ANNUAL REPORT
AND ACCOUNTS
2021

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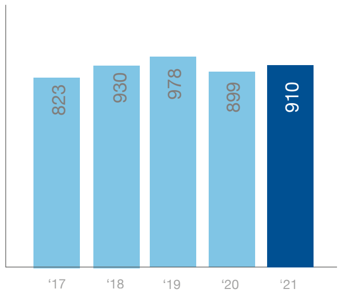
Financial Performance Highlights - Continuing Operations

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

£500.39m

2020: £431.40m

Earnings per Share

44.40 pence

2020: 27.73 pence

Underlying Pre-tax Profit*

£11.44m

2020: £8.37m

Shareholders' Funds

£105.72m

2020 £98.18m

Profit before Tax

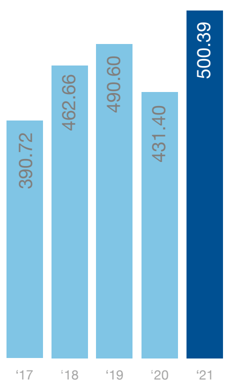
£10.99m

2020: £6.98m

Dividend per Share

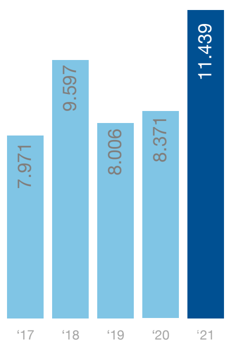
15.50 pence

2020: 14.60 pence



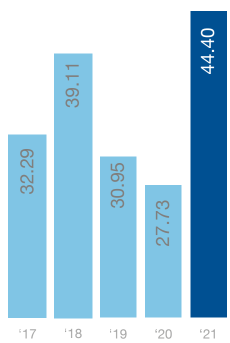
Group Revenue (£m)

£500.39m



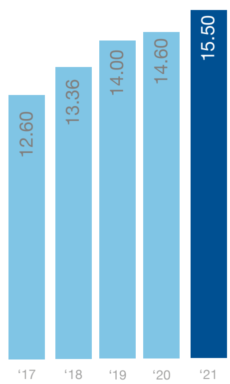
Underlying Pre-tax Profit*

£11.44m



Earnings per Share (pence)

44.40p



Dividend per Share (pence)

15.50p

*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.

Operational Highlights

Agriculture Division

Revenue up 19% to £358.96m (2020: £302.58m), operating profit contribution up 47% to £4.22m (2020: £2.88m). Total feed volumes 6.5% ahead year-on-year. After higher production and distribution costs operating profit was in line with prior year. Arable activities benefited from a return to more normal harvest tonnages and yields and a good autumn 2021 planting season. Outperformance from Glasson, benefiting from three-fold increase in fertiliser raw material prices in H2

Specialist Agricultural Merchanting

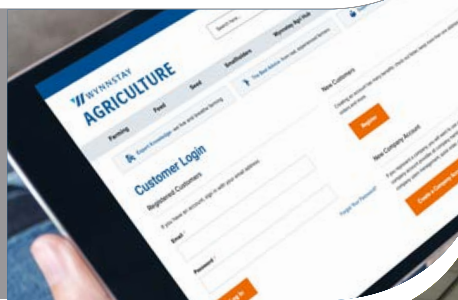
Revenue up 10% to £141.43m (2020: £128.81m), operating profit contribution up 24% to £7.15m (2020: £5.78m). Excellent performance reflected increased farmer confidence and a return to farm investment. Strong sales across all major product categories, including bagged feed and hardware.

Two bolt-on acquisitions

The Group acquired two bolt-on acquisitions in Q2 2021, they have integrated well, added new customers, and expanded our trading area.

New digital trading portal

The Group launched a new digital trading portal in November; there has been a steady adoption from customers as expected.



Investment programmes

Investment programmes to increase manufacturing and processing capacity progressed well.

Appointments

Non-executive and Key Senior Management appointments made, including Commercial Sales & Marketing Director, Group Engineering Manager and Environmental & Sustainability Manager.

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, retain and strengthen 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

CREATE VALUE

LEAN COST BASE

OUR PROPOSITION

Trusted Experts
We have 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.

Product Range
We offer an extensive product range that will allow our customers to farm more sustainably, efficiently and profitably.

Multi-Channel
We have a multi-channel offering which includes depots, sales specialists, sales desk and customer portal to ensure we are aligned to our customers' buying habits.

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

STRONG CASH GENERATION

INVEST FOR THE FUTURE

- PEOPLE
- TECHNOLOGY AND IT SYSTEMS
- MANUFACTURING
- ACQUISITIONS

Key Strengths

Committed and Loyal Colleagues

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

Strong Balance Sheet

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

Balanced Business Model

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

Broad Range of Products

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

Opportunities for Growth

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

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

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

Agriculture

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

FEED

The Group operates two multi-species compound feed mills and two blending plants, 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, Montrose, and Howden, 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.

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 offices in Shropshire and Yorkshire.

Specialist Agricultural Merchanting

Supplies specialist agricultural and associated sundry products to customers throughout Wales, the 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, smallholders and rural dwellers.

Our team is trained to help customers with technical advice and our customers can purchase via depot, click and collect or for direct delivery.

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, including our own depot network, in Wales and the Midlands. The Sweet Meadow branded equine feed range is a market leading product.

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

ORGANIC GROWTH

- 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

I am delighted to report record results in my first annual statement since becoming Chairman

OVERVIEW

I am delighted to report record results in my first annual statement since becoming Chairman in March 2021. Underlying pre-tax profit* as defined in the Finance Review, increased by 37% to set a new high of £11.44m (2020: £8.37m) and revenues increased by 16% to £500.39m (2020: £431.40m), also a record high. Both these results were significantly ahead of initial market expectations. Basic earnings per share, including non-recurring items, rose by 60% to a record 44.40p (2020: 27.73p).

The Group's very strong performance benefitted from a substantial rise in farmer confidence as farmgate prices strengthened and the uncertainty surrounding Brexit and future Government support for agriculture lifted. The Group's balanced business model came to the fore once again, ensuring that we were not over-exposed to the variations of any individual sector.

