018 £000
Final dividend paid for prior year	**1,770**	1,653
Interim dividend paid for current year	**913**	871
	2,683	2,524

Subsequent to the year end it has been recommended that a final dividend of 9.40p net per ordinary share (2018: 8.95p) be paid on 30 April 2020. Together with the interim dividend already paid on 31 October 2019 of 4.60p net per ordinary share (2018: 4.41p) this would result in a total dividend for the financial year of 14.00p net per ordinary share (2018: 13.36p).

12. EARNINGS PER SHARE

	Basic earnings per share		Diluted earnings per share	
	2019	2018	**2019**	2018
Earnings attributable to shareholders (£000)	**6,132**	7,708	**6,132**	7,708
Weighted average number of shares in issue during the year (number ‘000)	**19,812**	19,708	**19,812**	19,797
Earnings per ordinary 25p share (pence)	**30.95**	39.11	**30.95**	38.94

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

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

13. 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.

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 2019 and 2018 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 Agricultural Merchanting sectors. The CGU’s are assessed as legal entities and there has been no change from the prior period. The carrying amount of goodwill allocated to the Agriculture CGUs is £8,158,797 (2018: £8,158,797), and to Specialist Agricultural Merchanting is £6,808,947 (2018: £6,658,947).

The pre-tax discount rates used to calculate value in use were 9.5% (2018: 9.5%) for Agriculture and 9.5% (2018: 9.5%) for Specialist Agricultural Merchanting. 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 2.0% (2018: 2.0%) for both Agriculture and Specialist Agricultural Merchanting.

The Directors have considered the sensitivity to key assumptions and the majority of the Group’s impairment tests have significant headroom. However, one CGU within the agricultural sector contains reasonably possible changes in key assumptions which could have a material impact on the carrying value of goodwill which therefore require disclosure.

Group	**£000**
Cost	
At 1 November 2017	15,536
Additions	590
At 31 October 2018	16,126
Additions	150
At 31 October 2019	**16,276**
Aggregate impairment	
At 1 November 2017	1,270
Impairment	38
At 31 October 2018	**1,308**
Impairment	-
At 31 October 2019	**1,308**
Net book value	
At 31 October 2019	**14,968**
At 31 October 2018	14,818

13. GOODWILL continued

Goodwill is allocated to this CGU as follows:

Group	2019 £000	2018 £000
GrainLink	**4,206**	4,206

The recoverable amount of this CGU is based upon its value in use, determined by discounting future cashflows to be generated from the continuing use for the CGU. The estimated value in use at 31 October 2019 exceeded the carrying value by approximately £266,000 (2018: £520,000) for GrainLink.

The key assumptions used in the estimation of the recoverable amount is 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	2019	2018
Discount rate	**9.5%**	9.5%
Terminal value growth rate	**2.0%**	2.0%
Budgeted EBIT	**Budget in year 1, followed by an increase of £107k in year 2 and 1% growth in years 3-5**	**Increase of £203k in year 1 followed by £107k in year 2 followed by 1% growth in years 3-5**

Management have prepared the discounted future cashflows on a basis which they believe is achievable and there are events in place to support the increased EBIT.

	Change required for carrying amount to be equal to recoverable amount	
GrainLink	**2019**	2018
Discount rate	**0.3**	0.5
Terminal value growth rate	**(0.4)**	(0.7)
Budgeted EBIT growth rate (average of next 5 years)	**(5.0)**	(7.7)

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.

14. INTANGIBLE ASSETS

	Customer order books £000	Trademarks £000	Total £000
Cost			
Balance as at 1 November 2017 and 31 October 2018	145	10	155
Additions	**200**	**-**	**200**
At 31 October 2019	**345**	**10**	**355**
Aggregate amortisation			
Balance as at 1 November 2017	50	-	50
Charge for the year	15	1	16
At 31 October 2018	65	1	66
Charge for the year	**27**	**1**	**28**
At 31 October 2019	**92**	**2**	**94**
Net book value At 31 October 2019	**253**	**8**	**261**
Net book value At 31 October 2018	80	9	89

The addition in the year relates to the acquisition of Stanton Farm Supplies Limited, see note 29.

15. INVESTMENT PROPERTY

Fair value	**£000**
Group	
At 1 November 2017, 31 October 2018 and 31 October 2019	2,372
Company	
At 1 November 2017, 31 October 2018 and 31 October 2019	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 £178,371 (2018: £197,211).

The Directors' valuation is based on market rental yield. If the market rental yield increased the fair value would be expected to increase.

