WYNNSTAY

ANNUAL REPORT

AND ACCOUNTS 2020

WYNNSTAY

Contents

01 Strategic Report

02 ESG Framework

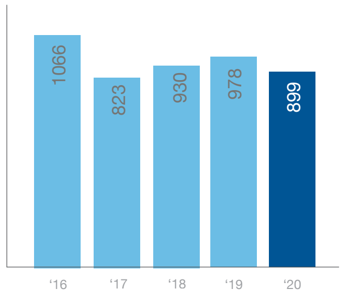
03 Financial Statements

04 Shareholder Information

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. Wynnstay helps livestock and arable farmers to produce food in a more sustainable, environmentally friendly and profitable way. We provide our customers with quality products, specialist advice and an efficient service that is industry leading.



Colleagues

Group Revenue
£431.40m
2019: £490.60m

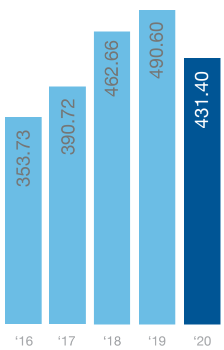
Earnings per Share
27.73 pence
2019: 30.95 pence

Underlying Pre-tax Profit*
£8.37m
2019: £8.01m

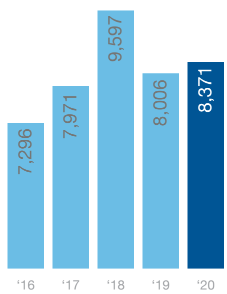
Shareholders' Funds
£98.18m
2019: £94.95m

Profit before Tax
£6.98m
2019: £7.55m

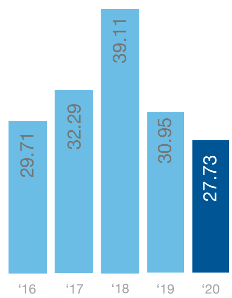
Dividend per Share
14.60 pence
2019: 14.00 pence



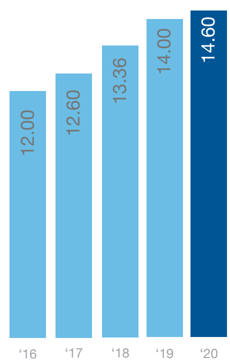
Group Revenue (£m)
£431.40m



Underlying Pre-tax Profit*
£8.37m



Earnings per Share (pence)
27.73p



Dividend per Share (pence)
14.60p

*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.

Key Strengths

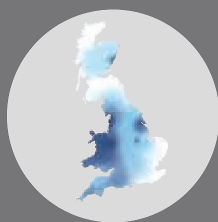
Committed and loyal colleagues who offer technical advice to support the prosperity of our farmer customer base through efficiencies and new innovations.

A strong balance sheet with the capacity to support future growth.

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

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

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. 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.

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.

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 54 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 two other locations, selling a range of equine and small animal feeds through to wholesalers and retailers in Wales and the Midlands. The Sweet Meadow branded equine feed range is a market leading product.

BUSINESS SNAPSHOT -
Carmarthen Mill Investment and Dairy Feed Supply

The continued investment in feed storage bins, control systems and production capacity at our Carmarthen Mill will further enhance production efficiency at the site, which primarily caters for dairy, cattle and sheep farmers in South Wales. This project is part of the ongoing investment in our processing facilities, ensuring we are well equipped to cater for the needs of our customers now, and in the future.

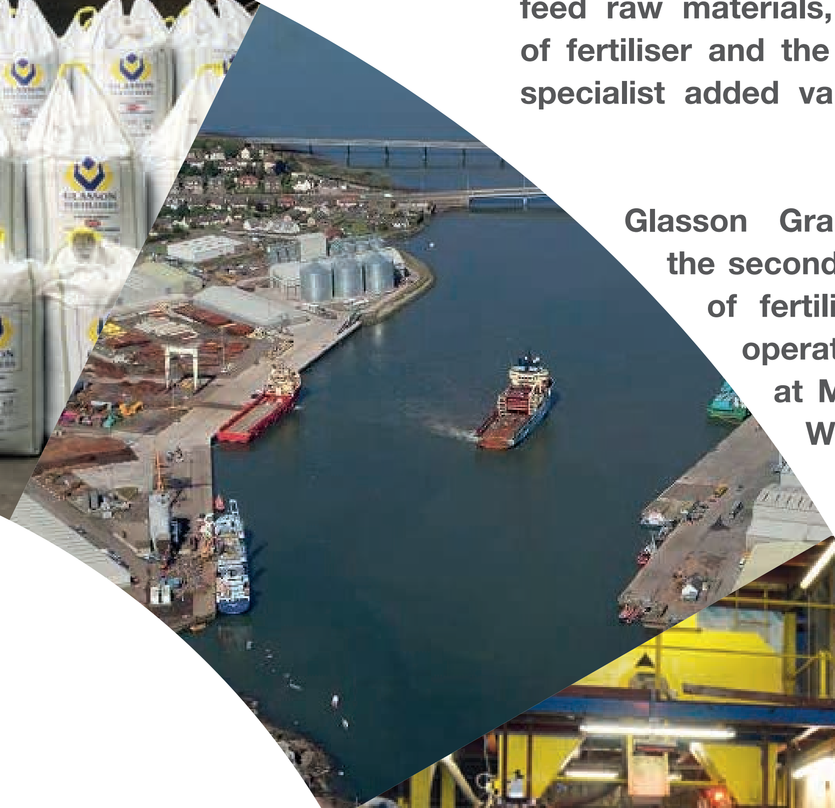
Our supply of feed to dairy farms in the surrounding region to our Carmarthen Mill is further enhanced by our specialist Ruminant Teams, who work closely with farmers to ensure that the management of their livestock is to the highest standard possible to ensure maximum productivity.

The team offer a range of on-farm services including locomotion scoring, forage analysis along with building design consultation to ensure the best welfare standards possible for livestock.

BUSINESS SNAPSHOT -
Glasson Grain

Glasson Grain Limited is based at the port of Glasson Dock, near Lancaster. The company was founded in 1979 as a trader and importer of animal feed commodities, and has since grown to be active across a much broader field. Today, Glasson operates across three main areas - the supply of feed raw materials, the production of fertiliser and the manufacture of specialist added value animal feed products.

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



The cornmill at Glasson produces a wide range of animal feeds for the farm, equine, poultry and wild bird markets, these added value products are sold through a variety of agricultural merchants.

Glasson specialise in the supply of raw materials to compounders and feed blenders and merchant businesses throughout the UK.

Glasson complements the Group strategy by providing a further diversification to the Group's balanced business model.

Growth Strategy

Wynnstay helps livestock and arable farmers to produce food in a more sustainable, environmentally-friendly and profitable way. We provide our customers with quality products, specialist advice and an efficient service that is industry leading.

OUR STRATEGIC GOAL
Acquire, keep and deepen our relationships with customers

OUR BUSINESS MODEL
Balanced business that gets stronger with scale

OUR FINANCIAL GOAL
Generate strong and reliable cash flows

EXPAND SALES

CREATING VALUE

LEAN COST BASE

OUR PROPOSITION

- EXCEPTIONAL CUSTOMER SERVICE
- QUALITY PRODUCTS
- INNOVATIVE PRODUCTS
- COMPREHENSIVE RANGE
- MULTIPLE SALES CHANNELS
- DELIVERY TO FARM
- DEPOT NETWORK
- SPECIALIST ADVICE

STRONG CASH GENERATION

INVEST FOR THE FUTURE

- PEOPLE
- TECHNOLOGY AND IT SYSTEMS
- MANUFACTURING
- ACQUISITIONS

TRUSTED EXPERTS
We have deep expertise across our sectors and have been continuing to expand our specialist advisory teams in dairy, egg production, beef, sheep, animal health, youngstock, arable, seed and fertiliser.

INNOVATIVE PRODUCTS
We constantly seek to bring new and innovative products to market that will allow our customers to farm both more sustainably and competitively.

CHANNELS TO MARKET
We are developing our channels to market. The increasing shift to digital will enable us to get closer to our customers, open up new opportunities and reduce costs.

MANUFACTURING
We are investing to increase our manufacturing and processing capability and for efficiency and environmental gains.

Our Pillars

Wynnstay has a clearly defined growth strategy, with key areas of focus

EXPERT GUIDANCE

The quality of our advice enables us to stand-out and create deeper relationships with customers. We have strong teams of specialists who assist customers in identifying areas to improve their business so that they can produce food profitably, efficiently, sustainably and in an environmentally beneficial way.

ORGANIC GROWTH

There are very good opportunities for us to increase our market share across all our key areas of operation and to expand our manufacturing capability. As we increase our share of the market, we intend to continue to maintain our wide offering of products and services for livestock, arable and mixed farms. This balanced approach smooths sector volatility.

ACQUISITIONS

Acquisitions have played an important role in Wynnstay's development to date, and remain an important element of our growth strategy alongside organic expansion. We look for acquisitions that complement our existing areas of operation and will add value.

MULTI-CHANNEL VISION

Technology offers new ways of selling our products and services and enhancing our customer proposition. We are investing to take advantage of these new opportunities and align ourselves with the shift in customers' buying habits and engagement.

ESG

Helping farmers to feed the country in a more sustainable way is our fundamental goal. It has the power to transform lives for the better. We are proud to be pursuing this aim and, alongside this, to uphold high ESG values.

TWIN-TRACKED GROWTH

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.

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

- 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

Chairman's Statement

A very resilient trading performance in an unprecedented year of challenges

OVERVIEW

The Group has delivered a very resilient trading performance in an unprecedented year of challenges. Underlying pre-tax profit* increased by 4% to £8.37m (2019: £8.01m) on revenues of £431.40m (2019: £490.60m). This pleasing result, which is ahead of original market expectations, was helped by a strong close to the year, particularly for feed sales, which benefited both the Agricultural Division and Specialist Agricultural Merchanting Division. It also reflects well on the Group's strategy, which is focused on further developing existing products and services, strengthening channels to market, and improving efficiency and productivity. Our balanced business model, which spans both arable and livestock sectors, also provided a strong natural hedge to the sector variations experienced in the year.

The challenges over the financial year were significant even without the coronavirus crisis. We started the financial year with subdued farmer confidence, arising from lower farmgate prices and continuing Brexit uncertainty. The abnormally wet 2019 autumn severely disrupted planting, resulting in one of the worst seasons on record and consequently low demand for arable inputs and a historically poor autumn harvest and reduced grain trading. The onset of the coronavirus pandemic created further difficulties. However, our teams responded magnificently and, as an essential service provider, we worked hard to rapidly adopt new safety practices so that we could continue to operate all our sites while ensuring the welfare of our colleagues, customers, suppliers and communities. Other than for a short period when a handful of depots were closed, we have kept all our depots, manufacturing and processing facilities open and operating in line with government restrictions.

Despite the additional demands of responding to the pandemic, we made good progress with strategic growth initiatives. We continued with our outlet optimisation programme, closing two sites, and have further strengthened our specialist advisory teams, particularly in youngstock, animal health, dairy and free range egg production, all of which are growth areas for the Group. We have also introduced a sales trading desk to support our on-farm specialists, and will be continuing to focus on developing our channels to market, including digital. With the expiry of our lease on our Selby seed plant in Yorkshire, we closed this site in December and are exploring options for a new site. We are also planning to invest in our seed processing plant at Astley in Shrewsbury to increase capacity and efficiency.

Towards the end of the financial year, we put into effect a reorganisation of the Group's management structure. These changes encompassed the creation of new management roles with new designated areas of responsibility and reporting lines. The new management structure will better support our growth plans for the business and strengthen our operational effectiveness. We expect to conclude this significant major initiative over the coming months.

FINANCIAL RESULTS

Group revenue decreased by 12% to £431.40m (2019: £490.60m), which mainly reflected commodity price deflation and significantly reduced volumes in certain categories, notably grain trading. The impact was felt most by the Agriculture Division, where revenue was down by 16% to £302.58m (2019: £358.69m). Revenue in the Specialist Agricultural Merchanting Division was 2% lower at £128.81m (2019: £131.84m). This mainly reflected the impact of restricted trading protocols, introduced at the start of the coronavirus crisis. Like-for-like sales for this Division reduced by 1%.

Underlying pre-tax* profit, the Board's preferred alternative performance measure, which includes the gross share of results from joint ventures and excludes share-based payments and non-recurring items, increased by 4% to £8.37m (2019: £8.01m). The Agriculture Division contributed £2.88m (2019: £2.95m) to this result, which included contributions from joint ventures, and the Specialist Agricultural Merchanting Division contributed £5.78m (2019: £5.24m). Other activities generated a small loss of £0.12m (2019: loss of £0.05m). On an IFRS basis, reported profit before taxation was £6.98m (2019: £7.55m).

The Group incurred a number of additional charges in the year, mainly relating to its strategic reorganisation, but also including site closure charges and goodwill impairments charges. Together these amounted to £1.19m (2019: £0.3m).

The Group adopted the new accounting standard, IFRS 16, relating to leases, which replaces rental expense with right-of-use asset amortisation and interest. As a result, reported net finance costs increased by £0.09m to £0.27m (2019: £0.18m excluding IFRS 16).

Profit after taxation was £5.53m (2019: £6.13m), and basic earnings per share was 27.73p (2019: 30.95p).

Cash flows and balance sheet

Continued strong cash generation, together with tight control of working capital, left the business with net cash, before lease obligations, at the financial year-end of £18.41m (31 October 2019: £7.57m). After deducting total lease obligations of £9.99m (2019: £3.72m excluding IFRS 16), total net cash at 31 October 2020 amounted to £8.42m (2019: £3.84m).

The Group's balance sheet remains strong with net assets 3% higher at £98.18m (2019: £94.95m) at the financial year-end. This equates to £4.92 (2019: £4.79) per share, and the return on net assets was 8.6% (2019: 8.5%).

*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 Note 15 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 10.00p per share. Together with the interim dividend of 4.60p per share, paid on 31 October 2020, this takes the total dividend for the year to 14.60p, an increase of 4.3% on last year (2019: 14.00p).

The final dividend will be paid on 30 April 2021 to shareholders on the register on 6 April 2021, subject to shareholder approval at the AGM. 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 2021.

THE BOARD AND COLLEAGUES

On behalf of the Board, I would like to thank all our colleagues for their professionalism and dedication in a very difficult year. The drive to ensure that the business was able to adapt swiftly to the new conditions created by the coronavirus pandemic and to maintain operations, while ensuring the safety of colleagues, customers and suppliers, was outstanding.

Following our reorganisation of operations, Andrew Evans stood down from the Board on 1 December 2020. Nonetheless, he remains a key member of the Senior Executive Team in his new role of Group Operations and Feeds Director. On behalf of my fellow Directors, I would like both to formally acknowledge Andrew's contribution as a member of the Board since 2008, and to welcome his ongoing significant contribution as member of the Senior Executive Team.

OUTLOOK

Now that a non-tariff trade agreement has been concluded with the EU, the picture for UK agriculture is significantly clearer as we start 2021, and a major uncertainty has been removed. We expect to see investment recommence and the sector move forward, with UK food producers also having the ability to seek new markets for agricultural products. The UK Agriculture Bill will change the way that farmers are supported by the Government, and we anticipate that a more resilient agricultural sector will result. We also expect opportunities for Wynnstay to provide support as farmers focus on environmental investment and efficiencies. We therefore view medium and long-term prospects for our industry positively.

Agricultural commodity prices have generally improved over the past 12 months and the short-term outlook remains strong. Winter cereal plantings are significantly greater than a year ago, in line with a more normal sowing season. This will drive demand for arable inputs and yield a larger crop to trade post-harvest.

While the coronavirus and associated restrictions remain a concern, the onset of the national vaccination programme should help to underpin social and economic recovery. We have clear targets for the business over the next few years. These include continuing investment to improve productivity and support growth, and a focus on ensuring that we are best placed to support UK farmers as they pivot to new priorities, including environmental initiatives and the adoption of new farming practices. We see a significant role for Wynnstay in supporting farmers with products and services to help drive sustainability and greater efficiency as well as to reduce carbon emissions, including the management of farm waste.

Our ongoing investment in widening the Group's knowledge base and advisory teams, and the importance we place on innovative products and services by working with our valued suppliers, is integral to positioning Wynnstay as a leading UK agricultural supplier. The reorganisation that we have substantially completed is also part of this strategy, and should support greater innovation and flexibility as we look to develop and grow our channels to market.

The new financial year has started well, and the Board remains confident that the Group is well-placed to progress with its strategic objectives. We will also continue to assess acquisition opportunities that align with our growth strategy, and look to the future with confidence.

Jim McCarthy
Chairman
26 January 2021

"The picture for UK agriculture is now clearer and the Group is well-placed to progress"

WYNNSTAY

Adroddiad Y Cadeirydd

Fasnachu wydn iawn yn ystod blwyddyn llawn heriau na welwyd ei thebyg o'r blaen

TROSOLWG

Mae'r Grŵp wedi llwyddo i fasnachu yn wydn iawn yn ystod blwyddyn llawn heriau na welwyd ei thebyg o'r blaen. Cynyddodd yr elw cyn treth isorweddol* o 4% i £8.37m (2019: £8.01) ar refeniw o £431.40m (2019: £490.60m). Cafodd y canlyniad dymunol hwn, sy'n well na disgwyliadau gwreiddiol y farchnad, gymorth gan ddiwedd cryf i'r flwyddyn, yn arbennig ar gyfer gwerthiant bwydydd anifeiliaid, a oedd o les i'r Is-adran Amaethyddol a'r Is-adran Masnachu Amaethyddol Arbenigol. Yn ogystal, mae'n adlewyrchu yn dda ar strategaeth y Grŵp, sy'n canolbwyntio ar ddatblygu'r cynnyrch a'r gwasanaethau presennol ymhellach, cryfhau sianelau i'r farchnad, a gwella effeithlonrwydd a chynhyrchiant. Roedd ein model busnes cytbwys, sy'n rhychwantu'r sectorau tir âr a da byw, yn darparu gwarchodaeth naturiol gref hefyd i amrywiadau'r sector a brofwyd yn ystod y flwyddyn.

Roedd yr heriau yn ystod y flwyddyn ariannol yn sylweddol hyd yn oed heb argyfwng y coronafeirws. Gwnaethom ddechrau'r flwyddyn ariannol pan oedd hyder ffermwyr yn isel, a achoswyd gan brisiau is wrth giât y fferm a'r ansicrwydd yn sgil 'Brexit'. Gwnaeth hydref anarferol o wlyb yn 2019 amharu yn ddifrifol ar y plannu, gan arwain at un o'r tymhorau gwaethaf ar gofnod ac o ganlyniad llai o alw am fewnbynnau tir âr a chynhaeaf gwael yn hanesyddol yn yr hydref a llai o fasnachu grawn. Roedd cychwyn pandemig y coronafeirws yn creu mwy o anawsterau. Fodd bynnag, ymatebodd ein timau yn wych ac, fel darparwr gwasanaethau hanfodol, gwnaethom ni weithio yn galed er mwyn mabwysiadu arferion diogelwch newydd yn gyflym, fel y gallem ni parhau i weithredu ein holl safleoedd, tra'n sicrhau lles ein cydweithwyr, ein cwsmeriaid, ein cyflenwyr a'n cymunedau. Ar wahân i gyfnod byr pan oedd dyrnaid o ganolfannau ar gau, rydym ni wedi cadw ein holl ganolfannau, ein cyfleusterau gweithgynhyrchu a'n cyfleusterau prosesu ar agor ac yn gweithredu yn unol â chyfyngiadau'r llywodraeth.

Er gwaethaf y gofynion ychwanegol wrth ymateb i'r pandemig, rydym wedi gwneud cynnydd da gyda mentrau twf strategol. Rydym wedi parhau â rhaglen optimeiddio ein safleoedd, gan gau dau safle, ac rydym wedi cryfhau ein timau cynghori arbenigol ymhellach, yn arbennig gyda stoc ifanc, iechyd anifeiliaid, cynhyrchu llaeth ac wyau maes, a'r mae'r rhain i gyd yn feysydd twf ar gyfer y Grŵp. Yn ogystal, rydym wedi cyflwyno desg masnachu gwerthiant i gefnogi ein harbenigwyr ar y fferm, a byddwn ni'n parhau i ganolbwyntio ar ddatblygu ein sianelau i'r farchnad, gan gynnwys ein sianelau digidol. Gyda'r brydles ar ein safle prosesu hadau yn Selby, Swydd Efrog yn dod i ben, gwnaethom gau'r safle hon ym mis Rhagfyr ac rydym yn edrych am ddewisiadau ar gyfer safle newydd. Yn ogystal, rydym yn cynllunio buddsoddi yn ein safle prosesu hadau yn Astley yn yr Amwythig er mwyn cynyddu cynhwysedd a effeithlonrwydd.