The year also demonstrated the resilience and commitment of Wynnstay staff, who continued to provide an outstanding and uninterrupted service to our customers despite the additional challenges created by the coronavirus pandemic.

Both the Agriculture Division and Specialist Agricultural Merchanting Division benefited from the significant improvement in the trading environment as well as the actions we have taken to improve productivity and efficiencies.

Within the Agriculture Division, feed volumes were higher year-on-year, although margins were affected by increased costs. The return to more normal harvest tonnages and yields – against last year's historic lows - buoyed arable activities in the second half of the financial year, especially grain trading. Autumn planting was also strong, benefiting seed sales. Fertiliser blending at Glasson, the UK's second largest fertilizer blending operator, experienced a significant one-off benefit from the three-fold increase in selling prices towards the end of the financial year. The latter reflected significant increases in the world price of natural gas, which is used in the production of ammonium nitrate fertiliser.

The Specialist Agricultural Merchanting Division, which includes our depot network and Youngs Animal Feeds, performed exceptionally well, helped by strong sales across all major categories, including Wynnstay-branded bagged feed and hardware. We continued to review and invest in the depot network, making adaptations so that it remains an efficient sales channel. At the same time, we continued to develop our digital presence, having launched our new customer portal in the first half of the financial year. This is part of our multi-channel sales approach, and while digital sales remain modest, as pre-launch research suggested, we will continue to enhance digital engagement with the customer base.

It is also pleasing to report that our joint venture businesses and associate company performed well, contributing well ahead of our expectations. The two bolt-on acquisitions we made in the second quarter of the financial year have integrated extremely well, and strategically we have benefited from the addition of new trading areas, an increase in the customer base, and the addition of staff with expertise and local knowledge.

GROWTH STRATEGY

Wynnstay's growth plans focus on organic growth, acquisitions, expert advice, multi-channel engagement and ESG. At the forefront of the Board's thinking is our customer base of arable and livestock farmers and our desire to ensure that the Group continues to provides them with valued expertise and advice, a wide range of products and services that cater for their changing needs, and an overall high-level of customer service. Ultimately, our aim is to enable farmers to grow food in a manner that is profitable, efficient, sustainable and environmentally-enhancing.

Over the financial year, we made good progress across a number of areas of our growth strategy. I am very pleased to highlight that we have:

- continued to expand our specialist advisory teams;
- incrementally expanded our volumes in key feed markets, including dairy and free range egg production;
- increased seed volumes, including expanding the range of our environmental seed offering;
- progressed investment to increase our feed manufacturing capacity and laid the groundwork for a planned two-year programme to scale our seed processing activities;
- completed two complementary bolt-on acquisitions (the agricultural division of the Armstrong Richardson Group, which supplies inputs to farmers in the North East of England, and the fertiliser manufacturing business and assets of HELM Great Britain Limited, based in South Yorkshire);
- launched a new digital platform, which supports our multi-channel goals; and
- further developed our ESG strategy. This focuses on both our own internal carbon reductions initiatives, and on how we can support our farming customers with their environmental objectives.

FINANCIAL RESULTS

Group revenue increased by 16% to £500.39m (2020: £431.40m), with the increase reflecting increased volumes, an eight-month contribution from our two acquisitions, and significant commodity inflation.

Underlying Group pre-tax profit rose by 37% to a record £11.44m (2020: £8.37m). Underlying Group pre-tax profit is the Board's alternative performance measure, and includes the gross share of results from joint ventures and excludes share-based payments and non-recurring items. Reported pre-tax profit increased to £10.99m (2020: £6.98m after £1.2m of non-recurring items). Basic earnings per share increased by 60% to 44.40p (2020: 27.73p).

Both Divisions contributed double digit growth, with a 19% uplift in

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revenues from the Agriculture Division to £358.96m (2020: £302.58m), and a 10% revenue increase from the Specialist Agricultural Merchanting Division to £141.43m (2020: £128.81m). The operating profit contribution from the Agriculture Division was £4.22m (2020: £2.88m), a rise of 46% year-on-year, with the Specialist Agricultural Merchanting Division increasing its contribution by 24% to £7.15m (2020: £5.78m).

The Group generates good operational cash flows although, this year, cash generated from operations was affected by commodity inflation, and amounted to £10.55m (2020: £19.83m). Net cash at the financial year-end increased by 10% to £9.24m (31 October 2020: £8.42m). October typically represents the highest point of net cash in the Group's annual working capital cycle.

During the year, 89,687 new ordinary shares (2020: 155,035) were issued for a total equivalent cash amount of £0.439m (2020: £0.392m) to existing shareholders exercising their right to receive dividends in the form of new shares. A further 158,138 shares were issued for a total cash consideration of £0.586m (2020: nil) to employees exercising rights over approved share options.

Group net assets at the financial year end increased by 8% to £105.72m (31 October 2020: £98.18m), a record high. Based on the weighted average number of shares in issue during the financial year of 20.120m (2020: 19.952m), this equates to a £5.25 per share (2020: £4.92). Return on net assets from underlying pre-tax profits increased to 10.8% (2020: 8.6%).

Capital investment in fixed assets including right of use assets in the financial year rose to £5.85m (2020: £4.01m), and net working capital at the financial year end increased by 24% to £46.81m (31 October 2020: £37.89m). The increase reflected both the growth and commodity price inflation.

During the financial year, the share price traded in a range between a low of £2.85 in November 2020 and a high of £5.92 in August 2021.

DIVIDEND

The Board is pleased to propose an increased final dividend of 10.50p per share to be paid on 29 April 2022 (2020: 10p per share) to shareholders on the register as at 1 April 2022. Together with the interim dividend of 5.00p per share, paid on the 29 October 2021, this makes a total dividend of 15.50p per share for the year (2020: 14.60p), an increase of 6%. The final dividend is subject to shareholder approval at the forthcoming AGM on 22 March 2022.

We are proud to note that the total dividend represents the eighteenth consecutive year of dividend growth since Wynnstay joined AIM in 2004.

BOARD AND COLLEAGUES

The Board would like to acknowledge the dedication and hard work of the Wynnstay Team over the year. Working under the additional challenges created by the coronavirus pandemic, our staff have continued to provide our customers with an exemplary service, and on behalf of the Board I would like to thank everyone for their vital contribution to these excellent results.