16. 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 2017	586	13,569	20,676	8,482	43,313
Additions	168	1,072	1,367	2,505	5,112
Acquisitions	-	231	1,229	75	1,535
Disposals	(4)	(196)	(1,359)	(939)	(2,498)
Reclassification	420	(392)	(28)	-	-
At 31 October 2018	1,170	14,284	21,885	10,123	47,462
Additions	**79**	**982**	**859**	**2,995**	**4,915**
Acquisitions	**-**	**-**	**10**	**18**	**28**
Disposals	**-**	**-**	**(45)**	**(1,818)**	**(1,863)**
Reclassification	**-**	6	**(6)**	**-**	**-**
At 31 October 2019	**1,249**	**15,272**	**22,703**	**11,318**	**50,542**
Depreciation					
At 1 November 2017	93	4,973	14,075	5,463	24,604
Charge for the year	82	313	1,348	1,414	3,157
On disposals	(4)	(111)	(1,307)	(856)	(2,278)
Reclassification	80	127	(137)	(70)	-
At 31 October 2018	251	5,302	13,979	5,951	25,483
Charge for the year	**79**	**360**	**1,459**	**1,681**	**3,579**
On disposals	**-**	**-**	**(42)**	**(1,703)**	**(1,745)**
Reclassification	**-**	**-**	**-**	**-**	**-**
At 31 October 2019	**330**	**5,662**	**15,396**	**5,929**	**27,317**
Net book value At 31 October 2019	**919**	**9,610**	**7,307**	**5,389**	**23,225**
Net book value At 31 October 2018	919	8,982	7,906	4,172	21,979

The net book value of plant and machinery and motor vehicles above includes amounts of £4,816,660 (2018: £3,458,457) representing assets held under finance leases.

16. PROPERTY, PLANT AND EQUIPMENT continued

	Freehold land and buildings £000	Leasehold land and buildings £000	Total £000
Company			
Cost			
At 1 November 2017	-	12,342	12,342
Additions	192	1,003	1,195
Disposals	-	(196)	(196)
Reclassification/transfers	420	(392)	28
At 31 October 2018	612	12,757	13,369
Additions	**24**	**977**	**1,001**
Reclassification/transfers	**-**	**5**	**5**
At 31 October 2019	**636**	**13,739**	**14,375**
Depreciation			
At 1 November 2017	-	4,594	4,594
Charge for the year	67	295	362
On disposals	-	(111)	(111)
Reclassification/transfers	92	(57)	35
At 31 October 2018	159	4,721	4,880
Charge for the year	**61**	**339**	**400**
At 31 October 2019	**220**	**5,060**	**5,280**
Net book value At 31 October 2019	**416**	**8,679**	**9,095**
Net book value At 31 October 2018	453	8,036	8,489

Notes to the Financial Statements continued

17. FIXED ASSET INVESTMENTS

	Joint ventures £000	Associates £000	Other unlisted investments £000	Total £000
Group				
Cost				
At 1 November 2017	2,616	788	136	3,540
Transfer	(69)	-	(27)	(96)
Share of profit or investment income	275	19	-	294
Preference Shares/Ordinary distributions	(20)	(755)	-	(775)
Corporate simplification	(81)	-	(19)	(100)
At 31 October 2018	2,721	52	90	2,863
Share of profit or investment income	**360**	**-**	**-**	**360**
Disposal	**-**	**(48)**	**-**	**(48)**
At 31 October 2019	**3,081**	**4**	**90**	**3,175**
Provision for impairment				
At 1 November 2018	-	-	-	-
At 31 October 2019	**-**	**-**	**-**	**-**
Net book value At 31 October 2019	**3,081**	**4**	**90**	**3,175**
Net book value At 31 October 2018	2,721	52	90	2,863

17. FIXED ASSET INVESTMENTS continued

	Share in group undertakings £000	Joint ventures £000	Associates £000	Total £000
Company				
Cost				
At 1 November 2017	12,828	280	48	13,156
Capital contribution	30,000	-	-	30,000
Transfer	-	(69)	-	(69)
Preference Shares/Ordinary distributions	-	(20)	(48)	(68)
Corporate simplification	(266)	-	-	(266)
At 31 October 2018	42,562	191	-	42,753
At 31 October 2019	**42,562**	**191**	**-**	**42,753**
Provision for impairment				
At 1 November 2018	-	-	-	-
At 31 October 2019	**-**	**-**	**-**	**-**
Net book value At 31 October 2019	**42,562**	**191**	**-**	**42,753**
Net book value At 31 October 2018	42,562	191	-	42,753

Financial Statements

Notes to the Financial Statements continued

18. 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	
Wynnstay (Agricultural Supplies) Limited	100	Agricultural merchant	Eagle House, Llansantffraid Ym Mechain, Powys, SY22 6AQ
Woodheads Seeds Limited	100	Dormant company	
Youngs Animal Feeds Limited	100	Equine and pet products distributor	
GrainLink Limited	100	Grain merchant	
Wrekin Grain Limited	100	Dormant company	
Eifionydd Farmers Limited	100	Dormant company	
Shropshire Grain Limited	100	Dormant company	
Welsh Feed Producers Limited	100	Dormant company	
Banbury Farm and General Supplies Limited	100	Dormant company	
Stanton Farm Supplies Limited	100	Dormant company	

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:

Wynnstay Agricultural (Supplies Limited)	Youngs Animal Feeds Limited	Glasson Group (Lancaster) Limited
Stanton Farm Supplies Limited	Eifionydd Farmers	Glasson Grain Limited

During the year, Wynnstay (Agricultural Supplies) Limited aquired 100% of the share capital of Stanton Farm Supplies Limited, see note 29 for more details.