Tua diwedd y flwyddyn ariannol, rydym wedi ad-drefnu strwythur rheoli'r Grŵp. Mae'r newidiadau hyn wedi cwmpasu creu swyddogaethau rheoli newydd gyda meysydd cyfrifoldeb dynodedig a llinellau adrodd newydd. Bydd y strwythur rheoli newydd yn cefnogi ein cynlluniau twf ar gyfer y busnes ac yn cryfhau ein heffeithlonrwydd gweithredol yn well. Rydym yn disgwyl cwblhau'r fenter arwyddocaol fawr hon dros y misoedd nesaf.

CANLYNIADAU ARIANNOL

Gostyngodd refeniw'r Grŵp o 12% i £431.40m (2019: £490.60m), a oedd yn bennaf yn adlewyrchu datchwyddiant ym mhrisiau nwyddau a nifer sylweddol lai mewn rhai categorïau, yn enwedig masnachu grawn. Teimlwyd yr effaith fwyaf gan yr Is-adran Amaethyddiaeth, lle'r oedd yn refeniw wedi gostwng o 16% i £302.58m (2019: £358.69m). Roedd refeniw yn yr Is-adran Masnachu Amaethyddol Arbenigol 2% yn is ar £128.81m (2019: £131.84). Roedd hyn yn bennaf yn adlewyrchu effaith y protocolau masnachu cyfyngedig, a gyflwynwyd ar ddechau argyfwng y coronafeirws. Gostyngodd gwerthiant cyfatebol ar gyfer yr Is-adran o 1%.

Cynyddodd elw cyn treth isorweddol*, mesur perfformiad amgen a ffefrir gan y Bwrdd, sy'n cynnwys cyfran gros o ganlyniadau o fentrau ar y cyd ac sy'n eithrio taliadau yn seiliedig ar gyfranddaliadau ac eitemau anghylchol, o 4% i £8.37m (2019: £8.01m). Cyfrannodd yr Is-adran Amaethyddiaeth £2.88m (2019: £2.95m) at y canlyniad hwn, a oedd yn cynnwys cyfraniadau o fentrau ar y cyd, a chyfrannodd yr Is-adran Masnachu Amaethyddol Arbenigol £5.78m (2019: £5.24m). Gwnaed colled fechan mewn gweithgareddau eraill o £0.12m (2019: colled o £0.05m). Ar sail IFRS, roedd yr elw a adroddwyd cyn treth yn £6.98m (2019: £7.55m).

*Mae elw cyn treth yn fesur nad yw'n GAAP (egwyddorion cyfrifyddu a dderbynnir yn gyffredinol) ac ni chaiff ei fwriadu yn lle mesurau GAAP ac ni chaniateir ei gyfrif yn yr un modd â'r rhai a ddefnyddir gan gwmnïau eraill. Cyfeiriwch at Nodyn 15 am esboniad ar sut mae'r mesur hwn wedi'i gyfrifo a'r rhesymau dros ei ddefnyddio.

Gwariodd y Grŵp ar nifer o daliadau ychwanegol yn ystod y flwyddyn, a oedd yn bennaf yn gysylltiedig â'i ad-drefnu strategol, ond hefyd yn cynnwys taliadau cau safleoedd a thaliadau amhariadau ewyllys da. Gyda'i gilydd, roedd y rhain yn gyfanswm o £1.19m (2019: £0.3m).

Mabwysiadodd y Grŵp y safon cyfrifyddu newydd, sef IFRS 16, a oedd yn ymwneud â phrydlesi, sy'n disodli cost rhent gydag amorteiddiad a llog ased hawl i ddefnyddio. O ganlyniad, adroddwyd bod costau cyllid net wedi cynyddu o £0.09m i £0.27m (2019: £0.18m ac eithrio IFRS 16).

Roedd elw ar ôl treth yn £5.53m (2019: £6.13m), ac roedd enillion sylfaenol fesul cyfranddaliad yn 27.73c (2019: 30.95c).

LLIF ARIAN A MANTOLEN

Gadawodd cynhyrchu arian parod parhaus, ynghyd â rheolaeth dynn ar gyfalaf gwaith, y busnes gydag arian parod net, cyn rhwymedigaethau prydles, ar ddiwedd y flwyddyn ariannol o £ 18.41m (31 Hydref 2019: £ 7.57m). Ar ôl didynnu cyfanswm rhwymedigaethau prydles o £ 9.99m (2019: £ 3.72m heb gynnwys IFRS 16), cyfanswm yr arian net ar 31 Hydref 2020 oedd £ 8.42m (2019: £ 3.84m).

Mae mantolen y Grŵp yn parhau yn gryf, gydag asedau net 3% yn uwch ar £98.18m (2019: £94.95m) ar ddiwedd y flwyddyn ariannol. Mae hyn gyfystyr â £4.92 (2019: £4.79) y cyfranddaliad, ac roedd yr enillion ar asedau net yn 8.6% (2019: 8.5%).

DIFIDEND

Mae'r Bwrdd yn falch iawn o gynnig talu difidend terfynol o 10.00c fesul cyfranddaliad. Ynghyd â'r difidend interim o 4.60c fesul cyfranddaliad, a dalwyd ar 31 Hydref 2020, mae hyn yn golygu bod cyfanswm y difidend am y flwyddyn yn 14.6c, cynnydd o 4.3% ers y llynedd (2019: 14.00c).

Bydd y difidend terfynol yn cael ei dalu ar 30 Ebrill 2021 i gyfranddalwyr ar y gofrestr ar 6 Ebrill 2021, yn amodol ar gymeradwyaeth gan y cyfranddalwyr yn y CCB. Bydd dewis amgen y difidend sgrip yn parhau i fod ar gael fel ag yn y blynyddoedd blaenorol. Y dyddiad olaf ar gyfer dewis y difidend sgrip yw 16 Ebrill 2021.

Y BWRDD A'R CYDWEITHWYR

Ar ran y Bwrdd, hoffwn ddiolch i'n holl gydweithwyr am eu proffesiynoldeb a'u hymroddiad yn ystod blwyddyn anodd iawn. Bu ymgyrch ragorol i sicrhau bod y busnes yn gallu addasu yn gyflym i'r amodau newydd a grëwyd gan bandemig y coronafeirws a chynnal gweithrediadau, wrth sicrhau diogelwch y cydweithwyr, y cwsmeriaid a'r cyflenwyr.

Yn dilyn ad-drefnu yn ein gweithrediadau, ymddiswyddodd Andrew Evans o'r Bwrdd ar 1 Rhagfyr 2020. Er hynny, mae'n parhau yn aelod allweddol o'r Uwch Dîm Gweithredol yn ei swydd newydd fel Cyfarwyddwr Gweithrediadau a Bwydydd y Grŵp. Ar ran fy nghyd-Gyfarwyddwyr, hoffwn gydnabod nid yn unig cyfraniad Andrew fel aelod o'r Bwrdd ers 2008, ond hoffwn hefyd groesawu ei gyfraniad sylweddol parhaus fel aelod o'r Uwch Dîm Gweithredol.

RHAGOLWG

Yn awr bod cytundeb masnachu di-dariff wedi cael ei gytuno gyda'r UE, mae'r darlun ar gyfer amaethyddiaeth yn y DU yn sylweddol gliriach wrth i ni ddechrau 2021, ac rydym wedi cael gwared ag ansicrwydd mawr. Disgwyliwn weld buddsoddi yn ailddechrau a'r sector yn symud ymlaen, gyda chynhyrchwyr bwyd y DU hefyd yn meddu ar y gallu i chwilio am farchnadoedd newydd ar gyfer cynnyrch amaethyddol. Bydd Bil Amaethyddiaeth y DU yn newid y ffordd y mae ffermwyr yn cael eu cefnogi gan y Llywodraeth ac rydym yn rhagweld y bydd sector amaethyddol gwydn yn ymddangos. Yn ogystal, rydym yn disgwyl cyfleoedd i Wynnstay ddarparu cefnogaeth wrth i ffermwyr ganolbwyntio ar fuddsoddiad amgylcheddol ac effeithlonrwyddau. O ganlyniad, rydym yn gweld y bydd y rhagolygon canolig a'r rhagolygon hirdymor ar gyfer ein diwydiant yn rhai cadarnhaol.

Mae prisiau nwyddau amaethyddol yn gyffredinol wedi gwella yn ystod y 12 mis diwethaf ac mae'r rhagolygon tymor byr yn parhau yn gryf. Mae plannu ydau gaeaf yn sylweddol uwch na blwyddyn yn ôl, yn unol â thymor hau mwy arferol. Bydd hyn yn sbarduno'r galw am fewnbynnau tir âr ac yn cynhyrchu cnwd mwy i'w fasnachu ar ôl y cynhaeaf.

Tra bod y coronafeirws a'r cyfyngiadau cysylltiedig yn parhau yn bryder, dylai cychwyn y rhaglen frechu genedlaethol helpu i ategu adferiad cymdeithasol ac economaidd. Mae gennym ni dargedau eglur ar gyfer y busnes am yr ychydig flynyddoedd nesaf. Mae'r rhain yn cynnwys buddsoddiad i wella cynhyrchiant a chefnogi twf, a ffocws ar sicrhau ein bod yn y lle gorau i gefnogi ffermwyr y DU wrth iddyn nhw symud at flaenoriaethau newydd, yn cynnwys mentrau amgylcheddol a mabwysiadu arferion ffermio newydd. Gwelwn swyddogaeth arwyddocaol i Wynnstay i gefnogi ffermwyr gyda chynnyrch a gwasanaethau i helpu sbarduno cynaliadwyedd a mwy o effeithlonrwydd, yn ogystal â lleihau allyriadau carbon, yn cynnwys rheoli gwastraff ar ffermydd.

Mae ein buddsoddiad parhaus i ehangu sail gwybodaeth a thimau cynghori'r Grŵp, a'r pwysigrwydd yr ydym yn ei roi ar gynnyrch a gwasanaethau arloesol drwy weithio gyda'n cyflenwyr gwerthfawr, yn rhan annatod er mwyn gosod Wynnstay fel prif gyflenwr amaethyddol yn y DU. Mae'r ad-drefnu yr ydym ni bron wedi'i gwblhau hefyd yn rhan o'r strategaeth hon, a dylai gefnogi mwy o arloesi a hyblygrwydd, wrth i ni edrych ymlaen at ddatblygu a thyfu ein sianelau i'r farchnad.

Mae'r flwyddyn ariannol newydd wedi dechrau yn dda ac mae'r Bwrdd yn parhau yn hyderus fod y Grŵp mewn sefyllfa dda i symud ymlaen â'i amcanion strategol. Yn ogystal, byddwn yn parhau i asesu cyfleoedd caffael sy'n cydweddu â'n strategaeth dwf, ac edrych i'r dyfodol yn hyderus.

Jim McCarthy
Cadeirydd
26 Ionawr 2021

"Mae'r darlun ar gyfer amaethyddiaeth yn y DU yn fwy eglur ac mae'r Grŵp mewn sefyllfa dda i symud ymlaen"

BUSINESS SNAPSHOT - Specialist Events

In line with our strategy of offering customers technical advice, we host a number of specialist events for our customers, including The Arable Event and The Sheep & Beef Event, although due to Coronavirus these two events were not held during 2020. Arrangements for 2021 will be confirmed, and the events will continue to provide an ideal opportunity for knowledge transfer between farmers, suppliers and industry bodies, and demonstrate our commitment to offering expert advice to our valued customers.

Arable Event

The Arable Event was established in 2013 and attracts in the region of 1,500 visitors and exhibitors through its gates annually. The event has become the key practical demonstration for arable farmers in the west of the UK, showcasing trail plots of selected varieties, keynote speakers, machinery demonstrations and a host of trade stands.

SHEEP & BEEF EVENT

The Sheep and Beef Event was originally established in 2015 and attracted over 800 sheep and beef farmers to the most recent event held at Hereford Livestock Market. The event hosts practical demonstrations, trade stands and keynote speakers offering expert advice for the red meat sector.

Chief Executive's Review

Results were underpinned by our balanced business model and robust balance sheet

INTRODUCTION

Wynnstay's strengths have been clearly demonstrated in what was an exceptionally difficult year for both the agricultural sector and wider society. Farmer confidence at the start of the financial year was low because of weaker farmgate prices and ongoing Brexit-related uncertainties. The highly disrupted autumn planting season in 2019 and the dry, late spring created further difficulties for arable farmers while, from March 2020, the coronavirus pandemic and government sanctions to control virus spread affected farmers across all sectors. Farmgate prices for red meat and milk were especially hit by the initial national lockdown, although they recovered during the year.

Wynnstay's results for the full year are significantly better than our expectations at the time of the interim results following a stronger than anticipated second half of the year. Reduced revenue of £431.40m (2019: £490.60m) principally reflected commodity deflation and decreased volumes of traded commodities, especially grain, feed raw materials and fertiliser. Underlying pre-tax profit at £8.37m was 4% ahead of last year (2019: £8.01m), itself a difficult year for the sector, and we are pleased with this outcome given the circumstances.

The results were underpinned by our robust balance sheet and balanced business model, with its broad spread of products and services, which ensure that we are not unduly exposed to any particular sector. While a weaker performance from arable activities materialised as expected, feed sales performed very well, benefiting both our Divisions. The second half was especially strong for manufactured feed (bulk and bagged) in terms of both volume and gross margins, and we secured new business particularly in the dairy and free range egg sectors. Glasson Grain generated a solid performance, although below last year's record level.

The Specialist Agricultural Merchanting Division delivered a 10% improvement in profit contribution, although sales of some product lines were adversely affected by initial lockdown restrictions. This was helped by the efficiency programme introduced during the last financial year, and which remains under way.

We continued to invest across the Group, and have now started a major three year investment programme at our Carmarthen feed mill. This will significantly increase our manufacturing capacity and improve productivity. We are also considering options for a new seed processing facility. This would replace our former plant at Selby, and in the meantime, we will be investing in our seed processing plant at Astley, in Shropshire to increase capacity and productivity.

Increasingly we are focusing on accelerating our environmental and sustainability agenda, addressing raw materials and products sourcing and carbon impact. We have made progress with utilising bio-diesel for our commercial delivery fleet, and will make further improvements across the business to reduce carbon emissions. In addition, we envisage playing a significant role in supporting our customers with environmental initiatives, which are a key focus of the new UK Agriculture Bill.

In the second half of the year, we substantially completed a significant reorganisation of our operational management, further information on which is provided below.

REORGANISATION

We completed a review of the Group's core organisational structure and implemented a number of changes that will better support the Board's plans for the Group's future growth and development, including our investment programmes.

At the heart of the changes has been a reorganisation of the management of Wynnstay (Agricultural Supplies) Limited, where we have created new senior management roles. These cover Group Operations and Feeds, Arable including GrainLink, and Sales and Marketing. Reporting lines have been reorganised accordingly. We believe this new structure provides for enhanced effectiveness and sales agility. It also supports our multi-channel and environmental and sustainability strategies. I would like to thank Andrew Evans, who is now heading Group Operations and Feeds, for leading this important reorganisation.

Chief Executive's Review continued

REVIEW OF ACTIVITIES

AGRICULTURAL DIVISION

The Agriculture Division manufactures and processes a wide range of agricultural inputs, including feeds, fertiliser and seeds, as well as providing grain-marketing services. Over recent years, the Division has focused on enhancing its offering through specialist advisory teams and this remains a focus.

Divisional revenue was 16% lower at £302.58m (2019: £358.69m), mainly reflecting lower commodity prices and the very poor winter planting season and dry spring, which reduced activity across certain product categories, especially grain, feed raw materials and merchanted fertiliser. The Division's profit contribution reduced by 2% year-on-year to £2.88m (2019: £2.95m).

FEED

We manufacture both ruminant and monogastric products in compounded, blended and meal form. This wide range provides protection against fluctuations in demand. All our manufactured feed is sold under the Wynnstay brand, and in addition to bulk deliveries to farm, a growing percentage of our feed is sold in 20kg or 500kg bagged form, predominantly via our depot network.

Total feed volumes were in line with last year, and gross margins improved, helped by our strong positions in raw materials and production efficiencies.

Compound dairy feed volumes strengthened in the second half of the financial year after a weaker first half and matched last year's level. This reflected the recovery in milk prices after lower demand in the early part of the financial year as a result of good on-farm forage stocks, the mild winter and a drop in demand for liquid milk from the hospitality sector during the coronavirus lockdown. We have also gained new customers following a successful campaign led by our dairy technical team.

Poultry feed sales for the free range egg market continued to grow, and we have further strengthened our specialist poultry team of advisors to drive expansion. Demand from the sheep feed market recovered from the previous year both for breeding sheep feed and lamb finishing rations as farmers chose to market their lambs earlier, in order both to take advantage of higher market prices and before a potential "no-deal" Brexit.

We have continued to focus on the technical knowledge within our teams, and as well as strengthening our poultry team, we have strengthened our specialist teams in dairy, youngstock, beef and sheep. This will support our growth plans in these areas.

We started a significant expansion programme at our Carmarthen feed mill, although its commencement was delayed by the coronavirus pandemic. This major investment will be completed over the next three years. It will significantly increase our feed manufacturing capacity, improve efficiency and support better environmental practices.

ARABLE PRODUCTS

It has been a challenging year for our arable activities. This was caused by the exceptionally wet autumn of 2019, which drastically reduced farmers' ability to sow winter cereal crops, and the dry spring that followed, which had a detrimental impact on yields. As a result, demand for fertiliser and other inputs reduced, traded grain volumes contracted, and there was decreased demand for seed in autumn 2020, given the significant carry-over of unsown seed from the prior year. Margins were also squeezed as suppliers chased reduced volumes.

The UK wheat harvest in 2020 was 37.5% lower than the 2019 harvest, the lowest production seen since 1981. While this, together with the reduced oilseed rape crop, dramatically impacted trading volumes for GrainLink, our specialist combinable crop marketing business, the business still made a profitable contribution to the Division's performance. GrainLink is currently considering alternative protein crops to contract with growers. We have also moved grain traders to remote working and closed the Grantham trading office, so reducing costs. With a more normal autumn planting season in 2020, we expect a significantly improved performance from GrainLink in 2021.

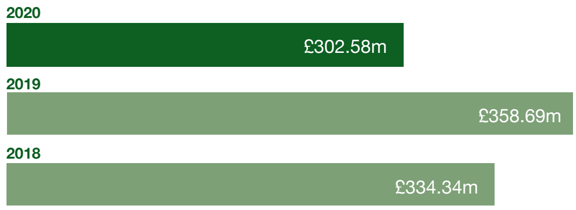
Spring cereal seed sales were boosted by farmers turning to spring sowing after the exceptionally poor winter cereals seed planting season, and sales were up 40% on the previous year. With an estimated carry-over of 30% of the 2019 purchased winter cereal seed, as expected, winter 2020 sales were down year-on-year. Margins were also affected by the necessity to purchase seed from third parties because yields of contracted seed were low. Grass seed sales performed above the previous year.

We decommissioned our seed plant in Selby when its lease came up for renewal in December 2020, and are now in the process of identifying a suitable site for a modern, new plant. We will continue to invest at our Astley seed processing plant and will be utilising facilities with collaborative partners in 2021.

National fertiliser usage contracted by approximately 10%, and our own merchanted sales was similarly affected. We have continued to focus on improving our market position, with our suitably qualified FACTS advisors offering expert advice covering all aspects of fertiliser usage. We have also launched a sales trading desk that will offer an additional route to market, complementing our specialist team at Astley.

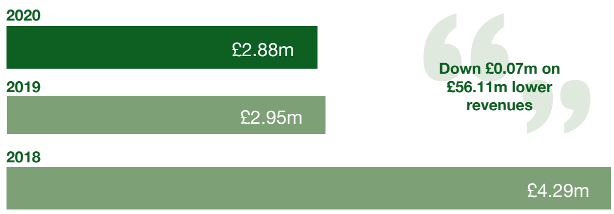
Looking forward, strong market prices and the large acreage of autumn plantings give us confidence for a significantly improved arable performance in 2021.

Agriculture - Revenue (note 2, pages 66 – 67)



"Down 15.6% as a result of lower commodity prices and a reduction in certain products traded especially grain, feed raw materials and merchanted fertiliser"

Agriculture - Segment Result (note 2, pages 66 – 67)



"Down £0.07m on £56.11m lower revenues"

GLASSON GRAIN LIMITED

The Glasson Grain business, which is based at Glasson Dock near Lancaster, comprises three core activities, the supply of feed raw materials, the production and distribution of fertilisers, and the manufacture of added value animal feed products.