We were delighted to welcome new staff to the team. Over the year we appointed Paul Jackson as Commercial Sales & Marketing Director and Steve Reading as Group Engineering Manager. Lewis Davies, who has been involved in the creation of our ESG strategy also assumed the role of Environmental and Sustainability Manager. These new roles support our long-term growth plans.

At the AGM in March 2021, Jim McCarthy stepped down as Chairman to become a Non-executive Director, subsequently retiring from the Board and Group in July 2021 after ensuring a smooth handover. On behalf of everyone at Wynnstay, I would like to thank him for his tremendous service to the Group over 10 years, the last eight years as Chairman. His insights and counsel have contributed significantly to Wynnstay's development, and we wish him well in his retirement.

On 1 July 2021, we were very pleased to appoint Catherine Bradshaw as a Non-executive Director. She has also assumed the role of Chairman of the Audit and Risk Committee. Catherine has over 20 years' experience in financial and general management roles, and is Group Financial Controller of Greencore Group plc, a leading UK manufacturer of convenience food, having joined the FTSE 250 listed business in 2015. Prior to this, she worked in senior financial positions at Wm Morrison Supermarkets plc and Northern Foods plc, the food manufacturer. She further strengthens the Board with her knowledge and experience, and we are delighted to welcome her to the Group.

OUTLOOK

The UK agricultural sector is emerging from a prolonged period of uncertainty created by Brexit. However, farmer sentiment has greatly improved and the sector has returned to investment, with the landmark UK Agriculture Act providing clarity over future financial support to farmers. Whilst there is a significant level of general economic uncertainty and rising costs, with farmgate prices remaining strong, prospects for the industry continue to be very encouraging.

In the near term, there are challenges for our business, with cost inflation, security of supply of overseas product and the coronavirus situation receiving our full attention. Nonetheless, we believe that Wynnstay is well-positioned to continue its long-term growth and development. We have a clear strategy for growth, balanced business model, and strong financial underpinning, with a robust balance sheet and good cash flows. There is also an important role for us to play in supporting our farmer customers as they begin to adjust their farming practises in the light of the new Agriculture Act, which aims to boost productivity and reward environmental improvements in the farming sector.

Trading in the new financial year has started well, and we view the year ahead with confidence and expect the Group to deliver its ongoing growth objectives.

Steve Ellwood
Chairman
1 February 2022

"Prospects for the industry continue to be very encouraging. Wynnstay is well-positioned to continue its long-term growth and development."

Datganiad y Cadeiryd

Mae'n bleser gennyf adrodd y canlyniadau uchaf erioed yn fy natganiad blynyddol cyntaf ers dod yn Gadeirydd

TROSOLWG

Mae'n bleser gennyf adrodd y canlyniadau uchaf erioed yn fy natganiad blynyddol cyntaf ers dod yn Gadeirydd ym mis Mawrth 2021. Cynyddodd elw cyn treth* sylfaenol 37% i osod uchafbwynt newydd o £11.44m (2020: £8.37m) a chynyddodd refeniw o 16% i £500.39m (2020: £431.40m), sydd hefyd yn gosod record newydd. Roedd y ddau ganlyniad hyn gryn dipyn yn well o gymharu â disgwyliadau cychwynnol y farchnad. Cododd enillion sylfaenol fesul cyfranddaliad, gan gynnwys eitemau anghylchol, 60% i'r lefel uchaf erioed, sef 44.40c (2020: 27.73c).

Roedd perfformiad cryf iawn y Grŵp wedi elwa ar gynnydd sylweddol yn hyder ffermwyr wrth i brisiau gât y fferm gryfhau, ac wrth i'r ansicrwydd ynghylch Brexit a chefnogaeth y Llywodraeth i amaethyddiaeth yn y dyfodol godi. Daeth model busnes cytbwys y Grŵp i'r amlwg unwaith eto, gan sicrhau nad oeddem yn rhy agored i amrywiadau unrhyw sector unigol.

Yn ogystal, arddangosodd staff Wynnstay wytnwch ac ymrwymiad yn ystod y flwyddyn, gan barhau i ddarparu gwasanaeth rhagorol a di-dor i'n cwsmeriaid, er gwaethaf yr heriau ychwanegol a grëwyd gan y pandemig Coronafeirws.

Elwodd yr Is-adran Amaethyddiaeth a'r Is-adran Masnachu Amaethyddol Arbenigol ill dau o'r gwelliant sylweddol yn yr amgylchedd masnachu, yn ogystal â'r camau yr ydym wedi'u cymryd i wella cynhyrchiant ac effeithlonrwydd.

O fewn yr Is-adran Amaethyddiaeth, roedd cyfeintiau porthiant yn uwch, flwyddyn ar ôl blwyddyn, er bod costau uwch yn effeithio ar elw. Bu'r dychweliad i dunelli a chynnyrch cynhaeaf mwy arferol - yn erbyn isafbwyntiau hanesyddol y llynedd - yn hwb i weithgareddau âr yn ail hanner y flwyddyn ariannol, yn enwedig masnachu grawn. Roedd plannu'r hydref hefyd yn gryf, gan fod o fudd i werthiant hadau. Profodd cymysgu gwrtaith yn Glasson, sef ail weithredwr cymysgu gwrtaith mwyaf y DU, fantais untro sylweddol o'r cynnydd triphlyg mewn prisiau gwerthu tuag at ddiwedd y flwyddyn ariannol. Roedd yr olaf yn adlewyrchu cynnydd sylweddol ym mhris rhyngwladol nwy naturiol, a ddefnyddir i gynhyrchu gwrtaith amoniwm nitrad.

Perfformiodd yr Is-adran Masnachu Amaethyddol Arbenigol, sy'n cynnwys ein rhwydwaith depos a Youngs Animal Feeds, yn arbennig o dda, gyda chymorth gwerthiant cryf ar draws yr holl brif gategorïau, gan gynnwys porthiant a nwyddau mewn bagiau wedi'u brandio gan Wynnstay. Fe wnaethom barhau i adolygu a buddsoddi yn y rhwydwaith depos, gan wneud addasiadau fel ei fod yn parhau i fod yn sianel werthu effeithlon. Ar yr un pryd, fe wnaethom barhau i ddatblygu ein presenoldeb digidol, ar ôl lansio ein porth cwsmeriaid newydd yn hanner cyntaf y flwyddyn ariannol. Mae hyn yn rhan o'n dull gwerthu aml-sianel, ac er bod gwerthiannau digidol yn parhau i fod yn gymedrol, fel yr awgrymodd y gwaith ymchwil cyn lansio, byddwn yn parhau i wella ein hymgysylltiadau digidol â'n sylfaen cwsmeriaid.