JOINT VENTURES

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
Bibby Agriculture Limited	50% - Ordinary 50% - Preference	Distribution of compound animal feeds	Old Croft, Stanwix, Carlisle, Cumbria, United Kingdom, CA3 9BA
Wyro Developments Limited	50% - Ordinary	Property development	Eagle House, Llansantffraid Ym Mechain, Powys, SY22 6AQ
Total Angling Limited	50% - Ordinary	Retailer of angling products	

Investments in joint ventures listed above are held directly by Wynnstay Group Plc.

Joint ventures are accounted for using the equity method.

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

	2019 £000	2018 £000
Non-current assets	**690**	678
Current assets	**5,625**	5,233
Current liabilities	**(3,316)**	(3,292)
Non-current liabilities	**-**	-
Net Assets	**2,999**	2,619

18. 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:

	2019 £000	2018 £000
Revenue	**17,493**	16,876
Expenses	**(17,131)**	(16,507)

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

	2019 £000	2018 £000
Group's share of joint ventures profit before tax	**360**	351

PRINCIPAL ASSOCIATES

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

Company name	Interest	Nature of business	Registered office address
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:

	2019 £000	2018 £000
Total assets	**422**	3,265
Total liabilities	**(301)**	(1,416)
Net assets	**121**	1,849
Group's share of associates' net assets	**40**	740
Total revenue	**2,378**	11,716
Profit for the period	**37**	61
Group's share of associates' profit before tax	**15**	24

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 2019
Bibby Agriculture Limited	31 August 2019
Total Angling Limited	31 October 2019
Celtic Pride Limited	31 January 2019

Notes to the Financial Statements continued

18. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES continued

TRADING TRANSACTIONS

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

	Company	
	2019 £000	2018 £000
Transactions and balances with subsidiaries		
Amounts due from subsidiary undertakings:		
Trade receivables	**-**	-
Loans	**(458)**	2,799
	(458)	2,799
Amounts due to subsidiary undertakings:		
Trade payables	**-**	-
Transactions reported in the statement of comprehensive income:		
Income received	**402**	266
Purchases	**296**	193

	Group		Company	
Transactions and balances with joint ventures	**2019 £000**	2018 £000	**2019 £000**	2018 £000
Amounts due from joint ventures:				
Trade receivables	**-**	880	**-**	-
Loans	**4,413**	2,812	**4,413**	2,812
	4,413	3,692	**4,413**	2,812
Amounts due to associated undertaking:				
Trade payables	**96**	23	**-**	-
	96	23	**-**	-
Transactions reported in the statement of comprehensive income:				
Revenue	**5,651**	10,566	**-**	-
Purchases	**215**	12,836	**-**	-
Income received	**-**	-	-	-

The above loan has been assessed for impairment under IFRS 9 Financial Instruments expected credit loss model and no adjustments have been required.

The transactions above primarily relate to Bibby Agriculture Limited. The Group manufactures feed for Bibby Agriculture Limited at a mutually agreed commercial rate.

19. INVENTORIES

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Raw materials and consumables	**10,691**	14,938	**-**	-
Finished goods and goods for resale	**31,548**	37,312	**-**	-
	42,239	52,250	**-**	-

Inventories are stated after a provision for impairment of £380,000 (2018: £345,000) (Company £nil (2018: £nil)).

20. TRADE AND OTHER RECEIVABLES

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Current				
Trade receivables	**61,641**	67,446	**-**	-
Amounts owed by Group undertakings	**-**	-	**-**	2,799
Other receivables	**1,942**	3,287	**-**	-
Current tax asset	**-**	-	**-**	-
Fair value of derivatives	**304**	174	**-**	-
	63,887	70,907	**-**	2,799

Trade receivables are stated after a provision for impairment of £719,746 (2018: £708,456) (Company £nil (2018: £nil)).

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar ageing. The expected loss rates are based on the Groups historical credit losses experience over the twelve month period prior to the period end. Forward looking issues have been considered, primarily in relation to the terms under which the UK will leave the EU. This has had an immaterial effect on the expected credit loss rate.