Glasson generated a solid performance, in line with management expectations although below last year's outstanding performance.

The fertiliser blending operation manufactured record volumes, with all three sites contributing to this result. Margins came under some pressure as competitors reacted to lower demand, reflected in the 10% reduction in national usage. However, prices recovered in the second half and Glasson remains the second largest blended-fertiliser manufacturer in the UK. Feed raw material volumes were lower than last year, because of both the mild winter and an abundance of grass in the summer period. Our added value animal feed products performed well and although the coronavirus impacted sales to the wild bird market, we secured some additional markets.

The business is well placed for the current financial year.

> **"A challenging year for our arable activities, after a record low winter planting season and very poor yields"**

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

Strategic Report

Chief Executive's Review continued

SPECIALIST AGRICULTURAL MERCHANTING DIVISION

The Specialist Agricultural Merchanting Division trades predominantly through a network of 54 depots but also via additional channels-to-market, including specialist catalogues for the dairy, poultry, beef and sheep sectors, and online. Youngs Animal Feeds is accounted for within this Division. It manufactures and distributes a wide range of equine products, which are sold in Wales and the Midlands through three dedicated outlets and a number of Wynnstay depots.

Divisional revenue was 2% lower at £128.81m (2019: £131.84m), although like-for-like revenue was just 1% down, with the year-on-year reductions mainly reflected the constrictions to trading at the onset of the first national coronavirus-related lockdown. The Division's profit contribution increased by 10% to £5.78m (2019 £5.24m), helped by stronger sales in the second half and previous efficiency initiatives.

WYNNSTAY DEPOTS AND YOUNGS ANIMAL FEEDS

We are pleased with the performance of the depots during a year in which the challenges to normal operations were severe, and included temporary depot closures to the public, a switch over to an "order and collect" only service, and the establishment of a coronavirus-secure environment following Government guidelines to ensure the safety to our employees and customers. Many customers have continued to operate on an "order and collect" basis.

While the wet and mild winter period in the first half impacted sales of certain product categories, such as hardware materials and feed blocks, sales in the second half of the financial year closed strongly. Wynnstay-branded bagged feed sales were very good, helped by a vigorous marketing campaign in our trading area, as were sales of animal health products, milk replacers and fencing products.

Sales and profits at Youngs Animal Feeds were lower year-on-year, affected by the cancellation of horse events due to the coronavirus. However the popularity of our feed range remains high and the business retains a loyal customer base.

We continued with our network optimisation and efficiency programmes. In July, we closed the Wynnstay depot at Salisbury in Wiltshire, taking depot numbers to 54, and, in October, closed the Youngs Animal Feed outlet in Huyton in Merseyside, when its lease came up for renewal. Nonetheless, we were able to retain the majority of both customer bases.

ENVIRONMENTAL INITIATIVES

We continue to push forward with sustainable sourcing and to evaluate the origin of all of our feed raw materials. We are pleased to report that soya within Wynnstay feed rations has moved entirely to sustainable sources.

As part of our strategy to reduce carbon emissions, the majority of our commercial delivery fleet now utilises fuel product with bio-diesel, and we are looking at adaptations to decrease fuel usage. We have also continued with the conversion of the composition of Wynnstay feed bags, which now include a minimum of 30% recyclable plastic. Our feed formulation specialists have introduced lower protein rations and are trialling methane inhibitors to reduce carbon emissions.

Llansantffraid Feed Mill has recently undergone its third annual 'Green Dragon' audit, after first gaining this accreditation in November 2018. We completed the audit and maintained our Level 3 accreditation, with no non-conformances. The accreditation is awarded to organisations that are taking action to understand, monitor and control their impacts on the environment.

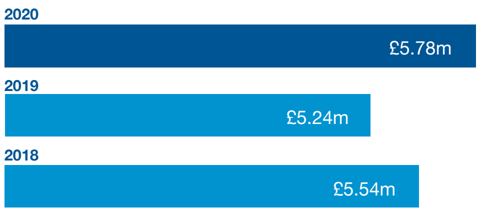
> "Staff responded tremendously to the coronavirus crisis, and we continued to serve fully all customers"

Specialist Agricultural Merchanting - Revenue (note 2, pages 66 – 67)

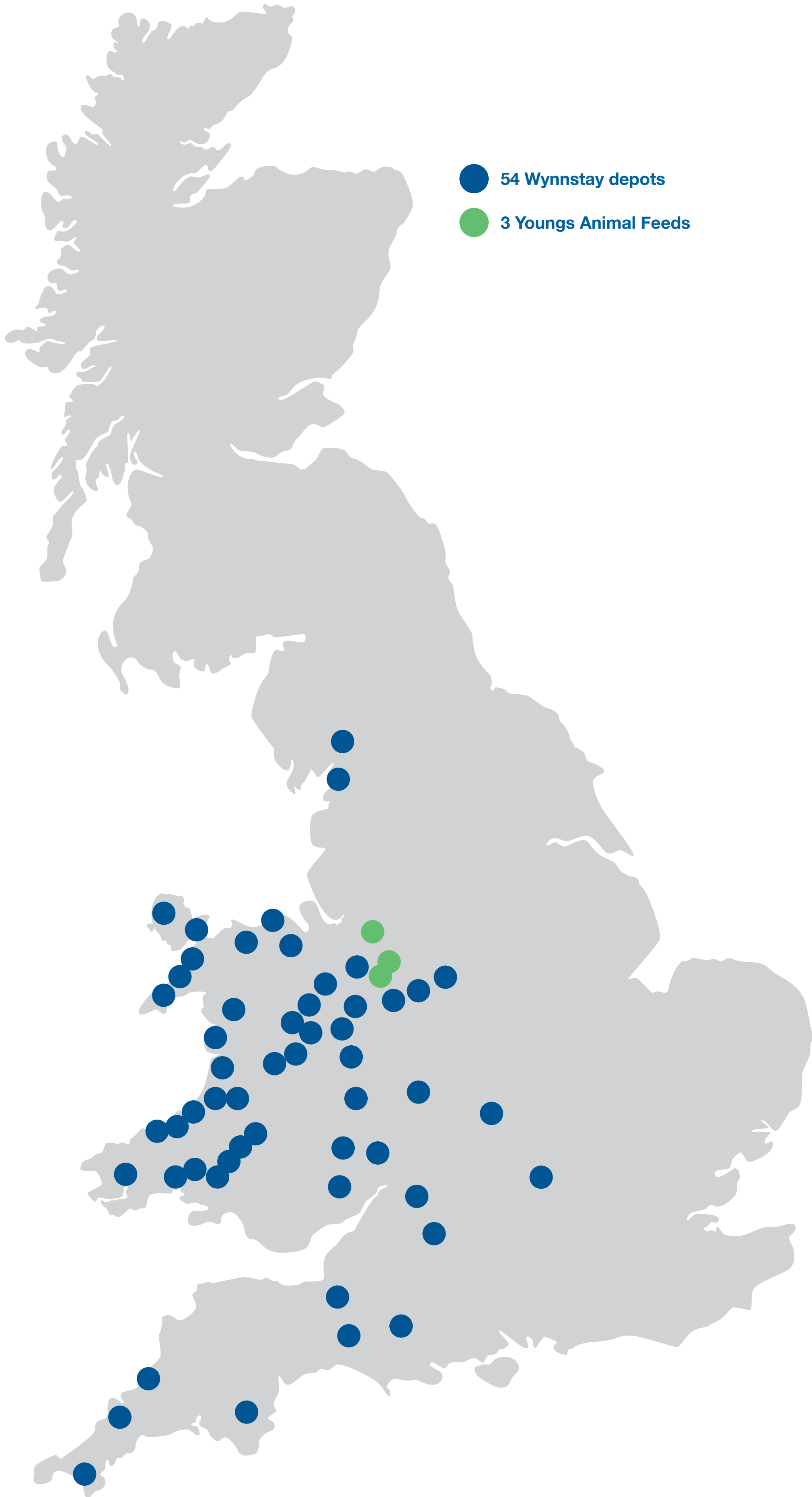
"Like for like sales 1% lower"

Specialist Agricultural Merchanting - Segment Result (note 2, pages 66 – 67)

"Up £0.54m on £0.03m lower revenues"



SPECIALIST AGRICULTURAL MERCHANTING SITES



Chief Executive's Review continued

JOINT VENTURE AND ASSOCIATE COMPANIES

Wynnstay has three joint venture companies, Bibby Agriculture Limited, Wyro Developments Limited and Total Angling Ltd and one associate company, Celtic Pride Limited. The three JVs performed well during the year and the combined profit contribution from the four businesses was higher year-on-year.

COLLEAGUES

The past year has been exceptionally challenging for all our colleagues and I am extremely proud of their outstanding response during this time, and their commitment to the business. It has meant that we were able to maintain all our operations and provide customers with a continued high level of service. Colleagues have also shown great care regarding the health and welfare of fellow colleagues, customers and suppliers. I look forward to a successful year ahead.

OUTLOOK

The UK's trade deal with the EU has introduced clarity and stability for UK farming and removed an obstacle that has been inhibiting farmer confidence and investment spending. The new UK Agricultural Bill maps out the support that the Government will provide to farmers post-Brexit, and 2021 marks the start of a seven year transition period that will see direct payments reduce and farmers incentivised for efficiency and environmental projects. The continued social and economic impacts of the coronavirus pandemic mean that uncertainties remain. However, we anticipate that farmers will adjust to the new world and invest in their businesses to improve efficiency and productivity while also addressing environmental issues.

Our commitment to the environment and sustainability, both through carbon footprint reduction and steps to source sustainable products and promote precision farming, will help support our customers. It will also ensure that we are playing our part to benefit both the local communities in which we live and work, and society more widely.

A major investment programme in our manufacturing facilities is now under way and will help advance our environmental goals as well as enhancing productivity and efficiency.

The operational reorganisation that we are in the process of completing supports our growth ambitions and in particular has created more focused sales channels. Progress with the development of our digital offering continues.

The new financial year has started well. Stronger farmgate prices towards the end of 2020, along with the EU settlement and UK Agricultural Bill, have helped to buoy sentiment across the farming sector. Wynnstay's performance to date is in line with management expectations, and we believe that our strong financial position and balanced business model puts us in an excellent position to make good progress over the coming year and beyond.

We look to the future with confidence.

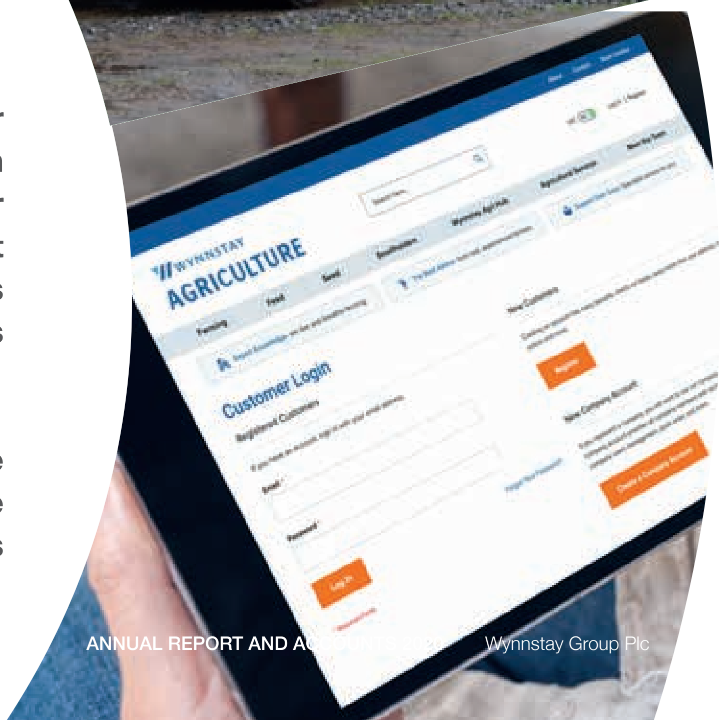
Gareth Davies
Chief Executive
26 January 2021

> **"In an excellent position to make good progress"**

BUSINESS SNAPSHOT -
Developing our Sales Channels

As a Group we recognise that our customers want to trade with us in different ways, and as a result we continually look to develop our routes to market in line with the changing needs of our customer base.

In 2020 we launched a Trading Desk based from our office in Shrewsbury, Shropshire, with the purpose of offering our customers a dedicated team available to speak to over the phone to source their agricultural inputs.



2021 will see us launching our customer portal, offering our trade customers an easy and convenient way to access their account information, pay their statement and change their preferences, as well as being able to browse and order products online for collection or delivery.

We believe that it is important to provide customers with the flexibility of multiple buying channels, ensuring our offering is aligned to their individual requirements.

Finance Review

The results highlight the success of the balanced business model

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

The Group was able to continue trading (with some modifications to protect the safety our of colleagues, customers, suppliers and communities) and was not significantly impacted financially. More details are contained within the Chief Executive's Review on pages 14 to 18.

Group revenue in the period decreased to £431.40m (2019: £490.60m), with the decrease being a combination of lower volumes of certain bulk categories, most notably traded grain, and commodity deflation where lower unit values is estimated to have reduced revenue by some £20.6m for the period. Most of the fall in revenues have occurred in the Agriculture division which saw sales reduced by 15.6% to £302.58m (2019: £358.69m), inclusive of lower volumes of low margin categories such as grain and straight raw materials trading. The Specialist Agricultural Merchanting division saw revenue reduce to £128.81m (2019: £131.84m), with like for like activities showing only a 1% reduction despite the trading restrictions implemented during Coronavirus lockdowns.

Group adjusted[1] operating profit was £8.14m (2019: £7.76m), and profit before taxation on an IFRS basis was £6.98m (2019: £7.55m). 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 but excludes share-based payments and non-recurring items, the Group achieved £8.37m (2019: £8.01m). A reconciliation with the reported income statement and this measure, together with the reasons for its use is shown:

	2020 £000	2019 £000
Profit before tax	**6,981**	7,553
Share of tax incurred by joint ventures & associates	**100**	103
Share-based payments	**96**	49
Non-recurring items	**1,194**	301
Underlying pre-tax profit	**8,371**	8,006

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

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

- The add back of tax incurred by joint ventures and associates. The Board believes the incorporation of the gross result of these entities provides a fuller understanding of their combined contribution to the Group performance.
- The add back of share-based payments. This charge is a calculated using a standard valuation model, with the assessed non-cash cost each year varying depending on new scheme invitations and the number of leavers from live schemes. These variables can create a volatile non-cash charge to the income statement, which is not directly connected to the trading performance of the business.
- Non-recurring items. The Group's accounting policies include the separate identification of non-recurring material items on the face of the income statement, which the Board believes could cause a misinterpretation of trading performance if not disclosed. The non-recurring items include the completion of the business re-organisation efficiency program which commenced in 2019, an impairment of goodwill, costs associated with one of the Youngs Animal Feeds depots, and decommissioning costs of the Selby seed plant. An analysis of these charges is given in Note 5 to the accounts.

Inclusive of contributions from joint ventures our Agriculture division generated an operating profit before non-recurring items of £2.88m (2019: £2.95m), while our Specialist Merchanting division produced £5.78m (2019: £5.24m). Other activities generated a small loss of £0.12m (2019: £0.05m).

TAXATION

The Group's tax charge including joint ventures of £1.55m (2019: £1.52m) represents 21.9% (2019: 19.9%) of the Group pre-tax profit of £7.08m (2019: £7.66m). Additional deferred tax provisions have contributed to this respective increase as these have now been recalculated at a higher rate following the government's decision to cancel the planned reduction in corporation tax to 17%. A reconciliation relating to Group's tax charge and Group pre-tax profit is shown:

Total tax	2020 £000	2019 £000
Taxation	**1,448**	1,421
Share of tax incurred by associate and joint venture	**100**	103
	1,548	1,524
Group pre-tax profit from operations		
Profit before taxation from operations	**6,981**	7,553
Share of tax incurred by joint ventures and associates	**100**	103
	7,081	7,656

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 27.73p (2019: 30.95p), based on a weighted average number of shares in issue during the year of 19.952m (2019: 19.812m). The Board proposes to recommend the payment of a final dividend of 10.00p per share to be paid on the 30 April 2021, which when added to the interim dividend of 4.60p per share paid on the 31 October 2020, makes a total of 14.60p for the year (2019: 14.00p), an increase of 4.3%. The total dividend is expected to be covered 1.90 times (2019: 2.21 times) by earnings after non-recurring items. The total dividend represents the seventeenth 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 £15.82m, (2019: £16.29m) 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 continues so as to ensure adequate liquidity and capital are available to support the progressive dividend policy.

Finance Review continued

IFRS 16 LEASES

During the year the Group adopted the new accounting standard, IFRS 16 relating to leases, which has had the effect of recognising on the balance sheet right-of-use (ROU) assets previously treated as operating leases. This has mainly related to rented property leases and has the effect of reclassifying rental costs in the income statement into amortisation and finance charges. Further details on the impact are given in notes 23 and 35, which show that £7.80m of new ROU assets and were recognised on adoption together with a similar figure of forward new lease liabilities. Technically, these new lease liabilities will be classified as additional debt, but the Group's banking covenants have been adjusted so as to ignore this change.

CASHFLOW AND NET CASH

Strong cash generation in trading activities continued as measured by reference to the key performance indicator called EBITDA (defined below), which essentially reports operating profit in broad cash terms. A reconciliation of this measure to reported IFRS profit before tax is provided below:

	2020 £000	2019 £000
IFRS reported pre-tax profit	**6,981**	7,553
Tax on joint venture and associate income	**100**	103
Net profit on disposal of property, plant and equipment and right-of-use assets	**(117)**	(170)
Profit on disposal of Associate	**-**	(84)
Interest	**272**	184
Depreciation & ROU amortisation	**6,178**	3,579
Intangible amortisation and share-based payments	**132**	77
Non-cash non-recurring costs	**601**	-
EBITDA	**14,147**	11,242

In addition to the increased EBITDA, a strong control of working capital requirements enabled the Group report significantly improved cash balances as the year end. A reconciliation of EDITDA, as shown above, to the net cash position is provided in the table below:

	2020 £000	2019 £000
EBITDA before non-recurring items	**14,147**	11,242
Adjustment for pre-tax joint ventures	**(538)**	(463)
Working capital movements – balance sheet	**6,763**	3,977
Cash generated from operations – as reported	**20,372**	14,756
Net finance charges	**(272)**	(184)
Tax paid	**(1,510)**	(1,680)
Net capital expenditure	**(3,889)**	(4,974)
Acquisitions (including deferred payments)	**(125)**	(923)
Other proceeds	**196**	135
Dividends	**(2,791)**	(2,683)
Issue of new equity	**392**	374
Net increase in cash	**12,373**	4,821
IFRS 16 lease liabilities recognised on adoption	**(7,801)**	-
Opening net cash / (debt)	**3,844**	(977)
Closing net cash	**8,416**	3,844

SHARE CAPITAL AND BALANCE SHEET

During the year a total of 155,035 (2019: 124,212) new ordinary shares were issued for a total equivalent cash amount of £0.392m (2019: £0.373m) to existing shareholders exercising their right to receive dividends in the form of new shares.

Group net assets at the year end amounted to £98.18m (2019: £94.95m). Based on the weighted average number of shares in issue during the year of 19.952m, (2019: 19.812m) this represented a net asset value per share of £4.92 (2019: £4.79). During the financial year the share price traded in a range between a high of £3.47 in August 2020 and a low of £2.00 in March 2020. Based on these balance sheet values, Return on Net Assets from Underlying Pre-tax profits was 8.6% (2019: 8.5%).

Capital investment in fixed assets amounted to £4.01m (2019: £4.92m) in the year, and net Working Capital, which is defined as, the net of inventory, trade and other receivables and trade and other payables, decreased by 14% as at the year end, standing at £37.57m (2019: £43.81m).

Key Performance Indicators

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. £431.40m (2019: £490.60m).

EBITDA:

Earnings before interest, tax, depreciation and amortisation, and excluding non-recurring costs, and share-based payment expense. £14.15m (2019: £11.24m)

EARNINGS PER SHARE:

Profit for the year after taxation divided by the weighted average number of shares in issue during the year 27.73p (2019: 30.95p).

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. £8.37m (2019: £8.01m).

RETURN ON NET ASSETS:

Underlying pre-tax profit, with intangible amortisation added back, divided by the balance sheet net asset value. 8.6% (2019: 8.5%).

NET ASSETS PER SHARE:

The balance sheet net asset value, divided by the weighted average number of shares in issue during the year. £4.92 (2018: £4.79).

Under the exceptionally challenging trading circumstances prevalent during the year, the Board are pleased with the financial performance and believes the results highlight the success of the balanced business model, which this year has sheltered the Group from the difficulties experienced in the arable sector.