Mae hefyd yn bleser adrodd bod ein mentrau ar y cyd, a'n cwmni cyswllt, wedi perfformio'n dda, gan gyfrannu llawer mwy na'n disgwyliadau. Mae'r ddau gaffaeliad atodol hyn, a wnaethom yn ail chwarter y flwyddyn ariannol, wedi integreiddio'n eithriadol o dda ac, yn strategol, rydym wedi elwa o ychwanegu meysydd masnachu newydd, cynnydd o ran ein sylfaen cwsmeriaid, ac ychwanegu staff ag arbenigedd a gwybodaeth leol.

STRATEGAETH TWF

Mae cynlluniau twf Wynnstay yn canolbwyntio ar dwf organig, caffaeliadau, cyngor arbenigol, ymgysylltu aml-sianel ac ESG. Ar flaen meddylfryd y Bwrdd mae ein sylfaen cwsmeriaid o ffermwyr âr a da byw, a'n dymuniad i sicrhau bod y Grŵp yn parhau i ddarparu arbenigedd a chyngor gwerthfawr iddynt, ystod eang o gynhyrchion a gwasanaethau sy'n darparu ar gyfer eu hanghenion newidiol, a lefel uchel o wasanaeth cwsmeriaid yn gyffredinol. Yn y pen draw, ein nod yw galluogi ffermwyr i dyfu bwyd mewn modd sy'n broffidiol, yn effeithlon, yn gynaliadwy ac sy'n gwella'r amgylchedd.

Dros y flwyddyn ariannol, gwnaethom gynnydd da ar draws nifer o feysydd ein strategaeth twf. Rwy'n falch iawn o dynnu sylw at y ffaith ein bod wedi:

- Parhau i ehangu ein tîm ymgynghori arbenigol;
- Cynyddu ein cyfeintiau mewn marchnadoedd porthiant allweddol yn raddol, gan gynnwys cynhyrchu llaeth ac wyau maes;
- Cynyddu cyfeintiau hadau, gan gynnwys ehangu ystod ein harlwy hadau amgylcheddol;
- Symud buddsoddiad ymlaen o ran cynyddu ein gallu i gynhyrchu bwyd anifeiliaid a chwblhau cam cynllunio cychwynnol ein rhaglen dwy flynedd er mwyn cynyddu graddfa ein gweithgareddau prosesu hadau;
- Cwblhau dau gaffaeliad atodol cyflenwol (adran amaethyddol Grŵp Armstrong Richardson, sy'n cyflenwi mewnbynnau i ffermwyr yng Ngogledd-ddwyrain Lloegr, a busnes gweithgynhyrchu gwrtaith ac asedau HELM Great Britain Limited, sydd wedi'i leoli yn Ne Swydd Efrog);
- Lansio llwyfan digidol newydd, sy'n cefnogi ein nodau aml-sianel; a
- Datblygu ein strategaeth ESG ymhellach. Mae hwn yn canolbwyntio ar ein mentrau lleihau carbon mewnol ein hunain, ac ar sut y gallwn gefnogi ein cwsmeriaid ffermio gyda'u hamcanion amgylcheddol.

CANLYNIADAU ARIANNOL

Cynyddodd refeniw'r grŵp 16% i £500.39m (2020: £431.40m), gyda'r cynnydd yn adlewyrchu cyfeintiau uwch, cyfraniad wyth mis o'n dau gaffaeliad, a chwyddiant nwyddau sylweddol.

Cododd elw cyn treth sylfaenol y Grŵp 37% i'r lefel uchaf erioed o £11.44m (2020: £8.37m). Elw cyn treth sylfaenol y Grŵp yw mesur perfformiad amgen y Bwrdd, ac mae'n cynnwys y gyfran grynswth o ganlyniadau o fentrau ar y cyd ac nid yw'n cynnwys taliadau ar sail cyfranddaliadau ac eitemau anghylchol. Cynyddodd yr elw cyn treth a adroddwyd i £10.99m (2020: £6.98m ar ôl £1.2m o eitemau anghylchol). Cynyddodd enillion sylfaenol fesul cyfran 60% i 44.40c (2020: 27.73c).

Cyfrannodd y ddwy Is-adran dwf digid dwbl, gyda chynnydd o 19% mewn refeniw gan yr Is-adran Amaethyddiaeth i £358.96m (2020: £302.58m), a chynnydd refeniw o 10% gan yr Is-adran Masnachu Amaethyddol Arbenigol i £141.43m (2020: £ 128.81m). Y cyfraniad elw gweithredol gan yr Is-adran Amaethyddiaeth oedd £4.22m (2020: £2.88m), cynnydd o 46% flwyddyn ar ôl blwyddyn, gyda'r Is-adran Masnachu Amaethyddol Arbenigol yn cynyddu ei chyfraniad 24% i £7.15m (2020: £5.78 m).

Mae'r Grŵp yn cynhyrchu llifau arian gweithredol da er, eleni, effeithiwyd ar yr arian parod a gynhyrchwyd o weithrediadau gan chwyddiant nwyddau, a'i gyfanswm oedd £11.12m (2020: £20.35m). Cynyddodd arian parod net ar ddiwedd y flwyddyn ariannol 10% i £9.24m (31 Hydref 2020: £8.42m). Mae mis Hydref fel arfer yn cynrychioli'r pwynt uchaf o arian parod net yng nghylch cyfalaf gweithio blynyddol y Grŵp.

Yn ystod y flwyddyn, cyhoeddwyd 89,687 o gyfranddaliadau cyffredin newydd (2020: 155,035) am gyfanswm arian parod cyfatebol o £0.439m (2020: £0.392m) i gyfranddalwyr presennol sy'n arfer eu hawl i dderbyn difidendau ar ffurf cyfranddaliadau newydd. Rhoddwyd 158,138 o gyfranddaliadau pellach am gyfanswm cydnabyddiaeth arian parod o £0.586m (2020: dim) i weithwyr sy'n arfer eu hawl i dderbyn opsiynau cyfranddaliadau cymeradwy.