21. TRADE AND OTHER PAYABLES

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Current				
Trade payables	**57,659**	68,756	**-**	**-**
Ammounts owed to Group undertakings	**-**	-	**458**	**-**
Other taxes and social security	**562**	604	**-**	**-**
Other payables	**867**	1,142	**200**	239
Accruals and deferred income	**2,795**	3,293	**-**	10
Contingent consideration	**151**	651	**-**	-
Fair value of derivatives	**79**	76	**-**	-
	62,113	74,522	**658**	249

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Non-current				
Government grants	**16**	20	**-**	-
Contingent consideration	**185**	137	**-**	-
	201	157	**-**	**-**

22. CURRENT TAX LIABILITIES

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Current tax liabilities	**894**	1,102	**133**	55

Notes to the Financial Statements continued

23. CASH, CASH EQUIVALENTS AND BORROWINGS

	Group		Company	
	2019 £000	2018 £000	**2019 £000**	2018 £000
Current				
Cash and cash equivalents per balance sheet and cashflow	**10,608**	6,676	**7**	4
Bank loans due within one year or on demand:				
Secured loans	**(1,457)**	(1,978)	**(1,457)**	(1,968)
Loan capital (unsecured)	**(669)**	(665)	**(669)**	(665)
Other loanstock (unsecured)	**(14)**	(14)	**(14)**	(14)
Net obligations under finance leases	**(1,546)**	(1,230)	**-**	-
Financial liabilities - borrowings	**(3,686)**	(3,887)	**(2,140)**	(2,647)

	Group		Company	
	2019 £000	2018 £000	**2019 £000**	2018 £000
Non-current				
Bank loans:				
Secured loans	**(902)**	(2,356)	**(902)**	(2,356)
Net obligations under finance leases	**(2,176)**	(1,410)	**-**	-
Financial liabilities - borrowings	**(3,078)**	(3,766)	**(902)**	(2,356)
Total net cash/(debt)	**3,844**	(977)	**(3,035)**	(4,999)

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

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 (2018: 1.5%) of the unsecured loan capital and unsecured loanstock.

Bank loans and overdrafts of £230,132 (2018: £1,994,367) relating to subsidiary companies, are secured by an unlimited composite guarantee by all the trading entities within the Group.

Repayment Profile

	Group		Company	
	2019 £000	2018 £000	**2019 £000**	2018 £000
Borrowings are repayable as follows:				
On demand or within one year	**3,686**	3,887	**2,140**	2,647
In the second year	**1,902**	2,352	**902**	1,456
In the third to fifth years inclusive	**1,176**	1,414	**-**	900
Over five years	**-**	-	**-**	-
	6,764	7,653	**3,042**	5,003
Finance leases included above are repayable as follows:				
On demand or within one year	**1,546**	1,230	**-**	-
In the second year	**1,000**	898	**-**	-
In the third to fifth years inclusive	**1,176**	513	**-**	-
Over five years	**-**	-	**-**	-
	3,722	2,641	**-**	-
The net borrowings are:				
Borrowings as above	**6,764**	7,653	**3,042**	5,003
Cash and cash equivalents	**(10,608)**	(6,676)	**(7)**	(4)
Net (cash)/debt	**(3,844)**	977	**3,035**	4,999

23. CASH, CASH EQUIVALENTS AND BORROWINGS continued

Term loans

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

	Monthly instalment (inc' interest)	**Balance outstanding 2019**	Balance outstanding 2018	**Interest rate**	**Maturity date**
HSBC Bank Plc	£99,264	**£2,069,871**	£3,219,575	**0.85% over base per annum**	**August 2021**
HSBC Bank Plc	£68,811	**£289,207**	£1,103,946	**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.

24. FINANCIAL INTRUMENTS

Valuation techniques

IFRS 13 requires financial instruments that are measured at fair value to be classified according to the valuation technique used:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - inputs, other than level 1 inputs, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived form prices)
- Level 3 - unobservable inputs

- Derivatives

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

- Contingent consideration

Contingent consideration is measured at fair value using Level 3 inputs such as entity projections of future profitability. The amount recognised relates to the ongoing profitability of the business acquired and criteria for this are set out in the sale and purchase agreements. Consequently adjustments would only be made if the business did not perform as originally anticipated, and further sensitivity analysis is not considered to be required.

Transfers between levels are deemed to have occurred at the end of the reporting period. There were no transfers between levels in the above hierarchy in the period.