Paul Roberts
Finance Director
26 January 2021

Company Details

COMPANY NUMBER
02704051

REGISTERED OFFICE
Eagle House
Llansantffraid Ym Mechain
Powys
SY22 6AQ

Advisors

AUDITOR
BDO LLP
3 Hardman Street
Manchester
M3 3AT

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

NOMINATED ADVISOR
Shore Capital and Corporate Limited
Cassini House
57 St James's Street London
SW1A 1LD

NOMINATED STOCKBROKER
Shore Capital Stockbrokers Ltd
Cassini House
57 St James's Street London
SW1A 1LD

SOLICITORS
Harrisons Solicitors LLP
11 Berriew Street
Welshpool
Powys, SY21 7SL

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

REGISTRARS
Neville Registrars Limited
Neville House
Steelpark Road
Halesowen
West Midlands
B62 8HD

BUSINESS SNAPSHOT -
Animal Health and Welfare

We continually look for innovations within the agricultural sector which improve the health and welfare of livestock, whilst also maximising returns for our customers.

We work with global animal health pharmaceutical companies such as Zoetis and Elanco to support their mission of introducing innovative medicines, vaccines and diagnostic products to the market, to help livestock farmers deliver targeted and effective treatment of disease.

ELIXIR+

Elixir + is a development from the energised calf milk range, offering increased energy density with specialised additive inclusion to further support calf performance.

RESTORE 5+

Wynnstay Restore 5+ provides protection to livestock from the impact of mycotoxins on their health.

BUSINESS SNAPSHOT -
Wynnstay's Partnership with Poultry

Our Team of Poultry Specialists offer poultry producers industry leading advice to achieve exceptional production standards.

The team are available to advise on all stages of free-range egg production, from unit planning and development to the efficiency of the egg production process. Our specialists act as an extension to the on-farm team, forming a close partnership with farmers, to the benefit of the poultry enterprise.

Our team work closely with egg processors and supermarkets to understand their unique requirements, ensuring our range of nutrition products can be specifically designed to cater for their needs, and the need of the end consumer.

The established relationships that we have across the supply chain ensure that Wynnstay can be at the forefront of innovations and developments within the free-range egg sector.

WYNNSTAY

Principal Risks and Uncertainties

For the year ended 31 October 2020

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 and the scale of the enterprise. The Board retain overall responsibility for reviewing risk management strategies and this statement provides information about the exposure to the main identified risks and the controls in place to mitigate against these issues. 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. During the year the Board reviewed and updated their risk register which is regularly considered for changing circumstances.

In all businesses, there are some risks and uncertainties which are not able to be fully 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 which are priorities for the Board.

RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS
Increasing	**Operational: Coronavirus pandemic**	
	The coronavirus pandemic presents a number of different risks to the business, not least to the health and welfare of our colleagues, customers, suppliers and the communities in which the Group operates. While the majority of activities are considered essential services and can continue to operate, the potential consequences of disease and lockdown restrictions on the wider economy jeopardises resource availability and demand.	The Group has taken appropriate actions in accordance with government regulations and guidance to ensure a Coronavirus secure operating environment. These precautions have included remote working operations where possible, significant investment in protective equipment in work places and depots, and risk assessed safety precautions where staff still have to interact with each other or other contacts such as customers and suppliers.
Decreasing	**Operational: Brexit and the political backdrop**	
	While the recently signed Trade and Co-operation Agreement between the UK and EU initially avoids the implementation of tariffs, the potential for adverse consequences remains for the business, both in terms of direct disruption and with regard to the commercial prosperity of the Group's predominant farmer customer base.	We continue to closely monitor the government's Brexit arrangements and adapt our plans to respond to the latest arrangements.
	Potential disruption issues include:	
	- Imported product supply chains While the Group has limited direct importation activities, it does rely on smooth supply chains for certain products and raw materials which could be disrupted due to congestion and customs procedures at point of UK entry which could affect manufacturing and merchanting operations.	Some of 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 changes in demand for whatever reason for their products could in turn affect their demand for the Group's products.	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 place and discussed further below.
	- Historic reliance of our customers on government support Our core farmer base has historically relied upon financial support provided and managed by the EU. The UK governments have implemented replacement support schemes but with different priorities for accessing payments going forward. A potential reduction in the funding may lead to uncertainty and impact our customer buying patterns.	The respective government's agricultural legislative frameworks have been fully investigated and resources allocated to assist our customers to access the available funding for joint commercial benefit. The Group will adapt commercial plans and approaches to respond to the latest arrangements.

RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS
Increasing	**Operational: IT systems including cyber security**	
	Much of the Group's activities rely on networked IT systems and the breakdown of any of these systems through mechanical fault, data loss or malicious activity could lead to failure in customer fulfilment processes together with reputational and financial damage.	The Group has internal IT support teams to manage its computer systems, including procedures for recovery from disruption.
	The potential risk of cyber attacks has increased with the level of remote home working.	Security training for all relevant staff has increased together with reviews of all network systems to identify and address vulnerabilities.
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 regularly considered at Board level. The Remuneration Committee develops policies to attract, retain and motivate the right people for the success of the Group.
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 £8,733k (2019: £9,178k).
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 headroom in its banking facilities and maintains adequate capacity to absorb unexpected but foreseeable trading patterns and conditions. Debt facilities are in place with HSBC Bank Plc which include variable overdraft and committed revolving credit facilities and term loans, together with separate asset funding lines. The majority of debt has floating interest rates linked to bank 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 affected 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. The Group is active in industry trade associations and maintains close contact with government policy development.
	- Government regulation and licences A number of the operating sites within the Group require specific environment regulated permits or other governmental approvals or licences. Non-compliance with the terms of such approvals could result in the withdrawal of authority 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 large customers for grain.
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 network.

ESG FRAMEWORK

OUR ENVIRONMENT

Our impact on our environment is one of the major investment priorities for the Group as it strives to reduce any adverse impact that its activities may have on the environment. Our strategic approach not only seeks to do the right thing but recognises this can bring internal cost efficiency and produce external revenue opportunities. 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. The aim is to become a carbon neutral business, coupled with a sustainability strategy which supports our customers to become more efficient in the production of food. More details on our strategy for Sustainability and limiting environmental impact is contained later in this report.

During the year, we undertook a project to incorporate the use of biofuel in our HGV fleet. We undertook an in-depth analysis including our vehicle age, type and maintenance requirements, investigated what processes and procedures would be required to manage the use of biofuel and consider the cost implications. In July 2020 we commenced a trial of running all the HGV vehicles operating from our Llansantffraid site to the B10 Biofuel product, which contains 10% biofuel. In October 2020 this was extended to all our Astley based HGV vehicles, together comprising approximately 75% of our HGV fleet. Following the success of this project we are continuing to seek further improvements and are considering options such as modifying the gearbox configuration of HGV's to reduce fuel consumption.

Wynnstay only uses Certified Soyameal in ALL its feed production to the recognised FEFAC standards. This ensures that we are promoting and paying for farms in South America to be sustainably run to the standards set basis RTRS (Roundtable for Responsible Soya) or equivalent, which include within these standards no child, slave or indentured labour and Zero deforestation. We are also members of the UK Round Table for Responsible Soya and sit on the AIC Sustainability Committee.

Wynnstay is currently bagging its own produced feed in bags containing 30% recycle material. This will be increased as higher inclusion bags suitable for using with Animal feed become available from the supply chain.

Wynnstay joined the Green Dragon Scheme in 2018 and has maintained this certification every year since, with the last audit conducted remotely due to coronavirus restrictions in November 2020. Green Dragon is an accredited scheme which manufacturers of animal feeds are encouraged to join to minimise their environmental impact. Since joining, Wynnstay has continued to improve efficiencies in our mills and reduced emissions per tonne of manufactured feed.

Environmental Strategy

SUSTAINABILITY AND LIMITING ENVIRONMENTAL IMPACT

ESG is recognised as one of the major investment priorities for the Group as it strives to reduce any adverse impact that its activities may have on the environment. Our strategic approach not only seeks to do the right thing but recognises this can bring internal cost efficiency and produce external revenue opportunities. 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. The aim is to become a carbon neutral business, coupled with a sustainability strategy which supports our customers to become more efficient in the production of food.

Energy usage is recorded across the Group and reported centrally for monitoring, with individual departments tasked with efficiency improvement targets on a unit productivity basis. During the year the Group continued to implement improvement opportunities identified from the audit conducted to comply with Phase two of the Energy Savings Opportunity Scheme managed by National Resources Wales. Further LED lighting schemes have been installed in several locations, and a number of refurbishment projects were completed in depots to improve the Energy Performance Certificate (EPC) ratings in those buildings. Capital expenditure on environmental and water management projects at Carmarthen mill has been ongoing, and at the Llansantffraid mill continues to operate an Environment Management System (EMS) under the Green Dragon environment accreditation scheme. Recycling processes operate across the Group for plastics, paper, cardboard, metal, wood, electrical equipment and used oils. Fuel efficiency is paramount in vehicle investment decisions, and mileage management is a key task for all fleet responsible personnel.

INTERNAL ACTIVITIES & PRIORITIES:

Production plants
Maximise production efficiencies through investment.
Exploit alternative energy opportunities.
Operate within our EMS at all sites.
Logistics
Reduce our cost to serve by improving vehicle utilisation and exploiting end user capacity, but not at the cost of customer satisfaction.
Exploit alternative fuel technology in both the truck and car fleets.
Continuous development in system efficiency via process control.
Maximise supply chain efficiency working with all stakeholders to meet set targets and goals.
Seek most efficient factory to end user supply routes.
Purchasing
Take a balanced view of product procurement in terms of net return coupled with environmental protection and sustainable sourcing.
Exploit GNFR (Goods Not For Resale) opportunities across the group.
Ensure we have full visibility of supplier ESG and Sustainability policies.
Develop efficient supply chain systems exploiting supplier support and funding.
Implement anti-slavery and supply chain labour standards.
Encourage the use of recycled plastic wherever possible.
Enhance supplier relations for the benefit of the business.
Merchanting
Exploit alternative energy solutions.
Implement store optimisation plan.
Target a 100% recycled packaging policy.
Support sustainable farming practices.
General
Initiate sustainable working practices for staff utilising technology i.e. home working.
Seek to reduce energy waste and improve water management policies .
Monitor carbon foot-print to manage reduction with a net zero target for 2040 or sooner.
Monitor air emissions to improve quality.
Supporting the customer with Environmental and Sustainable strategies
Use the business diversity to offer sustainable and cost competitive ingredients to the feed production sites.
Support customers with sustainable production initiatives.
Support customers with environmental compliance.
Develop outlets for recycling plastic.

Environmental Strategy continued

(SECR) STATEMENT

We measure and report our energy and carbon data across the whole Group, giving comprehensive data to authenticate the environmental impact of the Company. Our SECR statement includes all emission sources required under the 2019 regulations for the financial year ended 31 October 2020. As this is the first year of reporting, we shall be using this reporting year as the benchmark for the 2020/2021 year.

Wynnstay Group used 12,710 carbon dioxide equivalent tonnes (tCO2e) of energy during the year. 31% of energy was used in producing compound and blended feeds in our production plants, and a further 54% was used by our fleet of road vehicles. Both production and transport efficiency are key to our energy savings plans, looking for efficiencies in factory throughput and miles achieved per litre of road fuel respectively. The carbon intensity ratio we have chosen is the best reflection of our total activity across all our operations based on the total tonnage traded of primary agricultural inputs and grain. Our carbon intensity ratio for the year ended 31 October 2020 was 8.14 tCO2e per 1,000 tonnes of agricultural inputs and grain traded. For future periods we shall set reduction targets for our carbon emissions to enable us to begin the measurement of energy efficiency along with financial performance.

In order to calculate the carbon emissions, we have used the emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2020. One of the requirements of the new SECR regulations is to report our total UK energy use in kilowatt hours (kWh); for this we have used the 2020 conversion factors. The Scope 1 and 2 emissions reported are for all operational facilities under our control and for which we have direct management responsibility.

Streamline Energy and Carbon Reporting	
Carbon Emissions	Tonnes of CO2 equivalent PA (tCO2e)*
Direct Emissions Scope 1	9,086
Direct Emissions Scope 2	3,582
Other Emissions Scope 3	42
Total Emissions	**12,710**
Delivered tonnage of agricultural inputs and grain	1,560,895 Tonnes
Carbon Intensity Ratio (tCO2e per 1,000 tonnes traded)	8.14
Total UK Energy Usage (kWh)	**53,320,243**

WYNNSTAY

Wynnstay helps livestock and arable farmers to produce food in a more sustainable, environmentally friendly and profitable way. We provide our customers with quality products, specialist advice and an efficient service that is industry leading.

TEAMWORK
Together we are more effective

ENVIRONMENTAL SUSTAINABILITY
A more sustainable world

HONESTY, COMMITMENT & QUALITY
We aim high

VALUE CREATION
A better tomorrow

RESPECT
Respect and fairness are essential

INNOVATION
Innovation is the future

THRIVE

TEAMWORK

Together we are more effective

We can be more effective as a business through collaboration and teamwork. This means communicating our goals well and listening to the ideas and concerns of all members of the team.

HONESTY, COMMITMENT & QUALITY

We aim high

By aiming high, we will succeed in creating a stronger, better business. It applies in all sorts of ways, including the quality of our products, the service we offer, the efficiency of our processes, and in the advice we provide. Ultimately, if we are a step ahead, customers will be assured of quality products, expert advice and good value.

RESPECT

Respect and fairness are essential

We believe that relationships flourish where there is mutual respect, and that people should be treated fairly and equitably. This is most relevant in the work place but it also cuts across all professional relationships, including with partners, suppliers and customers.

INNOVATION

Innovation is the future

Farming is changing and we want to provide farmers with access to the innovation that is driving sustainable and more effective farming practices. To that end we are constantly looking across the market for new products and approaches that will allow us to provide farmers with the tools they need to maximise their potential. We apply the same spirit to our business to ensure continuing development and improvement.

VALUE CREATION

A better tomorrow

Our objective is to generate value for shareholders and for society, as well as for our customers and people. We endeavour to run the business in such a way that we offer participation in a business model with an attractive long-term financial profile, which also contributes to society.

ENVIRONMENTAL SUSTAINABILITY

A more sustainable world

We consider our environmental impact when making business decisions. We are dedicated to making our supply chain more sustainable, and are working hard towards contributing to a more sustainable world.

BUSINESS SNAPSHOT -
Qualified Advice from our People

Our business is built on the foundation of offering our customers the highest standard of customer service and specialist advice, to ensure they can achieve the best return on investment from their enterprise.

Our teams from across the business take part in specialist training and development activities to gain expert qualifications relevant to their field of expertise. This ensures that the professional advice that they provide is in line with the highest industry standards.

We believe that the investment we make in the training and development of our people is of the utmost importance to developing our valued colleagues, and providing the highest level of service to our customers.

The following institutions support our business with maintaining best practice training standards:

CIM
Marketing Management

CIMA
Chartered Institute of Management Accountants Level 7

UFAS
Feed

IOSH
Health and Safety Management

BASIS
Pesticides and Fertilisers

AMTRA
Animal Health

FACTS
Fertiliser

20twenty
Leadership and Management

CIPD
People Management and Development

SOCIAL

> Our business is only as good as our colleagues, it's our colleagues that make the business what it is. It is the views, thoughts and opinions of our colleagues that are absolutely crucial to how we develop. Our aim is to make Wynnstay an even better place to work and a better company to trade with.

COLLEAGUES

These words from our Chief Executive launched our new Colleague Forum, which aims to systematically provide information to colleagues, operate as a mechanism to seek input into the Group's strategic decision making process, encourage involvement in business performance and achieve a common awareness of the financial and economic factors affecting the performance of the Group. One of the areas that the Colleague Forum contributed to in the year was the creation of Wynnstay THRIVE, our corporate values which are shown on pages 32 and 33.

As well at the Colleague Forum, we have an Ideas Hub, mechanisms for colleagues to directly ask questions our Chief Executive, and, subject to government guidance and safe working practises during the coronavirus pandemic, senior colleagues visit as many sites as possible. Colleague health and safety continues to be our utmost priority and during the year there were two RIDDORS which compares to seven in the previous year.

We support our colleague performance at work through the People Management and Development Framework. This is a set of basic principles and standards which are aligned to attract, retain and develop driven, committed and adaptable individuals who are passionate about our industry and our business. We strive to support career path development and opportunities creation through a mix of learning initiatives including Professional Development Training Schemes through to experiential learning schemes, to optimise performance of our Colleagues, teams and organisation as a whole. Reward opportunities include profit-related pay and Save as You Earn schemes.

We continue to invest in our colleagues and offer training and development, and where possible, internal promotions. We have established partnerships with educational and learning facilities and careers specialists who have an affinity and links with our industry and its contributors. Four colleagues graduated from the 20Twenty Business Growth Course provided by Cardiff Metropolitan University.

Credit to PRW Photography: Gareth Davies, Wynnstay Chief Executive Officer presenting the NFU Cymru/ Wynnstay Sustainable Agriculture Award to Rosalyn Llewellin and Jason Llewellin with John Davies, NFU Cymru President.

COMMUNITIES

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 and also supported the Royal Agricultural Benevolent Institution.

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.

Across the Group we directly donated £3,653 to charity over the course of the year further £7,706 to sponsorship of community events, such as local agricultural shows. The level of sponsorship was lower than normal due to coronavirus pandemic restrictions on events. Our former associate Wynnstay Fuels Limited also donated £5,000 to charity.

Corporate Governance Statement

For the year ended 31 October 2020

> "In essence, good corporate governance is about having the right people (in the right roles), working together, and doing the right things to deliver value for shareholders as a whole over the medium to long-term…. Good corporate governance creates shareholder value by improving performance, whilst reducing or mitigating the risks that a company faces as it seeks to create sustainable growth over the medium to long-term."

This quotation is from the QCA Corporate Governance Code which is the recognised code adopted by our Board. Details on how compliance with this code has been achieved during the year are contained in this corporate Governance Statement. Further details on how the Board have taken the needs of all stakeholders into account when making significant decisions during the year are included in the S172 statement on pages 39 to 40. Details of how the directors have been remunerated in the year are contained in the Directors' Remuneration Report on pages 48 to 53.

Dear Shareholder,
On behalf of the Board, I am pleased to present our Corporate Governance Statement for the year ending 31 October 2020.

As a Board we place the highest value on our ESG framework order to deliver long-term shareholder value and our governance strategy is supported by the QCA Corporate Governance Code for Small and Mid-size Quoted Companies, published in April 2018 ("the Code"). I am pleased to report that the Group remained in compliance throughout the year, and this report describes how this was achieved. Where relevant information is contained elsewhere in this document, references are given.

DELIVER GROWTH	
Principle 1	Establish a strategy and business model which promote long-term value for shareholders
Principle 2	Seek to understand and meet shareholder needs and expectations
Principle 3	Take into account wider stakeholder and social responsibilities and their implications for long-term success
Principle 4	Embed effective risk management, considering both opportunities and threats, throughout the organisation
MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK	
Principle 5	Maintain the board as a well-functioning, balanced team led by the chair
Principle 6	Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities
Principle 7	Evaluate board performance based on clear and relevant objectives, seeking continuous improvement
Principle 8	Promote a corporate culture that is based on ethical values and behaviours
Principle 9	Maintain governance structures and processes that are fit for purpose and support good decision-making by the board
BUILD TRUST	
Principle 10	Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

DELIVER GROWTH

Principle 1: Long term value creation is at the heart of our business; our goal is to help farmers feed the country in a more sustainable way. This year has brought unprecedented operational challenges as a result of the Coronavirus global pandemic and a very poor harvest for UK cereal crops. The resilience of the Group' balanced business model is demonstrated in this year's financial results. More detail on how we adapted to the unfolding environment whilst maintaining the safety of our colleagues, customers, communities and suppliers is contained in the Strategic Report and within our S172 statement on page 39. An overview of the Group's business model is provided on page 3 and the principal risks and uncertainties are described on page 26 to 28. Our strong balance sheet and liquidity position provides a stable platform for further growth.

Principle 2: The Board appreciates that the diverse shareholder base of the Group may have differing objectives from their investment in the business, and therefore the importance of ensuring that the Board, and non-executive directors ("NED") in particular, have an up to date understanding of these perspectives is well recognised.

Directors will therefore proactively 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, in addition to the regular investor meetings hosted by the Group Chief Executive and the Group Finance Director

Details on how the Board have taken the views of all stakeholders into consideration when making significant decisions in the year are contained within the S172 statement on page 39 to 40.