Cynyddodd asedau net y Grŵp ar ddiwedd y flwyddyn ariannol 8% i £105.72m (31 Hydref 2020: £98.18m), sy'n uwch nag erioed. Yn seiliedig ar nifer cyfartalog pwysol y cyfranddaliadau a gyhoeddwyd yn ystod y flwyddyn ariannol o 20.120m (2020: 19.952m), mae hyn yn cyfateb i £5.25 y cyfranddaliad (2020: £4.92). Cynyddodd yr elw ar asedau net o elw cyn treth sylfaenol i 10.8% (2020: 8.6%).

Cododd buddsoddiad cyfalaf mewn asedau sefydlog, gan gynnwys asedau hawl i ddefnyddio, yn y flwyddyn ariannol i £5.85m (2020: £4.01m), a chynyddodd cyfalaf gweithio net ar ddiwedd y flwyddyn ariannol 24% i £46.81m (31 Hydref 2020: £ 37.89m). Roedd y cynnydd yn adlewyrchu twf a chwyddiant prisiau nwyddau.

Yn ystod y flwyddyn ariannol, roedd pris y cyfranddaliadau'n masnachu mewn ystod rhwng yr isafbwynt o £2.85 ym mis Tachwedd 2020 a'r uchafbwynt o £5.92 ym mis Awst 2021.

DIFIDEND

Mae'r Bwrdd yn falch o gynnig difidend terfynol uwch o 10.50c y cyfranddaliad i'w dalu ar 29 Ebrill 2022 (2020: 10c y cyfranddaliad) i gyfranddalwyr sydd ar y gofrestr ar 1 Ebrill 2022. Ynghyd â'r difidend interim o 5.00c y cyfranddaliad, a dalwyd ar 29 Hydref 2021, mae hyn yn gwneud cyfanswm difidend o 15.50c y cyfranddaliad ar gyfer y flwyddyn (2020: 14.60c), sef cynnydd o 6%. Mae'r difidend terfynol yn amodol ar gymeradwyaeth cyfranddalwyr yn y Cyfarfod Cyffredinol Blynyddol sydd i ddod ar 22 Mawrth 2022.

Rydym yn falch o nodi bod cyfanswm y difidend yn cynrychioli'r ddeunawfed flwyddyn yn olynol o dwf difidend ers i Wynnstay ymuno ag AIM yn 2004.

Y BWRDD A CHYDWEITHWYR

Hoffai'r Bwrdd gydnabod ymroddiad a gwaith caled Tîm Wynnstay dros y flwyddyn. Gan weithio o dan yr heriau ychwanegol a grëwyd gan y pandemig Coronafeirws, mae ein staff wedi parhau i ddarparu gwasanaeth rhagorol i'n cwsmeriaid, ac ar ran y Bwrdd hoffwn ddiolch i bawb am eu cyfraniad hanfodol i'r canlyniadau rhagorol hyn.

Roedd yn bleser gennym groesawu aelodau staff newydd i'r tîm. Yn ystod y flwyddyn, penodwyd Paul Jackson yn Gyfarwyddwr Gwerthiant a Marchnata Masnachol a Steve Reading yn Rheolwr Grŵp Peirianneg. Mae Lewis Davies, sydd wedi bod yn ymwneud â chreu ein strategaeth ESG hefyd wedi cymryd rôl y Rheolwr Amgylcheddol a Chynaliadwyedd. Mae'r rolau newydd hyn yn cefnogi ein cynlluniau twf hirdymor.

Yn y Cyfarfod Cyffredinol Blynyddol ym mis Mawrth 2021, ymddiswyddodd Jim McCarthy fel Cadeirydd i ddod yn Gyfarwyddwr Anweithredol, gan ymddeol o'r Bwrdd a'r Grŵp ym mis Gorffennaf 2021, ar ôl sicrhau trosglwyddiad llyfn. Ar ran pawb yn Wynnstay, hoffwn ddiolch iddo am ei wasanaeth aruthrol i'r Grŵp dros 10 mlynedd, yr wyth mlynedd diwethaf fel Cadeirydd. Mae ei fewnwelediad a'i gyngor wedi cyfrannu'n sylweddol at ddatblygiad Wynnstay, a dymunwn yn dda iddo yn ei ymddeoliad.

Ar 1 Gorffennaf 2021, roeddem yn falch iawn o benodi Catherine Bradshaw yn Gyfarwyddwr Anweithredol. Mae hi hefyd wedi ymgymryd â rôl Cadeirydd y Pwyllgor Archwilio a Risg. Mae gan Catherine dros 20 mlynedd o brofiad mewn rolau rheoli ariannol a chyffredinol, a hi yw Rheolwr Ariannol Grŵp Greencore ccc, un o brif gynhyrchwyr bwyd cyfleus y DU, ar ôl ymuno â'r busnes, sydd wedi'i restru ar y FTSE 250, yn 2015. Cyn hynny, bu'n gweithio fel uwch reolwr ym maes cyllid gyda WM Morrison Supermarkets ccc a Northern Foods ccc, y gwneuthurwr bwyd. Mae'n cryfhau'r Bwrdd ymhellach gyda'i gwybodaeth a'i phrofiad, ac rydym yn falch iawn o'i chroesawu i'r Grŵp.

RHAGOLYGON

Mae sector amaethyddol y DU yn adfywio ar ôl cyfnod hir o ansicrwydd a grëwyd gan Brexit. Fodd bynnag, mae teimladau ffermwyr wedi gwella'n fawr ac mae'r sector wedi dychwelyd at fuddsoddi, gyda Deddf Amaethyddiaeth y DU yn rhoi eglurder ynghylch cymorth ariannol i ffermwyr yn y dyfodol. Er bod lefel sylweddol o ansicrwydd economaidd cyffredinol a chostau cynyddol, gyda phrisiau gât y fferm yn parhau'n gryf, mae'r rhagolygon ar gyfer y diwydiant yn parhau i fod yn galonogol iawn.