Reconciliation of movements in Level 3 financial instruments

	Contingent consideration £000
As at 1 November 2017	(112)
Additions	(739)
Repayments/payments	63
As at 31 October 2018	(788)
Additions	**(150)**
Repayments/payments	**602**
As at 31 October 2019	**(336)**

Financial Statements

24. FINANCIAL INSTRUMENTS continued

Financial instruments recognised at fair value are as follows:

Financial instruments by category

	Financial assets at fair value through profit or loss		Amortised cost	
	2019 £000	2018 £000	**2019 £000**	2018 £000
Cash and cash equivalents	**-**	-	**10,608**	6,676
Trade and other receivables	**-**	-	**63,583**	70,733
Derivatives	**304**	174	**-**	-
	304	174	**74,191**	77,409

	Financial liabilities at fair value through profit or loss		Amortised cost	
	2019 £000	2018 £000	**2019 £000**	2018 £000
Trade and other payables	**-**	-	**61,321**	73,191
Loans and borrowings	**-**	-	**6,764**	7,653
Contingent consideration	**336**	788	**-**	-
Derivatives	**79**	76	**-**	-
	415	864	**68,085**	80,844

Risk Management

- Derivatives

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 IFRS 9. Derivatives may qualify as hedges for accounting purposes, as 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 resulting assets or liabilities are recorded in Trade and other receivables and Trade and other payables and are described as 'fair value of derivatives. 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.

- 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.

24. FINANCIAL INSTRUMENTS continued

- 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. During 2019 and 2018, the Group's borrowings at variable rate were denominated in sterling.

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

	Group		Company	
	2019	2018	**2019**	2018
Bank overdraft	**1.5%**	1.3%	**n/a**	n/a
Bank borrowings	**1.5%**	1.5%	**1.5%**	1.5%
Loan capital	**1.5%**	1.5%	**1.5%**	1.5%
Finance leases	**4.8%**	5.7%	**-**	-

The impact of a decrease or increase in interest rates during the year is shown in the table below. The Directors consider that a 1% movement in interest rates represents a reasonable possible change.

	Loans and receivables			
	1% decrease 2019 £000	1% decrease 2018 £000	**1% increase 2019 £000**	1% increase 2018 £000
Impact on profit after taxation	**69**	140	**(69)**	(140)
Impact on total equity	**69**	140	**(69)**	(140)

The sensitivity analysis is not an indication of actual results, which may materially differ. For the purposes of this sensitivity analysis all other variables have been held constant. The method and assumptions used in the preparation of the sensitivity analysis were the same in 2019 and 2018.

- 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 £9,178,020 (2018: £11,849,003).

- 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.

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.

The Company has no trade receivables (2018: none).

Notes to the Financial Statements continued

24. FINANCIAL INSTRUMENTS continued

- 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 and revolving credit facilities in place to allow flexibility in managing liquidity. It is the Group's policy to maintain committed undrawn facilities in order to provide flexibility in the management of the Group's liquidity.

The table below analyses the Group and Company's financial liabilities which will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows.

	2019					2018				
Group	**Total £000**	**Within one year £000**	**One to two years £000**	**Two to five years £000**	**Over five years £000**	Total £000	Within one year £000	One to two years £000	Two to five years £000	Over five years £000
Bank loans and other borrowings	**3,071**	**2,164**	**907**	**-**	**-**	5,104	2,716	1,481	907	-
Finance lease liabilities	**3,869**	**1,621**	**1,041**	**1,207**	**-**	2,755	1,299	931	525	-
Derivatives	**79**	**79**	**-**	**-**	**-**	76	76	-	-	-
Trade and other payables	**61,657**	**61,472**	**53**	**132**	**-**	73,978	73,841	53	84	-
	68,676	**65,336**	**2,001**	**1,339**	**-**	81,913	77,932	2,465	1,516	-

	2019					2018				
Company	**Total £000**	**Within one year £000**	**One to two years £000**	**Two to five years £000**	**Over five years £000**	Total £000	Within one year £000	One to two years £000	Two to five years £000	Over five years £000
Bank loans and other borrowings	**3,071**	**2,164**	**907**	**-**	**-**	5,094	2,706	1,481	907	-
Amounts due from Group undertakings	**458**	**458**	**-**	**-**	**-**	-	-	-	-	-
Trade and other payables	**200**	**200**	**-**	**-**	**-**	249	249	-	-	-
	3,729	**2,822**	**907**	**-**	**-**	5,343	2,955	1,481	907	-

24. FINANCIAL INSTRUMENTS continued

Trade and other payables in the tables above exclude other taxes and social security as they do not meet the definition of financial liabilities under IFRS 9 and are not within the scope of IFRS 7

- Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an efficient capital structure to optimise the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings) as shown in the consolidated balance sheet less cash and cash equivalents. Total equity is as shown in the consolidated balance sheet.

	2019 £000	2018 £000
Loans and borrowings	**6,764**	7,653
Less: cash and cash equivalents	**(10,608)**	(6,676)
Net (cash)/debt	**(3,844)**	977
Total equity	**94,948**	91,073
Net (cash)/debt to equity ratio (%)	**(4.05%)**	1.07%

The Group monitors cash balances and net (cash)/debt on a daily basis to ensure adequate headroom exists on banking facilities and that it is compliant with banking covenants.