Principle 3: We create value by operating in a sustainable way, to help livestock and arable farmers grow food that is profitable, sustainable and environmentally friendly. 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. More detail on how the Group engages with sustainable farming practices is contained in the Sustainability report on page 29 to 31 and in our business snapshot on supporting Animal Health and Welfare on page 24.

Customer feedback is sought via both sales colleagues and senior management, and also by market research. We regularly review customer sales related metrics using our CRM tool.

We have recently focused efforts on increasing the communication between directors and colleagues through a number of mechanisms, including results Roadshows led by the Executive Team, newsletters, Colleague Forums, and opportunities for all Colleagues to put questions directly to the Chief Executive.

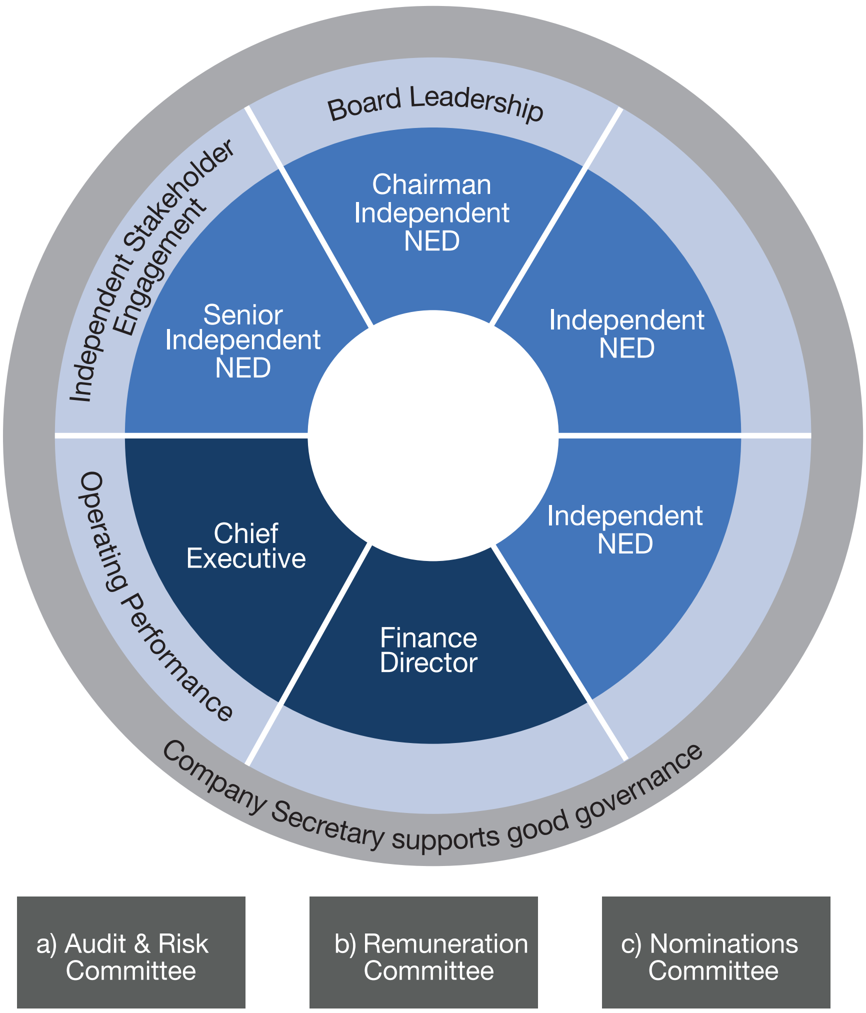
Principle 4: The Board's risk appetite is explained within the Principal Risk and Uncertainties on page 26 to 27, which also includes an analysis of significant risks and mitigations. The Board retains ultimate responsibility for determining our risk appetite and overseeing management strategies, with the support of the Audit Committee which discusses internal controls and risk management at its regular meetings. 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, balance sheet 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 and associated actions are prepared as appropriate; and
- there is a structured process for appraising and authorising capital projects. With clearly defined authorisation levels

MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK

Principle 5: The current Board composition is shown below. During the period, the Board has reviewed the Group's organisational structure and subsequently decided that the Group Board would no longer include the position of Agricultural Director, reducing the number of Executive Directors by 1. The role of Chairman 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. All members are able to take independent professional advice on matters associated with the Company at the Company's expense. We confirm that all the non-executive directors are considered to be suitably independent and the Board is satisfied that it has an appropriate mix of capabilities, skills and personal qualities and is not dominated by one person or group of people.



Corporate Governance Statement continued

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, which were held remotely via video conference during the Coronavirus outbreak. The Board and its sub-committees are supported by external advisors as required.

Principle 6: Biographical details and key skills of the Directors and their skills are included on pages 42 to 43. 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 relevant financial oversight experience through his 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.

Principle 7: 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. An appraisal of performance of the Board and each Executive Director and Company Secretary has been undertaken during the year. The Board approves annual objectives for the Executive Directors and Company Secretary and measures performance against these objectives when deciding whether to award a performance related bonus. During 2020 the Board carried out an internal review of effectiveness which commenced with discussions between the Chairman and Company Secretary and an appropriate questionnaire was developed. The Company Secretary collated the detailed responses, along with verbatim comments, and analysed the results; considering whether there were common themes and the degree of consensus of the responses. The output was anonymised and, in the first place, reviewed by the Chairman, which will be followed by discussions with the whole Board.

Principle 8: During the year, the Group launched Wynnstay THRIVE, our corporate values which are described on pages 32 to 33. Wynnstay THRIVE involved collaboration throughout the companies within our Group structure and colleagues at all levels. The Board supports THRIVE as it facilitates our corporate culture which is based on ethical values and behaviours. The Group also has a number of policies and procedures designed to safeguard our ethical values, including Whistleblowing, Equal Opportunities, Training and continuing professional development and, where possible, colleague internal promotions.

Principle 9: The Board is supported by Shore Capital and Corporate Limited (our NOMAD) who are consulted on matters when appropriate.

The Board is supported by three sub-committees, membership of which is shown on pages 42 to 43.

a) Audit and Risk

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 four times during the year and all members attended.

b) 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 four times during the year and all members attended.

c) Nominations

Meets to consider senior appointments, and the composition, structure and size of the Board. The Committee monitors whether the Board has the right skills, experience and knowledge to operate effectively, taking into account changes to the business needs of the Group. The Committee also oversees succession planning for senior appointments, along with monitoring diversity and inclusion. There were two 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.

BUILD TRUST

Principle 10: Details of how the Group's financial performance and position, including cashflow and net cash are included in the Finance Review on page 20 to 23. Details on how key judgements relating to the coronavirus pandemic and Brexit are on page 64 in the Financial Statements. Under the exceptional and challenging trading circumstances through the year, the Board are pleased with the financial performance. The Board believes this highlights the success of the balanced business model, which has to some extent sheltered the Group from the difficulties experienced in the arable sector. Consequently, the directors have a reasonable expectation that the Group has adequate resources to continue trading for the foreseeable future and continue to adopt the going concern basis in the preparation of the Financial Statements.

The Group utilises a risk register to record, mitigate and monitor risks. Arrangements for how the Group uses Financial Instruments to manage some risks are contained in the Financial statements note on pages 85 to 87.

The Directors' Remuneration report is contained on pages 48 to 53.

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

Jim McCarthy
Chairman
26 January 2021

Wynnstay Group PLC - Section 172 Statement

Financial Year ending 31 October 2020

BACKGROUND

For periods beginning on or after 1 January 2019, all large companies are required to include a separate statement in their strategic report that explains how its directors have had regard to wider stakeholder needs when performing their duty under s172 of the Companies Act 2006. The introduction of this new disclosure requirement has not changed the underlying statutory duties of a director, which are set out below:

Section 172(1) of the Companies Act 2006

A director of a company must act in the way he/she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

a. The likely consequences of any decision in the long term;

b. The interests of the company's employees;

c. The need to foster the company's business relationships with suppliers, customers and others;

d. The impact of the company's operations on the community and the environment;

e. The desirability of the company maintaining a reputation for high standards of business conduct and,

f. The need to act fairly between members of the company

The Board and its individual directors have acted in accordance with these statutory obligations while conducting their duties during the financial year to 31 October 2020, and have taken into account relevant issues, factors and wider stakeholder group concerns when considering business strategy and the decisions necessary to execute that strategy. 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.

STAKEHOLDERS

The Group has identified five main stakeholder groupings associated with the business, and produced specific outline corporate goals for each, which must be balanced to satisfy the expectations of all stakeholders and to achieve the overall strategic ambitions of the Business. Engagement channels are well developed for each grouping, which provide strong two-way communication links ensuring the Board are always cognisant of expectations.

Customers – where the Group seeks to excel in terms of range, value, quality, and service. The relationship nature of the Group's trading activities require strong communication links with individual customers which are maintained through named account managers and other dedicated sales contact personnel, regular correspondence and increasingly through digital interaction channels. The Group has specialist teams who are able of offer advice on a range of agricultural matters, more details can been found on page 34.

Shareholders – the Board seeks to execute its strategy in a sustainable way in line with our corporate values, Wynnstay THRIVE (pages 32 to 33). We utilise the principles set out in the QCA to use good corporate governance and build trust, communicating updates on financial performance in a timely and appropriate manner Directors will routinely engage with both institutional and private investors and will seek out opinions on unusual or potentially controversial matters before applying policy changes.

Colleagues – where the Group aims to attract, develop and reward high quality personnel, and ensure a safe, productive and interesting environment to work in, thus encouraging the highest levels of customer service. The Group has an active Colleague Forum and a senior management "open-door" policy to encourage open dialogue across the business. Senior executives regularly visit all operational locations with due regard to Coronavirus safety and staff are routinely updated on developments through correspondence, newsletters, blogs and meetings.

Suppliers – the Group has a comprehensive network of reliable and supportive suppliers, and seeks to select suppliers who offer sustainable partnerships in order to offer better value to our customers. Product managers regularly engage with suppliers, developing marketing initiatives that align to the commercial objectives of the business.

Communities – where the Group aims to be an active and positive participant in the local communities in which it operates. Participation in social engagement with various community contacts is encouraged.

Wynnstay Group PLC - Section 172 Statement continued

KEY BOARD DECISIONS

During the year certain key Board decisions and their implications on relevant stakeholders groups can be categorised as follows:

ISSUE & DECISION	STAKEHOLDER GROUPS	OUTCOMES
Coronavirus Response – Coronavirus Response – The Board's overriding priority is the safety and welfare of colleagues, customers, suppliers and communities. The global pandemic created significant social and economic disruption, and the Board introduced Coronavirus secure working environments and implemented policies to ensure compliance with government regulation and guidance while continuing to service Customers effectively.	All	Due to the Coronavirus pandemic, there was some initial disruption as essential safety measures were implemented, such as depot order & collect. The safety reassurance provided for Customers, Colleagues and local Communities was essential. These decisions facilitated the safe continuity of trading across all activities to the benefit of Shareholders and Suppliers as well as all other stakeholders.
Regular communications have been made throughout the Coronavirus pandemic with all stakeholder groups to ensure that there is a clear and consistent understanding of our Coronavirus response.		
Renewal of Banking Facilities – The Group's revolving Credit Facility expired in June 2020 and revised terms were successfully negotiated by the Board despite the severe pressure on banks created by the need to provide government supported loans across a wide area of the economy. New facilities of up to £20.5m were agreed with HSBC with the committed element agreed through to 2023.	Customers Shareholders Colleagues Suppliers	While the Coronavirus pandemic created liquidity concerns in some sectors of the economy, the Group's liquidity was not sufficiently impacted. We were able to provide reassurance as to our financial position and facility headroom to all commercial partners, alleviating any immediate concerns. The renewal process secured funding for the medium term should there be any further disruption to the financial system, and available finance
Arranging appropriate finance is part of the long term financial security of the Group, which benefits all stakeholders. We provide updates on the Group's financial performance to colleagues in a variety of ways, via team meetings, newsletters, colleague forum meetings and emails and opportunities to ask questions directly to the Chief Executive.		
Carmarthen Mill Capacity Investment - As part of the Group's periodic review of corporate plans, the South Wales milk-field was identified as a geographic area of importance for future growth development. To facilitate this opportunity the Board considered and provisionally approved plans to increase the feed production capacity at the our mill in Camarthen which manufactures compound and blend feed. The investment is expected to exceed £5m over a three to four year period and make the business the predominant manufacturer in the area.	Customers Shareholders Colleagues Suppliers	The investment commitment provides confidence to customers to trade with the business, while Colleagues are assured of long term high quality employment in uncertain times. The attractive potential returns for the Business will also enhance the Group as an investment proposition for Shareholders.
Colleagues across the business have been involved in formulating these investment plans. The Carmarthen Mill manager has played an active role in rolling out the communication to the wider colleague group, and together we look forward to being to increase our local offering to Dairy farmers in South Wales		
Review of Sales Channels – The Board recognised that evolving customer buying preferences required a review of the traditional routes to market used by the Business, and that further investment would be required in different channels. This included identifying an optimal Merchanting depot network, the establishment of a new call centre based trading desk, and the creation of a comprehensive digital commercial strategy.	All	The long term continued success of the business is in the best interest of all stakeholders, and this can only be achieved through ensuring Customer satisfaction. While the review has caused some short-term adverse impacts, particularly to colleagues in some locations closed during the year, the long term streamlining of costs in the supply chain will ensure the continued competitiveness of the Business.
Colleagues from all operational areas have contributed to our strategy to optimise sales channels. Any colleagues adversely impacted by closures have been communicated to in person by senior members of staff. As plans become appropriately progressed, communications have been made to the wider colleague base, for example, when the new call centre based trading desk was launched.		

Further examples of the Group's engagement with Customers, Suppliers and Colleagues are referenced in the Chairman's Statement, Chief Executive's Review and Finance Review sections of this Strategic Report.

Directors' 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 international accounting standards in conformity with the requirements of the Companies Act 2006 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 international accounting standards in conformity with the requirements of the Companies Act 2006 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 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 in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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
26 January 2021

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 Mergers and acquisitions

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 NC

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 April 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 Strategy and leadership Mergers and acquisitions Finance

NC

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 · Sales and marketing · Strategy and leadership · Mergers and acquisitions

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

Sector experience · Company secretarial · Mergers and acquisitions · Finance

Claire Alexander Williams

Company Secretary

Claire became Company Secretary 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

COMMITTEE MEMBERSHIP

AC Audit Committee · NC Nominations Committee · RC Remuneration Committee · Committee chair

Senior Management

David Andrew Thomas Evans
Group Operations and Feeds Director

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 · Sales and marketing · Strategy and leadership · Operations

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

BUSINESS SNAPSHOT -
Our Specialists- Calf & Youngstock Team

Within the business we have a number of sector specific specialist teams who are dedicated to offering our customers expert advice.

Our Calf & Youngstock Team work directly with farmers to ensure the management of youngstock on-farm is to the highest health and welfare standards possible, in turn ensuring maximum productivity.

Our team of eight Calf & Youngstock Specialists cover the entire Wynnstay trading area and offer an extensive range of on-farm support services, at no extra cost, to enable our customers to grow their farm output.

The team provide further opportunities for knowledge transfer to customers by holding on-farm workshops and through the production and communication of training guides and specialist publications.

Directors' Report

For the year ended 31 October 2020

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 2020.

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.

RESULTS AND DIVIDENDS

	2020	2019
Interim dividend per share paid	**4.60p**	4.60p
Final dividend per share proposed	**10.00p**	9.40p
Total dividend	**14.60p**	14.00p

	2020	2019
	£000	£000
Group revenue	**431,398**	490,602
Group profit after tax	**5,533**	6,132

Subject to approval at the Annual General meeting, the final dividend will be paid on 30 April 2021 to shareholders on the register at the close of business on 06 April 2021. The share price will be marked ex dividend with effect 01 April 2021. 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 2021.

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

DIRECTORS AND THEIR INTERESTS

The Directors who held office during the year and as at 31 October 2020 had the following interests in the ordinary shares of the Company:

	25p Ordinary Shares		**SAYE Options**		**Discretionary Options**	
	2020	2019	**2020**	2019	**2020**	2019
Gareth Davies	**31,787**	21,091	**7,795**	7,986	**35,896**	8,000
Steve Ellwood	**4,700**	4,700	**-**	-	**-**	-
Andrew Evans	**23,377**	22,130	**2,618**	-	**20,226**	-
Philip Kirkham	**11,137**	1,077	**-**	-	**-**	-
Jim McCarthy	**50,000**	34,700	**-**	-	**-**	-
Howell Richards	**2,810**	2,810	**-**	-	**-**	-
Paul Roberts	**98,998**	98,498	**6,857**	3,121	**30,318**	8,000

Further information on the Directors' discretionary options, including the performance criteria, can be found in the Directors' remuneration Report, with the numbers shown in the above table representing the maximum available to vest.

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 (2019: 16,834 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 31 to the financial statements.

Under Article 91, two directors will retire from the Board by rotation at the Annual General Meeting on 23 March 2021 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 2020, 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**
Lion Nominees Limited	Discretionary managed funds of Close Asset Management Limited	2,505,019	12.5
Euroclear Nominees Limited	Discretionary managed funds of DBAY Partners	1,276,769	4.8
Rulegale Nominees Limited	Discretionary managed funds of James Sharp & Co	691,801	3.2

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.

At the Annual General Meeting held on the 24 March 2020 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 23 March 2021 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 23 March 2021, but the Directors intend to seek to renew the same

- 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 23 March 2021, but the Directors intend to seek to renew the same.

- 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 23 March 2021, but the Directors intend to seek to renew the same.

COLLEAGUES

The Group has procedures for keeping its colleagues informed about the progress of the business, and more information is available in the ESG report on page 35.

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

The Group provides training and support for all employees where appropriate and gives a full and fair consideration to disabled applicants in respect of duties which may be effectively performed by a disabled person. Where existing employees become disabled, the Group will seek to continue employing them, bearing in mind their disability and provided suitable duties are available. Failing this, all attempts will be made to provide a continuing income. No colleagues have been furloughed during the coronavirus pandemic.

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 44 days (2019: 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 16 to the financial statements by approximately £6,200,000 (2019: £6,200,000).

POLITICAL AND CHARITABLE DONATIONS

Details of support to the community is given in ESG report on page 35. There were no political donations during the year (2019: 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 42 to 43.

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.

By order of the Board

Claire Williams
Company Secretary
26 January 2021

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 2020.

Our approach to remuneration

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.

With regard to Executive Directors, the Committee will seek to ensures 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.

Committee decisions on remuneration

During 2020 the Committee granted the initial invitations under the Performance Share Plan ("PSP") long-term incentive arrangement for Executive Directors and other Senior Managers which had been approved by shareholders in March 2019. These invitations were in the form of a grant of nil cost options over a number of shares equating to up 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%).

The Committee also introduced the revised Annual Performance Bonus schemes for Executive Directors during 2019 which contained ambitious performance criteria including targets based on profit before tax covering 75% of the potential maximum bonus and stretching, specific and measurable strategic and/or individual objectives covering 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 staff at all levels and to ensure the effective management of the business. The Committee will be cognisant of comparative pay levels after taking into account geographic location and the operations of the business and takes appropriate external professional advice where considered necessary.

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 employees. 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 employees.

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);
- 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 employees, designed to encourage achievement of profit budgets within main trading subsidiaries.

Operation: An employee scheme to reward all staff 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 with a value 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 2018 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)
- 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 employees.

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.
- 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 employees.

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.
- Post employment restrictive covenants lasting twelve months.

Remuneration Report

EXECUTIVE DIRECTOR REMUNERATION

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

Basic Salaries. A current annual salary effective from November 2020, 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 18 – Oct 19
	£000	£000	£000
G W Davies	206	204	204
B P Roberts	165	163	163
D A T Evans	N/A	148	148

Annual Performance Bonuses and Profit Related Pay. The bonus payments made to executive directors in June 2020, and therefore during the financial year under review, were in relation to the performance of the business for the financial year 2018/19. These payments were made under the auspices of the new Annual Performance Bonus scheme which includes potential payments of up to 75% of basic salary based on the Group's financial performance, and up to 25% based on stretching, specific and measurable strategic and/or individual objectives. The respective bonus payments made for the financial year ending October 2019, received in June 2020, in relation to both the financial performance and personal objectives elements of the Annual Performance Bonus scheme are shown in the table below in columns A & B respectively. The prior year comparatives relate to payments made in relation to financial year 2017/18 under old contractual bonus schemes based on fixed percentages of the profits of certain business units.

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 2019, paid in February 2020, was 1.9% (2019: 3.1%), with the actual PRP paid to each individual executive shown in Column C below. The anticipated rate for 2020, to be paid in February 2021 relating to the last financial year is 2.5% of relevant earnings.