Yn y tymor agos, mae heriau i'n busnes, gyda chwyddiant costau, sicrwydd cyflenwad cynyrch tramor a sefyllfa'r Coronafeirws yn cael ein sylw llawn. Serch hynny, credwn fod Wynnstay mewn sefyllfa dda i barhau gyda'i dwf a'i ddatblygiad hirdymor. Mae gennym strategaeth glir ar gyfer twf, model busnes cytbwys, a sylfaen ariannol gref, gyda mantolen gadarn a llif arian da. Yn ogystal, mae yna rôl bwysig i ni ei chwarae wrth gefnogi ein cwsmeriaid sy'n ffermwyr wrth iddynt ddechrau addasu eu harferion ffermio yng ngoleuni'r Ddeddf Amaethyddiaeth newydd, sydd â'r nod o hybu cynhyrchiant a gwobrwyo gwelliannau amgylcheddol yn y sector ffermio.

Mae masnachu yn y flwyddyn ariannol newydd wedi dechrau'n dda, ac rydym yn edrych ar y flwyddyn sydd i ddod yn hyderus ac yn disgwyl i'r Grŵp gyflawni ei amcanion twf parhaus.

Steve Ellwood
Cadeirydd
1 Chwefror 2022

"Mae'r rhagolygon ar gyfer y diwydiant yn parhau i fod yn galonogol iawn. Mae Wynnstay mewn sefyllfa dda i barhau gyda'i dwf a'i ddatblygiad hirdymor"

BUSINESS SNAPSHOT -

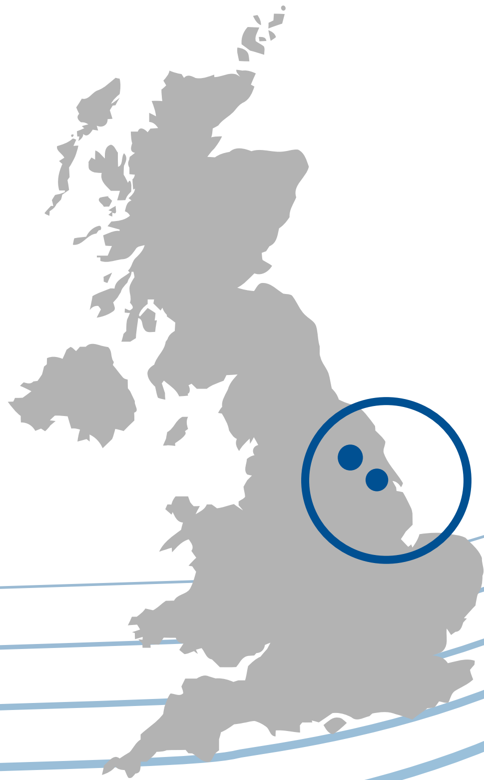
Expansion in the East

As part of our ongoing expansion programme, we announced the acquisition of two complementary bolt-on businesses in the eastern side of the UK during 2021.

We acquired AR Agriculture, the agricultural division of the Armstrong Richardson Group, who supply a wide range of agricultural inputs including seed, fertiliser and feed along with grain trading services to arable farmers in the North East of England.

Glasson Grain Ltd also acquired the fertiliser manufacturing business of HELM Great Britain, based in the port of Howden near Goole. The business produces and wholesales blended fertiliser and increases the Group's fertiliser manufacturing capacity and provides the opportunity for further sales expansion in the area.

The two acquisitions extended our geographic reach and strengthened our specialist teams in the region.



BUSINESS SNAPSHOT -
Glasson Grain

Glasson Grain Ltd is based at the port of Glasson Dock, near Lancaster and was acquired by the Wynnstay Group in 2006. The company was originally 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.

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 Grain Limited are the second largest blender of fertiliser in the UK, operating from sites at Montrose, Goole, Winmarleigh, Birkenhead, and most recently at the Port of Howden following the acquisition of the fertiliser manufacturing business of HELM Great Britain in 2021.

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

Chief Executive's Review

The Group's results are at record levels and are significantly ahead of our original expectations

INTRODUCTION

The Group's results are at record levels and are significantly ahead of our original expectations. Strong farmgate prices and improved farmer sentiment helped to support these excellent results as well as the initiatives we have taken to strengthen the business and our continuing strong focus on advice and customer service. The breadth of the Group's agricultural activities across the arable and livestock sectors also continued to provide a strong underpinning to the Group's performance, balancing sector variations.

The Group managed the challenges created by the ongoing coronavirus pandemic well. These included supply chain and labour disruptions. We have also managed inflationary pressures, which caused certain operational costs to increase.

The Agriculture Division experienced a strong second half with arable operations benefiting from a more normal harvest compared to the exceptionally poor harvest in 2020, when yields and tonnage declined to a 39-year low. Grain trading volumes and autumn seed sales in the second half were both strong. Fertiliser blending activities at Glasson greatly outperformed expectations, experiencing a one-off boost from existing stock after sharp price increases towards the end of the second half, which arose from the global price rise in natural gas, a key fertiliser ingredient.

Feed sales were higher year-on-year and ahead of the national trend. We increased sales in dairy and free-range poultry feed, two markets that we are particularly targeting. Higher production and distribution costs, however, squeezed overall feed margins. The Group's on-farm feed specialists continue to provide customers with advice on best feed usage.

The Specialist Agricultural Merchanting Division performed exceptionally well, with higher sales and a significant increase in profits against last year. There was strong demand across all major categories, including Wynnstay-produced bagged feed, hardware, animal health and milk replacers.

Our joint venture businesses, especially Bibby Agriculture Limited and WYRO Developments Limited, also delivered a performance above our expectations.

The two bolt-on acquisitions acquired respectively in February and March 2021 integrated well, and contributed to the strength of these results. Both have extended our geographical trading area in the eastern side of England.

Our new digital trading portal, launched in the first half of the financial year, is seeing further steady adoption by customers, and we are also providing advice via regular podcasts, featuring both guest specialists and Wynnstay experts.

We continue to invest in our sites, operations and staff. In addition to our ongoing investment to increase the Group's seed processing capacity and update the seed plant at Astley with new technologies, we are now well-advanced in the planning stages of our investment programme to increase our manufacturing capacity at Carmarthen Mill.