25. DEFERRED TAXATION

	Group		**Company**	
	2019 £000	2018 £000	**2019 £000**	2018 £000
At 1 November	**228**	254	**-**	-
Charge for the year	**-**	5	**-**	-
At 31 October	**228**	259	**-**	-

The provision for deferred taxation is made up as follows:

	Group		**Company**	
	2019 £000	2018 £000	**2019 £000**	2018 £000
Accelerated capital allowances	**228**	259	**-**	**-**

Deferred tax is calculated in full on temporary differences under the liability using a tax rate of 17% (2018: 17%). The reduction in the main rate of corporation tax to 17% was substantively enacted on 6 September 2016. This new rate has been applied to deferred tax balances which are expected to reverse after 1 April 2020, the date on which that new rate becomes effective.

26. SHARE CAPITAL

	2019 No. of shares 000	**2019 £000**	2018 No. of shares 000	2018 £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	**19,896**	**4,974**	19,772	4,943

During the year 124,212 shares (2018: 87,602) were issued with an aggregate nominal value of £31,053 (2018: £21,900) and were fully paid up for equivalent cash of £373,457 (2018: £372,642) to shareholders exercising their right to receive dividends under the Company's Scrip dividend scheme.

No shares (2018: 18,816) with an aggregate nominal value of £nil (2018: £4,705) were issued for a cash value of £nil (2018: £66,656) to relevant holders exercising options in the Company.

No other shares were issued in this financial year (2018: nil).

Notes to the Financial Statements continued

27. SHARE-BASED PAYMENTS

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

	Exercise Price per share £	Exercisable by April 2015 - March 2020	As at 01 November 2018	(Exercised)/ Issued in year	Lapsed in year	As at 31 October 2019
Discretionary Share Option Schemes						
Granted April 2012	3.7500	Apr 2015 - Mar 2022	32,000	-	(8,000)	**24,000**
Granted October 2014	5.4750	Oct 2017 - Oct 2024	308,000	-	(45,000)	**263,000**
			340,000	-	(53,000)	**287,000**
Savings Related Option Schemes						
Granted July 2014	5.0600	Aug 2019 - Jan 2020	120,906	-	(120,906)	**-**
Granted July 2016	3.7000	Aug 2021 - Jan 2022	334,268	-	(58,276)	**275,992**
Granted September 2018	4.0000	Oct 2023 - Mar 2024	326,370	-	(50,970)	**275,400**
			781,544	-	(230,152)	**551,392**
			1,121,544	-	(283,152)	**838,392**

During the year nil (2018: 8,000) Discretionary Share Options and nil (2018: 20,649) Savings Related Options were exercised and satisfied by the allotment of nil (2018: 18,816) new shares by the Company, and nil (2018: 9,833) 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.

Fair Value of Options after 7 November 2002

During the year, the Group charged £48,824 (2018: £55,427) 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	2019	2018
Share price at year end	**£2.78**	£4.20
Average share price	**£3.51**	£4.65
Exercise price	**£3.85**	£4.04
Expected volatility	**34.70%**	26.59%
Weighted average remaining contractual life	**2.75 years**	3.26 years
Number of options	**551,392**	781,544
Risk free interest rate at inception	**0.50% - 0.75%**	0.50%
Number of options exercisable	**287,000**	340,000

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.

28. 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 £230,000 (2018: £1,994,000).

29. BUSINESS COMBINATIONS

Stanton Farm Supplies Limited

On 1 April 2019, Wynnstay (Agricultural Supplies) Limited entered into a business combination and acquired 100% of the share capital of Stanton Farms Supplies Limited, an agricultural business located in Somerset that specialises in dairy hygiene.

The acquisition extends the Group's geographical trading area and farmer customer base, including future cross-sales opportunities.

The provisional consideration is £527,000, which is represented by £377,000 paid during the year for target net assets and goodwill and contingent and deferred consideration of £150,000, which is expected to be paid by 31 October 2022. The consideration payable is dependent on the finalisation of the completion net assets and the future profitability of the business.

The fair value of the contingent consideration has been based on management expectations of the future performance of the business and could range from £nil to £150,000.

Prior to the acquisition, Stanton Farm Supplies Limited had revenues of £2,254,000, gross profit of £418,000 and profit before tax of £65,000 for the year ended December 2018.

Amounts included in the Consolidated Statement of Comprehensive Income year to 31 October 2019 are revenues of £1,098,000 and profit before tax of £52,000. Acquisition costs of £4,000 arose as a result of the transaction, these have been recognised as part of non-recurring items.

Provisional fair value of assets acquired:	**£000**
Goodwill	**150**
Intangibles	**200**
Property, plant and equipment	**28**
Inventories	**160**
Debtors	**406**
Cash	**86**
Trade and other payables	**(454)**
Current Tax liabilities	**(19)**
Finance leases	**(30)**
Provisional considerations	**527**
Contingent and deferred	**150**
Settled in cash at completion and prior to 31 October 2019	**377**

The goodwill represents future sales opportunities and is not expected to be deductible for tax purposes.