Bonuses £000	Column A	Column B			Column C	
Executive Director	Financial Performance	Personal Objectives	Total 2020	Total 2019	PRP received	
					Feb 20	Feb 19
G W Davies	**Nil**	**30**	**30**	46	**4**	5
B P Roberts	**Nil**	**20**	**20**	52	**3**	4
D A T Evans	**Nil**	**7**	**7**	46	**2**	4

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 2019 of £81,180 (2018: £81,165), and there were 667 (2018: 631) members covered, equating to an average cost of £122 per person (2018: £129).

Pension Executive Director	Column A Pension %	Column B Pension Contribution £000
Gareth Davies	9.6%	20
Paul Roberts	9.6%	19
Andrew Evans	9.6%	14

Benefits in kind. Each executive director was supplied with a company car during the financial year, primarily for the furtherance of their duties. However, these vehicles were 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 2020 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 2019 is shown below in column B.

Benefits in kind Executive Director	Column A Company Car Value	Column B Private Medical Cover
Gareth Davies	£11,337	£618
Paul Roberts	£12,028	£618
Andrew Evans	£6,695	£425

From the end of the tax year ending April 2020, B P Roberts surrendered the provision of the company car previously supplied to him in return for a monthly car allowance of £600. He therefore received a total of £4,200 for the period April 2020 to October 2020.

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 to a value calculated as a percentage of base salary. Other conditions are explained in the Remuneration Policy above. Grants of options under this arrangement were made in January 2020 to three executive directors each with rights over shares to the value of 40% of their respective annual salaries, as at the date of grant, and as shown in the combined option table below. Which shows all outstanding options open at the year end.

The performance criteria attached to the PSP options are as follows:

1. 75% of the Award Shares will vest if the Company's Earnings Per Share ("EPS") grows at an annual rate exceeding the rate of growth of the Retail Price Index ("RPI") plus 8%. Where this growth is not met, provided EPS grows at an annual rate of at least RPI plus 1%, 30% of the Award Shares tested under the EPS target will vest. Between these criteria, the Award Shares will vest on a straight-line basis.

2. 25% of the Award Shares will vest if the Company's Return on Capital Employed ("ROCE") increases to at least 12.6% for the financial year ending 31 October 2022. Where this target is not met, provided a minimum ROCE employed of 10% is met, the Award Shares will vest between these two criteria on a straight-line basis.

Outstanding options as at October 2020 for directors who had served during the year.

Share Option Table	PSP LTIP Schemes	Other Outstanding Options	
Executive Director	Maximum Award No. of Options	SAYE No. of Options	CSOP No. of Options
G W Davies	27,896	7,795	8,000
B P Roberts	22,318	6,857	8,000
D A T Evans	20,226	2,618	Nil

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://wynnstayplc.co.uk/corporate-governance/wynnstay-performance-share-plan/

Other Share Schemes. The executive directors have in the past participated 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 2020 are also 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 36 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. The 2020/2021 information in the table below reflects a decision made by the Remuneration Committee to increase Non-Executive Director fees for the first time since 2016. The increase was in line with the general award given to colleagues over the 2016 to 2020 time period. Details of the amounts received during the last financial year and the current levels of Basic Annual Fees being paid are given in the table below:

Non-Executive Director	Financial Year ending 31 October 2020			Financial Year ending 2020/2021	
	Basic Fee £000	Benefits in kind £000	Travelling Expenses £000	Current Basic Fee £000	Benefits in kind £000
J J McCarthy	50	0	1	54	0
P M Kirkham	34	1	1	37	1
S J Ellwood	34	0	2	37	0
H J Richards	34	1	1	37	1

Philip M. Kirkham
Vice-Chairman and Chairman of Remuneration Committee
26 January 2021

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 2020 which comprise the consolidated statement of comprehensive income, consolidated and company balance sheets, consolidated and company statement of changes in equity, consolidated and company cash flow statements, principal accounting policies and notes to the financial statements.

The financial reporting framework that has been applied in the preparation of the Group and parent company financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 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 2020 and of the group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements 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 Note 1 (accounting policies) and Note 13 (Goodwill), the Group recognises goodwill of £14.3m (2019: £15m). 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), the future growth rates and the future cash flows attributed to each CGU. The sensitivities associated with these reviews have been disclosed in Note 13.

An impairment of £601k (as disclosed in Note 13) relating to the Grainlink CGU has been recorded.

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 in the Audit:

- We checked the calculations in management's model for the impairment assessment by verifying the mathematical accuracy of the model prepared. We also checked the model's consistency with the prior period which has been assessed by our valuation specialists;
- 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 challenging the appropriateness 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 checked the allocation of assets to cash generating units (CGU's) ensuring accuracy;
- We considered the sensitivities performed by management as an appropriate range of reasonably possible outcomes. We also performed further 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.

Key observations

Based on the work undertaken, we considered management's judgements in this area to be appropriate.

OUR APPLICATION OF MATERIALITY

Group materiality 2020	Group materiality 2019	Basis for materiality
£324,000	£375,000	5% of profit before tax (2019: 5% 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 £226,000 (2019: £262,500) which represents 70% (2019: 70%) 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 £324,000 (2019: £375,000), 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 £243,000 (2019: £45,000). We also applied component materiality's, which ranged from £130,000 to £291,000, 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 £9,000 (2019: £11,250). 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 (2019: 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 audit 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 2020, 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 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
26 January 2021

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

WYNNSTAY

Consolidated Statement of Comprehensive Income

For the year ended 31 October 2020

	Note	2020 £000	2020 £000	2019 £000	2019 £000
Revenue	2		**431,398**		490,602
Cost of sales			**(370,630)**		(428,621)
Gross profit			**60,768**		61,981
Manufacturing, distribution and selling costs			**(46,033)**		(48,177)
Administrative expenses			**(6,945)**		(6,434)
Other operating income	4		**351**		385
Adjusted operating profit[1]			**8,141**		7,755
Intangible amortisation and share-based payments	5		**(132)**		(77)
Non-recurring items	5		**(1,194)**		(301)
Group operating profit			**6,815**		7,377
Interest income	3	**164**		164	
Interest expense	3	**(436)**		(348)	
			(272)		(184)
Share of profits in joint ventures accounted for using the equity method		**538**		463	
Share of tax incurred by joint ventures		**(100)**		(103)	
	7		**438**		360
Profit before taxation			**6,981**		7,553
Taxation	10		**(1,448)**		(1,421)
Profit for the year and other comprehensive income attributable to the equity holders			**5,533**		6,132
Basic earnings per ordinary share (pence)	12		**27.73**		30.95
Diluted earnings per ordinary share (pence)	12		**27.57**		30.95

The notes on pages 61 to 94 form part of these financial statements.

There was no other comprehensive income during the current or 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 2020 Registered Number 2704051

		Group		Company	
		2020	2019	**2020**	2019
	Note	**£000**	£000	**£000**	£000
ASSETS					
NON-CURRENT ASSETS					
Goodwill	13	**14,367**	14,968	**-**	-
Investment property	15	**2,372**	2,372	**2,372**	2,372
Property, plant and equipment	16	**17,545**	23,225	**8,937**	9,095
Right-of-use assets	23	**11,240**			
Investment in subsidiaries	17	**-**	-	**41,961**	42,562
Investments accounted for using equity method	17	**3,611**	3,175	**191**	191
Intangibles	14	**225**	261	**-**	-
		49,360	44,001	**53,461**	54,220
CURRENT ASSETS					
Inventories	19	**34,190**	42,239	**-**	-
Trade and other receivables	20	**55,850**	63,887	**-**	-
Financial assets		**-**	-	**-**	-
- loans to joint venture	18	**3,889**	4,413	**3,889**	4,413
Cash and cash equivalents	22	**19,980**	10,608	**7**	7
		113,909	121,147	**3,896**	4,420
TOTAL ASSETS		**163,269**	165,148	**57,357**	58,640
LIABILITIES					
CURRENT LIABILITIES					
Borrowings	22	**(1,572)**	(3,686)	**(1,572)**	(2,140)
Lease liabilities	23	**(3,483)**	-	**-**	-
Trade and other payables	21	**(52,326)**	(62,113)	**(838)**	(658)
Current tax liabilities		**(784)**	(894)	**(118)**	(133)
		(58,165)	(66,693)	**(2,528)**	(2,931)
NET CURRENT ASSETS		**55,744**	54,454	**1,368**	1,489
NON-CURRENT LIABILITIES					
Borrowings	22	**-**	(3,078)	**-**	(902)
Lease liabilities	23	**(6,509)**	-	**-**	-
Trade and other payables	21	**(141)**	(201)	**-**	-
Deferred tax liabilities	25	**(276)**	(228)	**-**	-
		(6,926)	(3,507)	**-**	(902)
TOTAL LIABILITIES		**(65,091)**	(70,200)	**(2,528)**	(3,833)
NET ASSETS		**98,178**	94,948	**54,829**	54,807
EQUITY					
Share capital	26	**5,013**	4,974	**5,013**	4,974
Share premium		**30,637**	30,284	**30,637**	30,284
Other reserves		**3,525**	3,429	**3,356**	3,260
Retained earnings		**59,003**	56,261	**15,823**	16,289
Total Equity		**98,178**	94,948	**54,829**	54,807

Jim McCarthy – Director

Paul Roberts - Director

The Company generated profit of £2,325,000 (2019: profit of £3,142,000).

The financial statements were approved by the Board of Directors on 26 January 2021 and signed on its behalf.

The notes on pages 61 to 94 form part of these financial statements.

Consolidated Statement of Changes in Equity

As at 31 October 2020

Group	Share capital £000	Share premium account £000	Other reserves £000	Retained earnings £000	Total £000
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
Profit for the year	**-**	**-**	**-**	**5,533**	**5,533**
Total comprehensive income for the year	**-**	**-**	**-**	**5,533**	**5,533**
Transactions with owners of the Company, recognised directly in equity:					
Shares issued during the year	**39**	**353**	**-**	**-**	**392**
Dividends	**-**	**-**	**-**	**(2,791)**	**(2,791)**
Equity settled share-based payment transactions	**-**	**-**	**96**	**-**	**96**
Total contributions by and distributions to owners of the Company	**39**	**353**	**96**	**(2,971)**	**(2,303)**
At 31 October 2020	**5,013**	**30,637**	**3,525**	**59,003**	**98,178**

All amounts are derived from continuing operations.

The notes on pages 61 to 94 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 2020

Company	Share capital £000	Share premium account £000	Other reserves £000	Retained earnings £000	Total £000
At 31 October 2018	4,943	29,941	3,208	15,830	53,922
Profit for the year	-	-	-	3,142	3,142
Total comprehensive income for the year	-	-	-	3,142	3,142
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
Profit for the year	-	-	-	2,325	2,325
Total comprehensive income for the year	-	-	-	2,325	2,325
Transactions with owners of the Company, recognised directly in equity:					
Shares issued during the year	**39**	**353**	**-**	**-**	**392**
Dividends	**-**	**-**	**-**	**(2,791)**	**(2,791)**
Equity settled share-based payment transactions	**-**	**-**	**96**	**-**	**96**
Total contributions by and distributions to owners of the Company	**39**	**353**	**96**	**(2,791)**	**(2,303)**
At 31 October 2020	**5,013**	**30,637**	**3,356**	**15,823**	**54,829**

The notes on pages 61 to 94 form part of these financial statements.

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

WYNNSTAY

Consolidated and Company Cash Flow Statement

As at 31 October 2020

		Group		Company	
	Note	**2020 £000**	2019 £000	**2020 £000**	2019 £000
Cash flows from operating activities					
Cash generated from operations	32	**20,372**	14,756	**1,264**	2,223
Interest received		**164**	164	**85**	31
Interest paid		**(436)**	(348)	**(19)**	(59)
Tax paid		**(1,510)**	(1,680)	**(97)**	(50)
Net cash generated from operating activities		**18,590**	12,892	**1,233**	2,145
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**194**	288	**-**	-
Purchase of property, plant and equipment		**(1,058)**	(2,412)	**(266)**	(1,007)
Acquisition of subsidiaries, net of cash acquired		**(125)**	(893)	**-**	-
Own shares disposed of by ESOP trust		**-**	3	**-**	3
Dividends received from joint ventures and associates		**2**	132	**2**	132
Dividends received from subsidiaries		**-**	-	**2,900**	3,000
Net cash used by investing activities		**(987)**	(2,882)	**2,636**	2,128
Cash flows from financing activities					
Proceeds from the issue of ordinary share capital		**392**	374	**392**	374
Lease payments		**(4,362)**	(1,798)	**-**	-
Repayment of borrowings		**(1,470)**	(1,971)	**(1,470)**	(1,961)
Dividends paid to shareholders		**(2,791)**	(2,683)	**(2,791)**	(2,683)
Net cash used by financing activities		**(8,231)**	(6,078)	**(3,869)**	(4,270)
Net increase in cash and cash equivalents		**9,372**	3,932	**-**	3
Cash and cash equivalents at the beginning of the period		**10,608**	6,676	**7**	4
Cash and cash equivalents at the end of the period		**19,980**	10,608	**7**	7

The notes on pages 61 to 94 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 accounting standards, 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

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on pages 3 to 28. The financial position of the Group and the principal risks and uncertainties are also described in the Strategic report.

The Group has a sound financial base and forecasts that show profitable trading and sufficient cash flow and resources to meet the requirements of the business, including compliance with banking covenants and on-going liquidity. In assessing their view of the likely future financial performance of the Group, the Directors consider industry outlooks from a variety of sources, and various trading scenarios. This analysis showed that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook with regards to the on-going Coronavirus outbreak. More detail on outlook is contained within the Strategic Report on page 18.

In conclusion, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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 deferred and 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 silage 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. All revenue is derived from UK operations. The Group uses two operating segments which relate how our customers purchase products.

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

Principal Accounting Policies continued

the value of these returns is immaterial.

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 page 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 deferred and contingent consideration for prior period business combinations and asset impairments including impairment of goodwill.

GRANT INCOME

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate, which in the case of grants related to assets requires setting up the grant as deferred income or deducting it from the carrying amount of the asset. The Group only recognises grant income when the conditions for receiving the grant are met and there is a more than 50% likelihood that the grant will not be repaid in a subsequent period.

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.

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.

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.

LEASES

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of 12 months or less.

IFRS 16 was adopted 1 November 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 November 2019, see note 34.

The following policies apply subsequent to the date of initial application, 1 November 2019

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonable;
- certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated; and
- on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations.)

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

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.

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. No material uncertain tax positions exist as at 31 October 2020.

Principal Accounting Policies continued

DEFERRED TAX

Deferred tax assets have been recognised in respect of temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered. Deferred tax liabilities have been recognised in respect of accelerated capital allowances.

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2019: 17%), the rate which is expected to be effective when the temporary differences reverse.

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

On-going coronavirus pandemic

The coronavirus outbreak occurred during this financial reporting period and conditions continue to evolve since the end of the reporting period (31 October 2020). Wynnstay is classified as operating in an essential key industry, and as such has been able to generally continue activities throughout the crisis, while at all times adhering with appropriate government guidance and regulation. The most significant impact on trading has been in the depots within the Specialist Agricultural Merchanting segment, which for safety reasons moved to an order and collect trading policy for part of the financial year. The situation remains fluid and further modifications to trading practices may be required in the future, depending on the prevailing local conditions, and availability of colleague resource. However, the resilient trading experience through the crisis to date provides confidence that Group can continue to operate positively and profitably while current restrictions remain in place.

Potential impact of Brexit

The UK left the EU on 31 January 2020. The Group's operations are all located in the UK, but some does import some raw materials and goods for resale from both the EU and other jurisdictions, and the business is sensitive to currency exchange rates which have been volatile through the Brexit discussions. Of greater commercial concern during recent uncertainty was the potential impact on the prosperity of the Group's farmer customers of a no-deal conclusion to trade talks with the EU after the end of the transition arrangement on the 31 December 2020. The general absence of tariffs on food exports from the UK with the implementation of the new Trade and Co-operation Agreement with the EU had alleviated the concerns. The director's current assessment is therefore that the Group's operations will not be materially adversely impacted by Brexit.

At the time of authorising these Financial Statements, the directors are satisfied that there are no material uncertainties related to the coronavirus pandemic or Brexit that may cast significant doubt on the Group's ability to continue as a going concern.

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. An impairment of £601,000 has been recognised relating to the GrainLink cash generating unit. The reasonably possible changes in key assumptions which could have a material impact on the carrying value of goodwill are shown in note 13.

Incremental borrowing rate

The determination of the incremental borrowing rate used to measure lease liabilities on adoption of IFRS 16 at 1 November 2019, which has been calculated as 2.09%.

Provision for slow moving inventory

The financial statements include a provision for irrecoverable inventories based on management's estimation of items that have become slow moving, obsolete, defective or have the potential to deteriorate or expire to an extent that the respective net recoverable value becomes impaired. The carrying value of this inventory provision at 31 Oct 2020 was £380,000 or 1.1% of the total consolidated inventory value at that date. There is a risk that the provision will not match the inventories that ultimately prove to be irrecoverable.

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)
- Deferred and contingent consideration (note 24)
- Equity settled share-based payment liabilities (note 27)

Notes to the Financial Statements

For the year ended 31 October 2020

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

a) New standards, interpretations and amendments effective from 1 January 2019

New standards impacting the Group that will be adopted in the annual financial statements for the year ended 31 October 2020, and which have given rise to changes in the Group's accounting policies are:

- IFRS 16 Leases (IFRS 16); and,
- IFRIC 23 Uncertainty over Income Tax Treatments (IFRIC 23).

Details of the impact of IFRS 16 have had are given in note 34 below. The adoption of IFRIC 23 has not had a material impact. 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.

b) New standards, interpretations and amendments not yet effective

There are a number of 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. The following amendments are effective for the period beginning 1 January 2020:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material)
- IFRS 3 Business Combinations (Amendment – Definition of Business)
- Revised Conceptual Framework for Financial Reporting

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

Wynnstay Group Plc is currently assessing the impact of these new accounting standards and amendments. The Group does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities.

Notes to the Financial Statements continued

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.

The segment results for the year ended 31 October 2020 are as follows:

	Agriculture	Specialist Agricultural Merchanting	Other	Total
Year ended 31 October 2020	**£000**	**£000**	**£000**	**£000**
Revenue from external customers	**302,580**	**128,807**	**11**	**431,398**
Segment result				
Group operating profit before non-recurring items	2,411	5,728	(130)	8,009
Share of results of joint ventures before tax	471	53	14	538
	2,882	5,781	(116)	8,547
Non-recurring items				(1,194)
Interest income				164
Interest expense				(436)
Profit before tax from operations				7,081
Income taxes (includes tax of joint ventures)				(1,548)
Profit for the year attributable to equity shareholders from operations				5,533
Assets				
Segment net assets	44,867	37,623	7,272	89,762
Corporate net cash (note 22)				8,416
Net assets after corporate net cash				98,178

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 22)				3,844
Net assets after corporate net cash				94,948

3. FINANCE COSTS

	2020 £000	2019 £000
Interest expense:		
Interest payable on borrowings	**(141)**	(191)
Interest payable on leases	**(295)**	(157)
	(436)	(348)
Interest receivable	**164**	164
Net finance costs	**(272)**	(184)

4. OTHER OPERATING INCOME

	2020 £000	2019 £000
Rental income	**351**	385

Financial Statements

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

	2020 £000	2019 £000
Amortisation of acquired intangible assets and share-based payments		
Amortisation of intangibles	**36**	28
Cost of share-based reward	**96**	49
	132	77
Non-recurring items		
Business re-organisation costs	**185**	297
Business combination expenses	**-**	4
Goodwill and Investment impairment	**601**	-
Huyton depot closure costs	**256**	-
Decommissioning of Selby seed plant	**152**	-
	1,194	301

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

The goodwill impairment relates to the GrainLink cash generating unit, see note 13.

Huyton depot store closure costs comprise redundancy costs and costs associated with exiting the leased premises.

Decommissioning of Selby seed plant relates to the costs of vacating a leased property and transferring the plant and machinery to a new location.