ESG factors constitute an important pillar of the Company's growth strategy. Following the appointment of our Environmental and Sustainability Manager in February 2021, we have commenced a number of new initiatives to reduce the Group's carbon emissions. We are also continuing to expand the range of products and services that will support the transition farmers are making under the new Agriculture Act, which links financial support to environmental priorities. We see the Group playing an important role in supporting farmers as they transition to the new Environmental Land Management Scheme ("ELMS").

The Agriculture Division experienced a strong second half with arable operations benefiting from a more normal harvest compared to the exceptionally poor harvest in 2020

REVIEW OF ACTIVITIES

Agriculture Division

The Agriculture Division manufactures and processes feed, fertiliser and seed in addition to selling a comprehensive range of agricultural inputs that cater for the needs of livestock and arable farmers. Our teams of specialist advisors help our farmer customers to produce food in a more sustainable, environmentally friendly and profitable way.

Glasson Grain Limited and GrainLink, the Group's crop marketing business, are also reported within this Division.

Total revenue within the Division rose by 19% to £358.96m (2020: £302.58m) and operating profit increased by 47% to £4.22m (2020: £2.88m).

Feed Products

Feed activities encompass feed for dairy, beef, sheep and free range egg producers. This wide offering provides an internal hedge against sector variations. In addition, we sell feed raw materials, liquid feeds and feed supplements. Feed is manufactured both in bulk form, which is delivered direct to farm, and bagged form. In bagged form, it is predominantly marketed under our well-known 'Wynnstay' brand and sold through our depot network.

Total feed volumes were 6.5% above the previous year and higher than the national trend. However, operating profit was affected by higher manufacturing, distribution and raw material costs and was in line with the previous year. Pleasingly, we increased volumes within the dairy and poultry sectors, both key growth areas for us, and expanded sheep feed volumes. Our team of Youngstock advisors have further enhanced our position as market leader in the milk replacer sector.

With sustainable agriculture embedded in our strategy, we introduced a range of climate-friendly feed diets during the year. These incorporate sustainably-produced raw materials, including soya and palm kernel. We plan to launch a range of ruminant diets that will include a feed ingredient that reduces methane emissions and is endorsed by the Carbon Trust. We expect demand for our climate-friendly rations to grow strongly. Our on-farm advisors are also working with customers to help them deliver their desired environmental objectives. Our bagged feed is now packaged within plastic bags that contain a minimum of 30% recyclable plastic, and we continue to work with our suppliers to increase this proportion further.

We continued to focus on improving our feed manufacturing efficiencies. We achieved record production at our factory at Llansantffraid, and will be accelerating our investment programme at our feed mill at Carmarthen during the coming year.

We expect feed demand throughout the winter months to remain strong as fodder, although in abundant supply, is of varying quality. In addition, agricultural commodity prices remain high, with milk prices likely to increase further, which will support feed demand. However, we also expect margins to come under pressure, reflecting the very volatile raw material market and higher energy, fuel and labour costs.

Arable Products

Our arable operations supply a wide range of services and products to arable and grassland farmers. These include seeds, fertilisers and agro -chemicals, as well as grain marketing services.

After a difficult first half, which reflected the exceptionally poor planting season and poor harvest in 2020, arable operations delivered a strong second half performance.

Grain trading performance for the year as a whole was better than the prior year, with improved margins. While, as previously stated, this is against a poor comparative, the financial contribution from this activity was ahead of our expectations.

Sales of both cereal and grass seed were strong in the second half, after weaker first half sales. Grass seed sales for the year were higher than the previous year, including the contribution from our acquisition. This was a pleasing result and like-for-like sales although slightly down on the prior year, performed better than national sales, which decreased by 10% year-on-year.

In line with our environmental strategy, we continued to extend our environmental seed offerings and, in March 2021, also appointed an Environmental Seed Specialist. Our objective is to offer arable farmers sustainable, environmentally-friendly seed mixtures, which include pollinators and deep-rooted herbs. We started planning for our two-year investment programme at our seed plant in Astley. We are assessing our processing options within the East of England, and in the meantime, continue to work with partners to process cereal seed in the region.

Fertiliser sales within Wynnstay Agricultural Supplies Limited decreased by 7% year-on-year. This reflected three main factors; reduced demand as a result of adverse growing conditions in the spring, the good grass-growing summer, and the dramatic rise in fertiliser prices, which tripled towards the end of the financial year. Fertiliser prices rose significantly as a result of the sharp increase in the price of natural gas, which is used to produce ammonium nitrate, the key ingredient of high-nitrogen fertiliser.

Farmers within Wales are now preparing to comply with nitrate pollution prevention legislation, which aims to reduce losses of nitrogen from agriculture to water. This follows a decision to designate the whole of Wales as a Nitrate Vulnerable Zone ("NVZ"), with full compliance expected from 2024. We are therefore ensuring that relevant members of our teams are qualified under the Fertiliser Advisers Certification and Training Scheme ("FACTS"), and expect to work with an increasing number of customers on fertiliser application strategies and manure management.

Cereal and oilseed rape prices have been extremely strong, rising to record levels over recent months. This supports our positive view of prospects for the sector, although farm costs have also increased significantly and there are also labour challenges affecting transportation.

Glasson Grain Limited

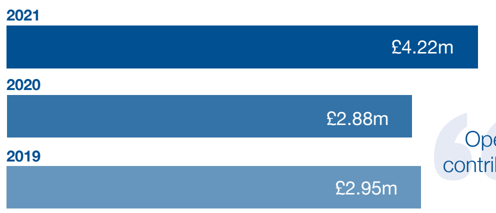
Glasson Grain Limited ("Glasson") operates from Glasson dock, near Lancaster, and has three core activities, fertiliser blending, the supply of feed raw materials, and the manufacture of added-value products to specialist animal feed retailers.

Glasson's performance was ahead of our expectations, with results reaching a record high. Fertiliser blending activities achieved record

Agriculture - Revenue (note 2, pages 69-70)

"Up 19% after an increase in feed volumes, arable activities returning to more normal harvest tonnages and a good autumn 2021 planting season, and outperformance by Glasson."