Contingent and deferred consideration of £602,000 was also paid during the year which related to prior period acquisitions, and after netting off the cash acquired above, the total outflow in the year amounted to £893,000.

30. CAPITAL COMMITMENTS

At 31 October 2019 the Group and Company had capital commitments as follows:

	Group		**Company**	
	2019 £000	2018 £000	**2019 £000**	2018 £000
Contracts placed for future capital expenditure not provided in the financial statements	**808**	1,239	**-**	740

31. OPERATING LEASE COMMITMENTS

Non-cancellable operating leases are payable as follows:

	Land and buildings		**Other**	
Group	**2019 £000**	2018 £000	**2019 £000**	2018 £000
Expiry date:				
Within 1 year	**2,265**	1,848	**55**	52
Between 2 and 5 years	**4,542**	4,303	**67**	37
Over 5 years	**919**	1,090	**-**	-
Company				
Expiry date:				
Within 1 year	**416**	441	**-**	-
Between 2 and 5 years	**804**	1,112	**-**	-
Over 5 years	**-**	24	**-**	-

32. GROUP FINANCIAL COMMITMENTS

The Group has guaranteed the overdrafts of one of its associate companies to a maximum of £125,000 (2018: £125,000).

33. 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 £984,399 (2018: £838,922). The liability owed to the pension schemes at 31 October 2019 was £139,329 (2018: £121,736).

34. EMPLOYEE SHARE OWNERSHIP TRUST

The Company operates an employee share ownership trust (ESOP). As at 31 October 2019, 16,834 ordinary 25p shares (2018: 6,834 ordinary 25p shares) were held by the trust with an aggregate market value of £65,011 (2018: £28,876). The assets, liabilities, income and costs of the ESOP are incorporated into the financial statements of the Group.

35. 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**	
	2019 £000	2018 £000	**2019 £000**	2018 £000
Jim McCarthy	**-**	1,337	**-**	-
Ken Greetham (retired 11 July 2018)	**-**	468	**-**	-
Gareth Davies (appointed 8 May 2018)	**1,711**	64	**104**	11
Andrew Evans	**305,448**	277,770	**58,226**	69,922
Paul Roberts	**576**	407	**100**	41
Philip Kirkham	**360,171**	306,464	**62,895**	23,547
Howell Richards	**3,797,792**	3,329,161	**1,084,141**	947,817
Steve Ellwood	**-**	-	**-**	-
	4,465,698	3,915,671	**1,205,466**	1,041,338

The Group has had transactions with the following company whose Directors include Steve Ellwood:

Company	**Total sales**		**Balance outstanding**	
	2019 £000	2018 £000	**2019 £000**	2018 £000
NIAB	**136**	61	**21**	38

36. CASH GENERATED FROM/(USED IN) OPERATIONS

	Group		Company	
	2019 £000	2018 £000	**2019 £000**	2018 £000
Profit for the year from operations	**6,132**	7,708	**3,141**	4,164
Adjustments for:				
Tax	**1,421**	1,821	**127**	76
Dividend received	**-**	-	**(3,000)**	(3,630)
Investment and goodwill impairment	**-**	138	**-**	266
Depreciation of tangible fixed assets	**3,579**	3,157	**402**	361
Amortisation of other intangible fixed assets	**28**	16	**-**	-
Profit on disposal of property, plant and equipment	**(170)**	(328)	**-**	(277)
Profit from distribution from Associate	**(84)**	-	**(132)**	(707)
Interest income	**(164)**	(92)	**(31)**	-
Interest expense	**348**	283	**59**	39
Share of results of joint ventures and associates	**(360)**	(294)	**-**	-
Share-based payments	**49**	55	**49**	55
Changes in working capital (excluding effects of acquisitions and disposals of subsidiaries):				
(Increase)/decrease in short-term loans to joint venture	**(1,601)**	32	**(1,601)**	32
Decrease/(increase) in inventories	**10,171**	(19,144)	**-**	-
Decrease/(increase) in trade and other receivables	**7,426**	(7,946)	**2,799**	(2,482)
(Decrease)/increase in payables	**(12,019)**	17,425	**410**	(51)
Cash generated from/(used in) operations	**14,756**	2,831	**2,223**	(2,154)