6. GROUP OPERATING PROFIT

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

	2020 £000	2019 £000
Staff costs	**30,031**	30,143
Cost of inventories recognised as an expense	**315,785**	347,239
Depreciation of property plant and equipment:	**2,290**	3,289
Amortisation of right-of-use assets (2019: depreciation of assets held under finance leases)	**3,888**	290
Amortisation of intangibles	**36**	28
(Profit) on disposal of fixed assets	**(142)**	(170)
Loss on disposal of right-of-use asset	**25**	-
Other operating lease rentals payable	**244**	3,221

Services provided by the Group's auditor

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

	2020 £000	2019 £000
Audit services – statutory audit	**99**	93

Included in the Group audit fee are fees of £5,304 (2019: £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

	2020 £000	2019 £000
Share of post-tax profits in joint ventures	**438**	360
Total share of post-tax profits of joint ventures	**438**	360

8. STAFF COSTS

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

	2020 £000	2019 £000
Wages and salaries	**26,384**	26,600
Social security costs	**2,442**	2,510
Pension and other costs	**1,109**	984
Cost of share-based reward	**96**	49
	30,031	30,143

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

	2020 No.	2019 No.
Administration	**104**	106
Production	**141**	144
Sales, distribution and depots	**654**	728
	899	978

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

9. DIRECTORS' REMUNERATION

	2020 £000	2019 £000
Directors' emoluments	**772**	850
Social security costs	**92**	99
Company contributions to money purchase pension schemes	**50**	48
Aggregate gains made on the exercise of Approved SAYE options	**-**	-
	914	997

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	2020 £000	2019 £000
Executives		
Gareth Davies	**250**	262
Paul Roberts	**203**	229
Andrew Evans (resigned 1 December 2020)	**165**	207
Non-Executives		
Jim McCarthy	**50**	50
Steve Ellwood	**34**	34
Philip Kirkham	**35**	35
Howell Richards	**35**	35
	772	852

Financial Statements

Notes to the Financial Statements continued

9. DIRECTORS' REMUNERATION continued

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

	2020 No.	2019 No.
Money purchase pension scheme	**3**	3

	2020 £000	2019 £000
Contribution paid by the Group to money purchase pension schemes in respect of such directors were:		
Gareth Davies	**20**	19
Paul Roberts	**16**	15
Andrew Evans	**14**	14
	50	48

10. TAXATION

Analysis of tax charge in year:

	2020 £000	2019 £000
Current tax		
- operating activities	**1,496**	1,502
- adjustments in respect of prior years	**(73)**	(50)
Total current tax	**1,423**	1,452
Deferred tax		
- accelerated capital allowances	**165**	(31)
- other temporary and deductible differences	**(140)**	-
Total deferred tax	**25**	(31)
Tax on profit on ordinary activities	**1,448**	1,421

	2020 £000	2019 £000
Current tax		
Profit on ordinary activities before tax	**6,981**	7,553
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	**1,326**	1,435
Effects of:		
Tax effect of share of profit of joint ventures and associates	**(83)**	(68)
Other items	**-**	(8)
Expenses not deductible for tax purposes	**137**	43
Adjustment to tax charge in respect of prior years	**(73)**	(50)
Movement on unrecognised deferred tax	**141**	69
Total tax charge for year	**1,448**	1,421

11. DIVIDENDS

	2020 £000	2019 £000
Final dividend paid for prior year	**1,870**	1,770
Interim dividend paid for current year	**921**	913
	2,791	2,683

Subsequent to the year end it has been recommended that a final dividend of 10.00p net per ordinary share (2019: 9.40p) be paid on 30 April 2021. Together with the interim dividend already paid on 31 October 2020 of 4.60p net per ordinary share (2019: 4.60p) this will result in a total dividend for the financial year of 14.60p net per ordinary share (2019: 14.00p).

12. EARNINGS PER SHARE

	Basic earnings per share		Diluted earnings per share	
	2020	2019	**2020**	2019
Earnings attributable to shareholders (£000)	**5,533**	6,132	**5,533**	6,132
Weighted average number of shares in issue during the year (number '000)	**19,952**	19,812	**20,070**	19,812
Earnings per ordinary 25p share (pence)	**27.73**	30.95	**27.57**	30.95

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) 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 cashflows to be achieved 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.

Annual 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 £7,558,000 (2019: £8,159,000), and to Specialist Agricultural Merchanting is £6,809,000 (2019: £6,809,000).

The pre-tax discount rates used to calculate value in use were 9.2% (2019: 9.5%) for Agriculture and 9.2% (2019: 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% (2019: 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, except for the GrainLink CGU within the Agricultural segment for which an impairment charge of £601,000 has been recognised. The recognition of the impairment is subject to reasonably possible changes in key assumptions which are discussed below.

Group	£000
Cost	
At 1 November 2018	16,126
Additions	150
At 31 October 2019 and 31 October 2020	**16,276**
Aggregate impairment	
At 1 November 2018 and 31 October 2019	1,308
Impairment	601
At 31 October 2020	**1,909**
Net book value	
At 31 October 2020	**14,367**
At 31 October 2019	14,968

13. GOODWILL continued

Goodwill is allocated to this CGU as follows:

Group	2020 £000	2019 £000
GrainLink	3,605	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 key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data and future forecasts from both internal and external sources.

GrainLink	2020	2019
Discount rate	9.2%	9.5%
Terminal value growth rate	2.0%	2.0%
Budgeted EBIT	Budget in year 1, followed by an increases of £124k in year 2, £100k in year 3, £44k in year 4 and £51k in year 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. Investment in additional resource has already commenced and actual results will be closely monitored against detailed plans. If the plans do not proceed as expected, it is possible that further impairment may be required. The differences between the assumptions applied in the impairment review and those which would lead to the carrying amount being equal to the recoverable amount are shown below.

	Change required for carrying amount to be equal to recoverable amount	
GrainLink	2020	2019
Discount rate	(0.6%)	0.3%
Terminal value growth rate	(0.7%)	(0.4%)
Budgeted EBIT growth rate (average of next 5 years)	£19,000	(£5,000)

If the key assumptions used to perform the GrainLink CGU impairment review were changed, this would result in a higher impairment being recognised. The following table shows the impact of changing the key assumptions.

Assumption	Change	Additional Impact	Total Impairment
Discount rate	+1.0% to 10.2%	£852k	£1,452k
Terminal value growth rate	-1.0% to 1.0%	£674k	£1,274k
50% success of strategic plan actions	£319k to £260k	+£1,526k	£2,116k

Notes to the Financial Statements continued

14. INTANGIBLE ASSETS

	Customer order books £000	Trademarks £000	Total £000
Cost			
Balance as at 1 November 2018	145	10	155
Additions	**200**	**-**	**200**
At 31 October 2019 and 31 October 2020	**345**	**10**	**355**
Aggregate amortisation			
Balance as at 1 November 2018	65	1	66
Charge for the year	27	1	28
At 31 October 2019	92	2	94
Charge for the year	**34**	**2**	**36**
At 31 October 2020	**126**	**4**	**130**
Net book value At 31 October 2020	**219**	**6**	**225**
Net book value At 31 October 2019	253	8	261

15. INVESTMENT PROPERTY

Fair value	**£000**
Group	
At 1 November 2018, 31 October 2019 and 31 October 2020	**2,372**
Company	
At 1 November 2018, 31 October 2019 and 31 October 2020	**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 £196,000 (2019: £178,000).

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	Right-of-use assets £000	Total £000
Group						
Cost						
At 1 November 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
Right-of-use assets recognised on adoption of IFRS 16	-	-	-	-	7,801	7,801
Asset transferred on adoption of IFRS 16	-	-	(51)	(6,458)	6,509	-
At 1 November 2019	1,249	15,272	22,652	4,860	14,310	58,343
Additions	**49**	**235**	**833**	**67**	**2,831**	**4,015**
Disposals	**-**	**-**	**(416)**	**(1,065)**	**(74)**	**(1,555)**
At 31 October 2020	**1,298**	**15,507**	**23,069**	**3,862**	**17,067**	**60,803**
Depreciation						
At 1 November 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)
At 31 October 2019	330	5,662	15,396	5,929	-	27,317
Asset transferred on adoption of IFRS 16	-	-	(9)	(1,979)	1,988	-
At 1 November 2019	330	5,662	15,387	3,950	1,988	27,317
Charge for the year	**84**	**370**	**1,424**	**412**	**3,888**	**6,178**
On disposals	**-**	**-**	**(415)**	**(1,014)**	**(49)**	**(1,478)**
At 31 October 2020	**414**	**6,032**	**16,396**	**3,348**	**5,827**	**32,017**
Net book value at 31 October 2020	**884**	**9,475**	**6,673**	**514**	**11,240**	**28,786**
Net book value at 1 November 2019	919	9,610	7,265	910	12,322	31,026

Notes to the Financial Statements continued

16. PROPERTY, PLANT AND EQUIPMENT continued

	Freehold land and buildings £000	Leasehold land and buildings £000	Total £000
Company			
Cost			
At 1 November 2018	612	12,757	13,369
Additions	24	977	1,001
Reclassification	-	5	5
At 31 October 2019	636	13,739	14,375
Additions	**28**	**227**	**255**
At 31 October 2020	**664**	**13,966**	**14,630**
Depreciation			
At 1 November 2018	159	4,721	4,880
Charge for the year	61	339	400
At 31 October 2019	220	5,060	5,280
Charge for the year	**64**	**349**	**413**
At 31 October 2020	**284**	**5,409**	**5,693**
Net book value at 31 October 2020	**380**	**8,557**	**8,937**
Net book value at 31 October 2019	416	8,679	9,095

The Company was not impacted by the implementation of IFRS 16.

17. FIXED ASSET INVESTMENTS

	Joint ventures £000	Associates £000	Other unlisted investments £000	Total £000
Group				
Cost				
At 1 November 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
Share of profit or investment income	**396**	**42**	**-**	**438**
Dividend distribution	**-**	**(2)**	**-**	**(2)**
At 31 October 2020	**3,477**	**44**	**90**	**3,611**
Provision for impairment				
At 1 November 2018 and 31 October 2019	-	-	-	-
At 31 October 2020	**-**	**-**	**-**	**-**
Net book value at 31 October 2020	**3,477**	**44**	**90**	**3,611**
Net book value at 31 October 2019	3,081	4	90	3,175

	Share in group undertakings £000	Joint ventures £000	Associates £000	Total £000
Company				
Cost				
At 1 November 2018	42,562	191	-	42,753
At 31 October 2019 and 2020	**42,562**	**191**	**-**	**42,753**
Provision for impairment				
At 1 November 2018	-	-	-	-
At 31 October 2019 and 2020	**-**	**-**	**-**	**-**
Net book value at 31 October 2020	**42,562**	**191**	**-**	**42,753**
Net book value at 31 October 2019	42,562	191	-	42,753

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 Limited	Glasson Grain Limited

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:

	2020 £000	2019 £000
Non-current assets	**721**	690
Current assets	**5,407**	5,625
Current liabilities	**(2,702)**	(3,316)
Non-current liabilities	**(4)**	-
Net Assets	**3,422**	2,999

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:

	2020 £000	2019 £000
Revenue	**16,907**	17,493
Expenses	**(16,369)**	(17,131)

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

	2020 £000	2019 £000
Group's share of joint ventures profit before tax	**438**	360

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:

	2020 £000	2019 £000
Total assets	**186**	422
Total liabilities	**(63)**	(301)
Net assets	**123**	121
Group's share of associates' net assets	**41**	40
Total revenue	**-**	2,378
Profit for the period	**-**	37
Group's share of associates' profit before tax	**-**	15

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 2020
Bibby Agriculture Limited	31 August 2020
Total Angling Limited	31 October 2020
Celtic Pride Limited	31 January 2020

Financial Statements

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	
	2020 £000	2019 £000
Transactions and balances with subsidiaries		
Amounts due from subsidiary undertakings:		
Trade receivables	**-**	-
Loans	**590**	(458)
	590	(458)
Amounts due to subsidiary undertakings:		
Trade payables	**-**	-
Transactions reported in the statement of comprehensive income:		
Income received	**413**	402
Purchases	**192**	296

	Group		Company	
Transactions and balances with joint ventures	**2020 £000**	2019 £000	**2020 £000**	2019 £000
Amounts due from joint ventures:				
Trade receivables	**427**	-	**-**	-
Loans	**3,889**	4,413	**3,889**	4,413
	4,316	4,413	**3,889**	4,413
Amounts due to associated undertaking:				
Trade payables	**(5)**	96	**-**	-
	(5)	96	**-**	-
Transactions reported in the statement of comprehensive income:				
Revenue	**5,467**	5,651	**-**	-
Purchases	**(139)**	215	**-**	-

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

19. INVENTORIES

	Group		Company	
	2020 £000	2019 £000	**2020 £000**	2019 £000
Raw materials and consumables	**5,994**	10,691	**-**	-
Finished goods and goods for resale	**28,196**	31,548	**-**	-
	34,190	42,239	**-**	-

Inventories are stated after a provision for impairment of £380,000 (2019: £380,000) (Company £nil (2019: £nil)).

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 £000	2019 £000	**2020 £000**	2019 £000
Current				
Trade receivables	**53,465**	61,641	**-**	-
Other receivables	**2,292**	1,942	**-**	-
Fair value of derivatives	**93**	304	**-**	-
	55,850	63,887	**-**	-

The carrying value of trade and other receivables classified at amortised cost approximates fair value. No receivables are pledged as collateral or sold to discounting or debt factoring services.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Group's historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors in the UK.

The lifetime expected loss provision for trade receivables is as follows:

	Current £000	**More than 30 days past due £000**	**More than 60 days past due £000**	**More than 120 days past due £000**	**Total £000**
31 October 2020					
Expected loss rate	**0.2%**	**0.6%**	**1.3%**	**8.7%**	
Gross carrying amount	**34,157**	**10,147**	**4,064**	**5,790**	**54,158**
Loss provision	**74**	**63**	**54**	**502**	**693**

	Current £000	More than 30 days past due £000	More than 60 days past due £000	More than 120 days past due £000	Total £000
31 October 2019					
Expected loss rate	0.1%	0.3%	0.6%	9.2%	
Gross carrying amount	37,652	12,428	5,252	7,071	62,403
Loss provision	46	32	31	653	762

Notes to the Financial Statements continued

20. TRADE AND OTHER RECEIVABLES continued

Movements in the impairment allowance for trade receivables are as follows:

	Group		Company	
	2020 £000	2019 £000	**2020 £000**	2019 £000
Opening provision for impairment of trade receivables	**762**	708	**-**	-
Increase during the year	**234**	81	**-**	-
Receivables written off during the year as un-collectible	**(303)**	(27)	**-**	-
Impairment (loss)/gain during the year	**(69)**	54	**-**	-
At 31 October	**693**	762	**-**	-

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 £000	2019 £000	**2020 £000**	2019 £000
Current				
Trade payables	**46,048**	57,659	**-**	-
Amounts owed to Group undertakings	**-**	-	**589**	458
Other payables	**999**	867	**249**	200
Accruals and deferred income	**4,256**	2,795	**-**	-
Deferred and contingent consideration	**102**	151	**-**	-
	51,405	61,472	**838**	658
Non-current				
Deferred and contingent consideration	**127**	185		
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities and measured at amortised cost	**51,532**	61,657	**-**	658
Current				
Other taxes and social security	**658**	562	**838**	-
Fair value of derivatives	**263**	79	**-**	-
	921	641	**-**	-
Non-current				
Government grants	**14**	16	**-**	-
Total trade and other payables	**52,467**	62,314	**658**	658

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

22. CASH, CASH EQUIVALENTS, BORROWINGS AND LEASE LIABILITIES

	Group		Company	
	2020 £000	2019 £000	**2020 £000**	2019 £000
Current				
Cash and cash equivalents per balance sheet	**19,980**	10,608	**7**	7
Cash and cash equivalents per cash flow statement	**19,980**	10,608	**7**	7
Bank loans and overdrafts due within one year or on demand:				
Secured loans	**(897)**	(1,457)	**(897)**	(1,457)
Loanstock (unsecured)	**(675)**	(683)	**(675)**	(683)
Net obligations under finance leases	**-**	(1,546)	**-**	-
Borrowings	**(1,572)**	(3,686)	**(1,572)**	(2,140)
Non-property leases	**(1,473)**	-	**-**	-
Property leases	**(2,010)**	-	**-**	-
Lease liabilities	**(3,483)**	-	**-**	-
Total current net cash/(debt) and lease liabilities	**14,925**	6,922	**(1,565)**	(2,133)
Non-current				
Bank loans				
Secured bank loans	**-**	(902)	**-**	(902)
Net obligations under finance leases	**-**	(2,176)	**-**	-
Borrowings	**-**	(3,078)	**-**	(902)
Non-property leases	**(2,228)**	-	**-**	-
Property leases	**(4,281)**	-	**-**	-
Lease liabilities	**(6,509)**	-	**-**	-
Total non-current net (debt) and lease liabilities	**(6,509)**	(3,078)	**-**	(902)
Total net cash/(debt) and lease liabilities	**8,416**	3,844	**(1,565)**	(3,035)
Memo: excluding property leases	***14,707***	*3,844*	***(1,565)***	*(3,035)*

All amounts are denominated in GBP and are at book and fair value. The Loanstock is redeemable at par at the option of the Company. Interest of 0.5% (2019: 1.5%) per annum is payable to the holders.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are all cash at bank and held with HSBC Bank Plc, except for £311,000 (2019: £148,000) which is held at INTL FC Stones for futures trading. HSBC Bank Plc's credit rating per Moody's is A2 (2019: Aa3).

BANK BORROWINGS

Bank loans and overdrafts are secured by an unlimited composite guarantee of all of the trading entities within the Group. One company within the Group had an overdraft of £253,000 (2019: £230,000). The outstanding loan will be repaid within 1 year, the rate of interest on this loan is 0.85% over base per annum.

23. LEASES

Nature of leasing activities (in the capacity as lessee)

The group leases a number of properties, certain items of plant and equipment and vehicles. The table below shows the number of leases at 31 October 2020.

Group	Number of lease contracts	Fixed payments %
Property leases with fixed payments	52	31%
Leases of plant and equipment	9	5%
Vehicle leases	108	64%

Group	Land and buildings £000	Plant, machinery and motor vehicles £000	Total
Right-of-use assets			
At November 2019	7,684	4,638	12,322
Additions	**970**	**1,861**	**2,831**
Amortisation	**(2,363)**	**(1,525)**	**(3,888)**
Disposal	**(25)**	**-**	**(25)**
At 31 October 2020	**6,266**	**4,974**	**11,240**

Group	Land and buildings £000	Plant, machinery and motor vehicles £000	Total
Lease liabilities			
At 1 November 2019	7,684	3,839	11,523
Additions	**970**	**1,861**	**2,831**
Interest expense	**152**	**143**	**295**
Lease payments	**(2,490)**	**(2,142)**	**(4,632)**
Disposal	**(25)**	**-**	**(25)**
At 31 October 2020	**6,291**	**3,701**	**9,992**

Group	2020 £000
Short-term lease expense	**117**
Low value lease expense	**127**
	244

Group	Within one year £000	One to two years £000	Two to five years £000	Over five years £000	Total £000
Lease liabilities	**3,483**	**2,743**	**3,194**	**572**	**9,992**

24. FINANCIAL INSTRUMENTS

RISK MANAGEMENT

The Group is exposed through its operations to the following financial risks:

- credit risk;
- interest rate risk;
- foreign exchange risk;
- other market price risk; and,
- liquidity risk.

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(i) Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Investments in quoted and unquoted equity securities
- Trade and other payables
- Bank overdrafts
- Floating- rate bank loans
- Forward currency contracts

(ii) Financial instruments by category

Group	Fair value through profit or loss		Amortised cost	
Financial assets	**2020 £000**	2019 £000	**2020 £000**	2019 £000
Cash and cash equivalents	**-**	-	**19,980**	10,608
Trade and other receivables	**-**	-	**55,757**	63,583
Derivatives	**93**	304	**-**	-
	93	304	**75,737**	74,191

Group	Fair value through profit or loss		Amortised cost	
Financial liabilities	**2020 £000**	2019 £000	**2020 £000**	2019 £000
Trade and other payables	**-**	-	**51,303**	61,321
Loans and borrowings	**-**	-	**1,572**	6,764
Deferred and contingent consideration	**229**	336	**-**	-
Derivatives	**263**	79	**-**	-
	492	415	**52,875**	68,085

Notes to the Financial Statements continued

24. FINANCIAL INSTRUMENTS continued

RISK MANAGEMENT continued

(iii) Financial instruments not measured at fair value

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximates their fair value. For details of the fair value hierarchy, valuation techniques, and significant unobservable inputs related to determining the fair value of deferred and contingent consideration which is classified in Level 3 of the fair value hierarchy, refer to the valuation techniques table below.