37. RECONCILIATION OF LIABILITIES FROM FINANCING TRANSACTIONS

	Group			Company		
	Non-Current loans and borrowings £000 (Note 23)	Current loans and borrowings £000 (Note 23)	Total £000	Non-Current loans and borrowings £000 (Note 23)	Current loans and borrowings £000 (Note 23)	Total £000
As at 1 November 2017	1,896	2,512	4,408	1,111	1,494	2,605
Cash-flows						
- New Borrowings	2,356	1,144	3,500	2,356	1,144	3,500
- Repayments of borrowings	-	(2,614)	(2,614)	-	(1,102)	(1,102)
Non-cash flows						
- New finance leases	1,551	808	2,359	-	-	-
- Loans and borrowings classified as non-current at 31 October 2017 becoming current during year ended 31 October 2018	(2,037)	2,037	-	(1,111)	1,111	-
As at 31 October 2018	3,766	3,887	7,653	2,356	2,647	5,003
Cash-flows						
-Repayments of borrowings	**-**	**(3,769)**	**(3,769)**	**-**	**(1,961)**	**(1,961)**
Non-cash flows						
-New finance leases	**2,057**	**793**	**2,850**	**-**	**-**	**-**
-Finance leases acquired through acquisitions	**15**	**15**	**30**	**-**	**-**	**-**
- Loans and borrowings classified as non-current at 31 October 2018 becoming current during year ended 31 October 2019	**(2,760)**	**2,760**	**-**	**(1,454)**	**1,454**	**-**
As at 31 October 2019	**3,078**	**3,686**	**6,764**	**902**	**2,140**	**3,042**

38. IMPACT OF IFRS 9 AND IFRS 15

IFRS 9

There are two areas of impact:

Trade and other receivables and loans to joint ventures impairment provision

- **Trade debtors**

Impairment provisions for trade debtors are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade debtors is assessed. For trade debtors, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade debtor will not be collectable, the gross carrying value of the asset is written off against the associated provision.

- **Receivables from related parties and joint venture loans**

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Hedge accounting

The overall objective of the Board is to set policies to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

The Group utilises LIFFE grain derivatives as hedging instruments as fair value hedges against the open long or short positions on its forward purchase and sales books. The Group does not have any assets held for trading and does not engage in the taking of speculative commodity positions.

The Group's commercial risk management strategy remains unchanged, but it has decided to adopt the IFRS 9 option that allows more items to qualify for hedge accounting by removing the 80 – 125% highly effective threshold relationship criteria between the hedged item and the hedging instrument set out in IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 15

Revenue recognition

The implementation project concluded that the Group's income streams, and net assets were not materially impacted by the five-stage revenue recognition model and agent versus principal considerations.

As a manufacturer and specialist merchant, the Group earns the majority of its revenues from sales of goods rather than services, and hence recognises revenue at a point in time, typically on delivery or at the point of shipping, rather than over time. Contracts are identified at the point an order is placed, and the performance obligations, transaction price and the separate contract obligations are all clearly defined. There is limited judgement needed to identify the point at which control passes – once physical delivery of the products to the agreed location has occurred, the Group no longer has physical possession and will usually have a present right to payment as a single receipt on delivery. None of the significant risks and rewards of the goods are retained. Within Specialist Agricultural Merchanting, some contracts provide customers with a limited right of return, but experience has shown that the value of these returns is immaterial.

Disclosure disaggregation of revenue

The IFRS introduced a requirement to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors, for example, by type of goods or service, by geographic region, by customer type, timing of transfer and sales channel.

The implementation project concluded that existing segmental reporting disclosures provided under IFRS 8 Operating Segments did not require any different or further disaggregation of revenue because they show the type of sale, all our customers are based in the UK, our customers typically buy from both segments and are farmers, rural dwellers and small-holders, are goods-related at a point in time, and the two segments show the direct to farm and via specialist agricultural merchanting depots / catalogues.

Overall conclusion

There were no material adjustments as a result of application of IFRS 9 or IFRS 15.

Financial Calendar

22 January 2020	Announcement of 2019 Results
24 March 2020	Annual General Meeting
27 March 2020	Dividend Record Date
30 April 2020	Payment of Final 2019 Dividends
June 2020	Announcement of 2020 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 !

Notice of Annual General Meeting

Notice is hereby given that the twenty-eighth 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 24 March 2020 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 31st October 2019 together with the Directors' Report and Auditor's Report on those accounts.

2. To declare a final dividend for the year ended 31 October 2019.

3. To re-appoint the following Director who retires by rotation under Article 91:
   Steve Elwood

4. To re-appoint the following Director who retires by rotation under Article 91:
   Paul Roberts

5. To re-appoint BDO LLP as auditors, to hold office from the conclusion of the Meeting to the conclusion of the next Meeting at which accounts are laid before the Company 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 8 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 may, 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 2.5% 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

Claire Williams

21 January 2020

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

Notes to Notice of 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 Company's 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. 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.

3. 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.

4. Documents on display

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

5. 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, Neville House, Steelpark Road, Halesowen, West Midlands, B62 8HD. (Tel. 0121 585 1131)

Wynnstay Group Plc

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Registered in Wales and England