(iv) Financial instruments measured at fair value

The fair value hierarchy of financial instruments measured at fair value is provided below:

Group	Level 1		Level 2		Level 3	
	2020 £000	2019 £000	**2020 £000**	2019 £000	**2020 £000**	2019 £000
Financial assets						
Derivative financial assets (designated hedge instruments)	**93**	194	**-**	-	**-**	-
Derivative financial assets (fair value through profit or loss)	**-**	-	**-**	110	**-**	-
	93	194	**-**	110	**-**	-
Financial liabilities						
Derivative financial liabilities (fair value through profit or loss)	**-**	-	**263**	79	**-**	-
Deferred and contingent consideration	**-**	-	**-**	-	**229**	336
	-	-	**263**	79	**229**	336

There were no transfers between levels during the period.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 2 and level 3 financial instruments, as well as the inter-relationship between key unobservable inputs and fair value, are set out in the table below:

Financial instrument	Valuation techniques used	Significant unobservable inputs (level 3 only)	Inter-relationship between key unobservable inputs and fair value (level 3 only)
Derivative financial assets and liabilities (designated hedge instruments)	Market prices published by INTL FC Stones	Not applicable	Not applicable
Derivative financial assets and liabilities (fair value through profit or loss)	Comparative sales and purchases for contracts at balance sheet date	Not applicable	Not applicable
Deferred and contingent consideration	Realisation of completion net assets and achievement of earn-outs	Management accounts information	Any adjustments to net assets or profitability of management accounts department reflected in fair value

24. FINANCIAL INSTRUMENTS continued

(iv) Financial instruments measured at fair value continued

The reconciliation of the opening and closing fair value balance of level 3 financial instruments is provided below:

	Deferred and contingent consideration £000
As at 31 October 2018	(788)
Payments out of deferred and contingent consideration in year	(150)
Payments of deferred and contingent consideration in year	602
As at 31 October 2019	(336)
Payments out of deferred and contingent consideration in year	**107**
As at 31 October 2020	**(229)**

The sensitivity analysis of a reasonably possible change in one significant unobservable input, holding other inputs constant, of level 3 financial instruments is not provided as the item above only has one input as described in the valuation table.

GENERAL OBJECTIVES, POLICIES AND PROCESSES

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports from the Group Financial Director through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

i) 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.

ii) 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 2020 and 2019, the Group's borrowings at variable rate were denominated in sterling.

At 31 October 2020, if interest rates had been 100 basis points higher/lower with all variables held constant, profit after tax and net assets would have been £27,000 (2019: £69,000) lower/higher mainly as a result of higher/lower interest expense on floating rate borrowings. The directors consider that 100 basis points is the maximum likely change in GBP interest rates over the next year, being the period up to the next point at which the Group expects to make these disclosures.

iii) Foreign exchange risk

The main currency related risk to the Group comes from the forward purchasing of imported raw materials for our Glasson Grain Limited business. This risk is mainly managed by entering into currency purchase agreements at the time the underlying transaction is completed. The fair value of these contracts is not material. As at the year end the principal amounts relating to forward purchased currency amounted to £8,733,434 (2019: £9,178,020).

Notes to the Financial Statements continued

24. FINANCIAL INSTRUMENTS continued

GENERAL OBJECTIVES, POLICIES AND PROCESSES continued

iv) Other market 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.

v) 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 Board receives regular monthly cash flow projections as well as information regarding net cash/(debt) at each month end period. At the end of the financial year, these projections indicated that the Group is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

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.

	2020					2019				
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	**1,577**	**1,577**	**-**	**-**	**-**	3,071	2,164	907	-	-
Finance lease liabilities	**10,700**	**3,734**	**2,868**	**3,417**	**681**	3,869	1,621	1,041	1,207	-
Derivatives	**263**	**263**	**-**	**-**	**-**	79	79	-	-	-
Trade and other payables	**51,546**	**51,419**	**85**	**42**	**-**	61,657	61,472	53	132	-
	64,086	**56,993**	**2,953**	**3,429**	**681**	68,676	65,336	2,001	1,339	-

	2020					2019				
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	**1,577**	**1,577**	**-**	**-**	**-**	3,071	2,164	907	-	-
Amounts due from Group undertakings	**589**	**589**	**-**	**-**	**-**	458	458	-	-	-
Trade and other payables	**249**	**249**	**-**	**-**	**-**	200	200	-	-	-
	2,415	**1,415**	**-**	**-**	**-**	3,729	2,822	907	-	-

GENERAL OBJECTIVES, POLICIES AND PROCESSES continued

vi) Capital disclosures

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 cash/(debt) divided by total equity. Net cash/(debt) is calculated as cash and cash equivalents less total borrowings (including current and non-current borrowings) and lease liabilities. Total equity is as shown in the consolidated balance sheet.

	2020 £000	2019 £000
Cash and cash equivalents	**19,980**	10,608
Loans and borrowings	**(1,572)**	(6,764)
Lease liabilities	**(9,992)**	-
Net cash	**8,416**	3,844
Total equity	**98,178**	94,948
Net cash to equity ratio (%)	**8.57%**	4.05%

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	
	2020 £000	2019 £000	**2020 £000**	2019 £000
At 1 November	**228**	228	**-**	-
Charge for the year	**25**	-	**-**	-
At 31 October	**253**	228	**-**	-

The provision for deferred taxation is made up as follows:	Group		Company	
	2020 £000	2019 £000	**2020 £000**	2019 £000
Accelerated capital allowances	**392**	228	**-**	**-**
Other temporary and deductible differences	**(139)**	-	**-**	**-**
	253	288	**-**	**-**

26. SHARE CAPITAL

	2020 No. of shares 000	**2020 £000**	2019 No. of shares 000	2019 £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	**20,051**	5,013	**19,896**	4,974

During the year 155,035 shares (2019: 124,212) were issued with an aggregate nominal value of £38,759 (2019: £31,053) and were fully paid up for equivalent cash of £392,135 (2019: £373,457) to shareholders exercising their right to receive dividends under the Company's Scrip dividend scheme.

No other shares were issued (2019: 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 Apr 2015 - Feb 2024	As at 1 November 2019	Issued in year	Lapsed in year	As at 31 October 2020
Discretionary Share Option Schemes						
Granted April 2012	3.7500	Apr 2015 - Mar 2022	24,000	**-**	**-**	**24,000**
Granted October 2014	5.4750	Oct 2017 - Oct 2024	263,000	**-**	**(112,000)**	**151,000**
Granted January 2020	Nil cost	Oct 2022 - Mar 2023	-	**146,647**	**-**	**146,647**
			287,000	**146,647**	**(112,000)**	**321,647**
Savings Related Option Schemes						
Granted July 2016	3.7000	Aug 2021 - Jan 2022	275,992	**-**	**(114,783)**	**161,209**
Granted September 2018	4.0000	Oct 2023 - Mar 2024	275,000	**-**	**(139,905)**	**135,495**
Granted August 2020	2.7500	Sep 2023 - Feb 2024	-	**459,528**	**(2,550)**	**456,978**
			551,392	**459,528**	**(257,238)**	**753,682**
			838,392	**606,175**	**(369,238)**	**1,075,329**

During the year Nil (2019: Nil) Discretionary Share Options and Nil (2019: Nil) Savings Related Options were exercised and satisfied by the allotment of Nil (2019: Nil) new shares by the Company. The change in the number of other Discretionary and Savings Related Options relate to members withdrawing from the scheme by leaving employment, exercise conditions not being met or by employees closing their savings contracts. During the period 146,647 new nil cost options were granted to certain executives under the terms of the Performance Share Plan approved by shareholders in March 2019.

During the year, the Group charged £96,000 (2019: £49,000) 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	2020	2019
Share price at year end	**£2.85**	£2.78
Average share price	**£2.93**	£3.51
Exercise price	**£2.66**	£3.85
Expected volatility	**42.69%**	34.70%
Weighted average remaining contractual life	**2.29 years**	2.75 years
Number of options	**900,329**	551,392
Risk free interest rate at inception	**0.10% - 0.75%**	0.50% - 0.75%
Number of options exercisable	**175,000**	287,000

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. CAPITAL COMMITMENTS

At 31 October 2020 the Group and Company had capital commitments as follows:

	Group		Company	
	2020 £000	2019 £000	**2020 £000**	2019 £000
Contracts placed for future capital expenditure not provided in the financial statements	**264**	808	**-**	-

29. 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 £1,109,000 (2019: £984,000). The liability owed to the pension schemes at 31 October 2020 was £147,000 (2019: £139,000).

30. EMPLOYEE SHARE OWNERSHIP TRUST

The Company operates an employee share ownership trust (ESOP). As at 31 October 2020, 16,834 ordinary 25p shares (2019: 16,834 ordinary 25p shares) were held by the trust with an aggregate market value of £47,977 2019: £65,011). The assets, liabilities, income and costs of the ESOP are incorporated into the financial statements of the Group.

31. 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. Directors and their remuneration is disclosed within the Director's Remuneration disclosure (note 9)

	Total sales		Balance outstanding	
Group	**2020 £000**	2019 £000	**2020 £000**	2019 £000
Gareth Davies	**2**	2	**-**	-
Steve Ellwood	**-**	-	**-**	-
Andrew Evans (resigned 1 December 2020)	**297**	305	**84**	58
Philip Kirkham	**352**	360	**37**	63
Jim McCarthy	**-**	-	**-**	-
Howell Richards	**3,382**	3,798	**1,316**	1,084
Paul Roberts	**1**	1	**-**	-
	4,034	4,466	**1,437**	1,205

During the year Group companies entered into the following transactions with related parties who are not members of the Group:

	Total sales		Balance outstanding	
Group	**2020 £000**	2019 £000	**2020 £000**	2019 £000
Purchases from NIAB, a company whose Directors include S J Ellwood	**119**	136	**-**	21

32. CASH GENERATED FROM OPERATIONS

	Group		Company	
	2020 £000	2019 £000	**2020 £000**	2019 £000
Profit for the year from operations	**5,533**	6,132	**2,325**	3,141
Adjustments for:				
Tax	**1,448**	1,421	**82**	127
Dividend received	**-**	-	**(2,900)**	(3,000)
Investment and goodwill impairment	**601**	-	**601**	-
Depreciation of tangible fixed assets	**2,290**	3,579	**424**	402
Amortisation of right-of-use assets	**3,888**	-	**-**	-
Amortisation of other intangible fixed assets	**36**	28	**-**	-
Profit on disposal of property, plant and equipment	**(142)**	(170)	**-**	-
Loss on disposal of right-of-use asset	**25**	-	**-**	-
Profit from distribution from Joint ventures and associates	**-**	(84)	**(2)**	(132)
Interest income	**(164)**	(164)	**(85)**	(31)
Interest expense	**436**	348	**19**	59
Share of results of joint ventures and associates	**(438)**	(360)	**-**	-
Share-based payments	**96**	49	**96**	49
Changes in working capital (excluding effects of acquisitions and disposals of subsidiaries):				
Decrease/(increase) in short-term loans to joint venture	**524**	(1,601)	**524**	(1,601)
Decrease in inventories	**8,049**	10,171	**-**	-
Decrease in trade and other receivables	**8,055**	7,426	**-**	2,799
(Decrease)/increase in payables	**(9,865)**	(12,019)	**180**	410
Cash generated from operations	**20,372**	14,756	**1,264**	2,223

33. RECONCILIATION OF LIABILITIES FROM FINANCING

	Group			Company		
	Non-Current loans and borrowings £000	**Current loans and borrowings £000**	**Total £000**	**Non-Current loans and borrowings £000**	**Current loans and borrowings £000**	**Total £000**
As at 1 November 2018	3,766	3,887	7,653	2,356	2,647	5,003
Cash-flows						
- New Borrowings	-	(3,769)	(3,769)	-	(1,961)	(1,961)
Non-cash flows						
- New finance leases	2,057	793	2,850	-	-	-
- Finance leases acquired through business combinations	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
Amounts reclassified as lease liabilities on adoption of IFRS 16	(2,176)	(1,546)	(3,722)	-	-	-
As at 1 November 2019	902	2,140	3,042	902	2,140	3,042
Cash-flows						
-Repayments of borrowings	**-**	**(1,470)**	**(1,470)**	**-**	**(1,470)**	**(1,470)**
Non-cash flows						
- Loans and borrowings classified as non-current at 31 October 2019 becoming current during year ended 31 October 2020	**(902)**	**902**	**-**	**(902)**	**902**	**-**
As at 31 October 2020	**-**	**1,572**	**1,572**	**-**	**1,572**	**1,572**

34. EFFECTS OF CHANGES IN ACCOUNTING POLICES

Effects Of Changes In Accounting Polices

The Group adopted IFRS 16 Leases with a transition date of 1 November 2019. The Group has chosen not to restate comparatives on adoption of IFRS 16, and therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of initial application (i.e 1 November 2019) and recognised in the opening equity balances. Other new and amended standards and Interpretations issued by IASB did not impact the Group as they either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

i) IFRS 16 Leases

Effective 1 November 2019, IFRS 16 has replaced IAS 17 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or there the underlying asset is of low value.

IFRS 16 substantially carried for the lessor account in IAS 17, with the distinction between operating leases and finance leases being retained. The Group does not have significant leasing activities acting as a lessor.

TRANSITION METHOD AND PRACTICAL EXPEDIENTS UTILISED

The Group adopted IFRS 16 using the first variation of the modified retrospective approach, and therefore at initial application recognised a right-of-use asset and lease liability of £7.3m using the Group incremental borrowing rate at 1 November 2019. Hence there was no impact to net assets on 1 November 2019. The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 November 2019.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Group applied for the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

(a) apply a single discount rate to the portfolio of leases with reasonably similar characteristics;

(b) exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for the lease where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;

(c) reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and

(d) applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, the Group previously classified leases as operating or financial leases based on its assessment of whether the lease transferred substantially all of the risk and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases. However, the Group has elected not to recognise right-of-use asset and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

Classification before IFRS 16	Classification under IFRS 16	
Operating Leases	Land and buildings: Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. All other: the carrying value that would have resulted from IFRS 16 being applied from the commencement date of the leases, subject to the practical expedients noted above.	Measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 November 2019. The Group's incremental borrowing rate could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 2.09%
Finance Leases	Carrying values brought forward, reclassified from property, plant and equipment into right-of-use assets	Carrying values brought forward from financial liabilities – borrowings into lease liabilities

34. EFFECTS OF CHANGES IN ACCOUNTING POLICES continued

i) IFRS 16 Leases continued

The following table presents the impact of adopting IFRS 16 on the statement of financial position as at 1 November 2019.

		As Originally presented at 31 October 2019 £000	IFRS 16 adjustments £000	1 November 2019 £000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	(a)	23,225	(4,521)	18,704
Right-of-use assets	(b)	-	12,322	12,322
LIABILITIES				
Current Liabilities				
Borrowings	(c)	(3,686)	1,546	(2,140)
Lease Liabilities	(d)	-	(3,937)	(3,937)
NON CURRENT LIABILITIES				
Borrowings	(c)	(3,078)	2,176	(902)
Lease Liabilities	(d)	-	(7,586)	(7,586)
Equity				
Retained Earnings	(e)	56,261	-	56,261

(a) Property, plant and equipment was adjusted to reclassify leases previously classified as finance type to right-of-use assets. The adjustment reduced the cost of property, plant and equipment by £6.5m and accumulated amortisation by £2.0m for a net adjustment of £4.5m.

(b) The adjustment to Right-of-use assets is comprised of £4.5m finance type leases and £7.8m operating type leases, resulting in a total adjustment of £12.3m.

(c) Loans and borrowings were adjusted to reclassify leases previously classified as finance type leases to lease liabilities.

(d) The following table reconciles the minimum lease commitments disclosed in the Group's 31 October 2019 annual financial statements to the amount of lease liabilities recognised on 1 November 2019.

	£000
Minimum operating lease commitments at 31 October 2019	7,848
Less: short-term leases not recognised under IFRS 16	(5)
Less: low value leases not recognised under IFRS 16	(40)
Other amendments	458
Undiscounted lease payments	8,261
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(460)
Lease liabilities for leases classified as operating type under IAS 17	7,801
Plus: leases previously classified as finance type under IAS 17	3,722
Lease Liability as at 1 November 2019	11,523

(e) Retained earnings were not impacted as a result of adopting IFRS 16.

ii) IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation requires:

- the Group to determine whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- the Group to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and
- if it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

No adjusting entries were required on the date of application, 1 November 2019.

Financial Calendar

27 January 2021	Announcement of 2020 Results
23 March 2021	Annual General Meeting
06 April 2021	Dividend Record Date
30 April 2021	Payment of Final 2020 Dividends
June 2021	Announcement of 2021 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 https://www.fca.org.uk/scamsmart.

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 !

WYNNSTAY

Notice of Annual General Meeting

At the date of this Notice, the Government's regulations and guidance prohibit public gatherings and it will therefore not be possible for shareholders to attend the Meeting in person, and your immediate attention is drawn to the Notes to this Notice on page 97.

Notice is hereby given that the twenty ninth Annual General Meeting (the "Meeting") of Wynnstay Group plc (the "Company") will be held virtually from the Wynnstay Group plc registered office at Eagle House, Llansantffraid, Powys, SY22 6AQ on Tuesday 23 March 2021 at 11.45 am to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Company's annual accounts for the financial year ended 31 October 2020 together with the Directors' Report and Auditors' Report on those accounts.

2. To declare a final dividend for the year ended 31 October 2020.

3. To re-appoint the following Director who retires by rotation under Article 91: Philip Michael Kirkham.

4. To re-appoint the following Director who retires by rotation under Article 91: Howell John Richards.

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.

6. To approve an amendment to the rules of the Wynnstay Performance Share Plan ("PSP"), which are produced in final form to this meeting and initialled by the Chairman of the meeting for the purposes of identification, specifically to:

   (i) change rule 5.1 of the PSP to increase the limit restricting the grant of awards where the total number of "Dilutive Shares" as defined in the PSP rules, from 10% to 15% of the issued share capital of the Company.

   (ii) change rule 5.2 of the PSP to increase the limit restricting the grant of awards where the total number of "Discretionary Dilutive Shares" as defined in the PSP rules, from 5% to 10% of the issued share capital of the Company.

SPECIAL BUSINESS

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

7. 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.

8. That, subject to passing Resolution 6 earlier, the Directors be and they are empowered pursuant to Section 570 of the Act to allot equity securities wholly for cash pursuant to the authority conferred by the previous Resolution as if Section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

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

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

9. 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 2.4% 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

26 January 2021

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

Notes to Notice of Annual General Meeting

1. **Meeting format**

As at the date of this Notice, the Government's regulations and guidance prohibit public gatherings and it will therefore not be possible for shareholders to attend the Meeting in person, and therefore proceedings will take place virtually with arrangements in place to allow participation by shareholders to the best extent practically possible, including:

- All resolutions will be decided on a poll of members, votes for which will require to be submitted no later than 24 hours before the meeting.

- Shareholders may submit questions to be addressed during the meeting by emailing their question to shareholder_communications@wynnstay.co.uk no later than 7 days before the meeting.

- Shareholders may listen to the meeting on a conference call by requesting a contact number ahead of the meeting by emailing shareholder_communications@wynnstay.co.uk no later than 24 hours before the meeting.

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2. **Appointment of proxies**

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

3. **Amendment of the rules of the Wynnstay Performance Share Plan**

Resolution 6 relates to the proposal to change the rules of the employee share plan that is intended to reward and incentivise the executive directors and key members of senior management. The reason for the proposal is that the current limits initially incorporated in the plan are effectively preventing the issue of any awards under the scheme until 2023 because of previously allotted shares during the last ten years. The definitions of Dilutive Shares and Discretionary Dilutive Shares for the purpose of the PSP are:

Dilutive Shares: on any date, all shares of the Company which:

(a) have been issued, or transferred out of treasury, on the exercise of options granted, or in satisfaction of any other awards made, under any Share Incentive Plan (including the Plan) during the ten years ending on (and including) that date; and

(b) remain capable of issue, or transfer out of treasury, under any Existing Award.

For the avoidance of doubt, Shares subject to Transfer Only Awards are not Dilutive Shares.

Discretionary Dilutive Shares: Dilutive Shares which:

(a) were acquired under; or

(b) remain subject to Existing Awards granted under, any Share Incentive Plan (including the Plan) under which awards:

(a) are made at the discretion of the Committee or any other grantor; and

(b) do not have to be offered to all, or substantially all, employees who are eligible to participate.

The proposed increase of 5% in the respective limits for each of the above categories will provide the Remuneration Committee the authority to grant new awards prior to 2023 which is deemed in the best interests of the Company.

The draft rules of the revised PSP will be available on request from the Company's registered office (at Eagle House, Llansantffraid, Powys SY22 6AQ) from the date of this Notice until the end of the Annual General Meeting.

4. **Authority to allot shares**

Special resolutions 7 & 8 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.

5. **Authority to purchase shares**

Special resolution 9 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.

6. **Documents on display**

Copies of necessary documents will be available on the Company's website prior to and during the Meeting.

7. **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

Wynnstay Group PLC

Eagle House, Llansantffraid, Powys, SY22 6AQ

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Registered in Wales and England