Agriculture - Segment Result (note 2, pages 69-70)



"Operating profit contribution up 47%"

AGRICULTURE SITES

volumes and well above budgeted margins in the second half of the year. Already holding stock, Glasson experienced an exceptional benefit from the substantial increase in fertiliser raw material prices across the market in the second half of the financial year. The feed raw material trading operations also delivered a strong performance reflecting buoyant demand. Specialist animal feed volumes, which includes bird, equine and game feed, were impacted by the effects of coronavirus restrictions, which reduced demand.

The fertiliser blending business of HELM Great Britain Limited, in South Yorkshire that we acquired in March 2021, has been integrated into Glasson, and performed very well. Its acquisition has consolidated Glasson's position as the second largest fertiliser blending operator in the UK.

During the second half, we completed a restructuring of the operations, discontinuing non-core activities, such as stevedoring. This has left Glasson now wholly concentrated on growing its core activities.

SPECIALIST AGRICULTURAL MERCHANTING DIVISION

The Specialist Agricultural Merchanting Division comprises a network of 54 depots located within predominantly livestock areas of England and Wales. Its activities are supported by supplementary routes to market, which include specialist catalogues, our sales trading desk and our digital sales platform. The depots work closely with our sales specialists to provide customers with in-depth advice. The Division also includes Youngs Animal Feeds, our specialist wholesale business. Youngs Animal Feeds manufactures and markets a range of equine products throughout Wales and the Midlands.

The Division delivered very strong results, with total revenue increasing by 10% to £141.43m (2020: £128.81m), and like-for-like revenue, defined as those depots open for twelve months in both the reporting and prior periods, up 12%. Operating profit rose by 24% to £7.15m (2020: £5.78m).

Wynnstay Depots and Youngs Animal Feeds

The excellent performance the Division delivered reflected increased farmer confidence and a return to farm investment. Sales were especially strong across Wynnstay-branded bagged feed, animal health products, milk replacers and agricultural hardware, which includes fencing and farm metalwork products. While there were supply chain challenges with some products over the year, caused by the coronavirus situation and Brexit-related delays, our broad pool of suppliers minimised the disruption.

We continued with our depot optimisation programme, and amalgamated the distribution depot at Cleersview in Somerset with the depot at Sedgemoor. We also purchased the site we previously leased at Llangadog. This has enabled us to increase storage space and improves customer service levels in the locality.

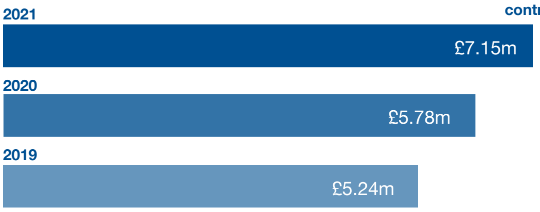
Youngs Animal Feeds performed strongly, and significantly ahead of the prior year. The closure of the Huyton store at the end of the previous year removed material costs, benefiting profitability. During the year, we rebranded our in-house produced feed fibre products as 'Sweet Meadow' and are targeting new markets for this sector-leading product.

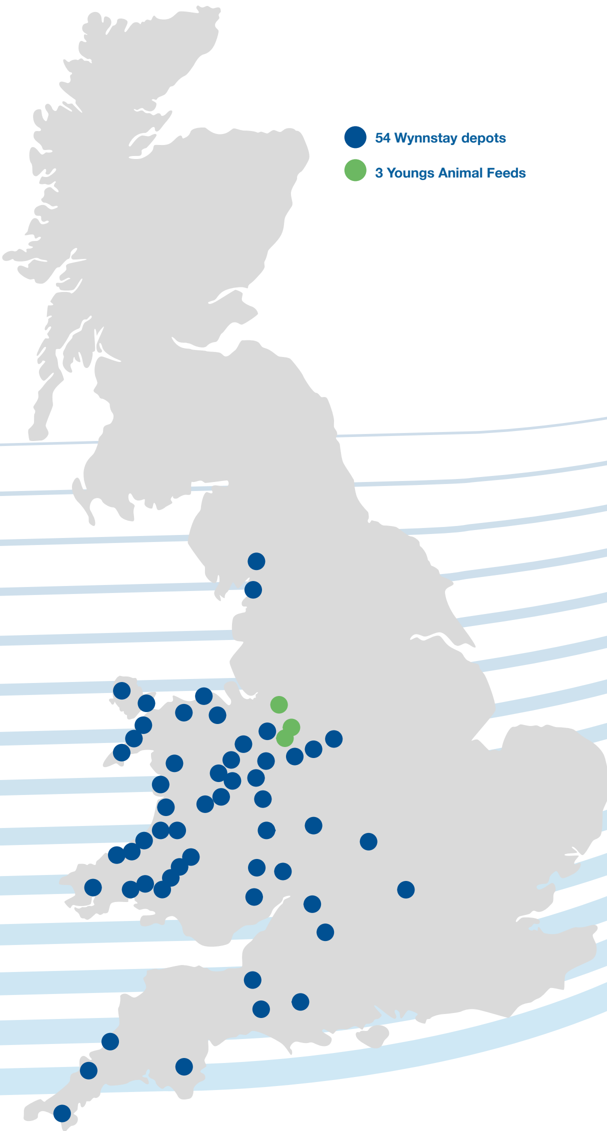
Specialist Agricultural Merchanting - Revenue (note 2, pages 69 – 70)

"Revenue up 10%"

Specialist Agricultural Merchanting - Segment Result (note 2, pages 69 – 70)

"Operating profit contribution up 24%"





"The Specialist Agricultural Merchanting Division performed exceptionally well, with higher sales and a significant increase in profits against last year"

Chief Executive's Review continued

JOINT VENTURES AND ASSOCIATE COMPANY

Wynnstay has three joint venture companies, Bibby Agriculture Limited, WYRO Developments Limited and Total Angling Limited, as well as one associate company, Celtic Pride Limited. The combined operating profit contribution from these companies was significantly better than expected.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

We are committed to achieving net carbon zero across the Group by 2040, and a key pillar of our growth strategy is to help farmers feed the UK in a more sustainable way.

We believe that Wynnstay is well-positioned to offer solutions at all points of food production through a 'whole farm' approach. There are significant gains to be made in reducing carbon emissions through the use of precision-farming techniques. These include precise nutrient use for crops and livestock feeding management. Management of soil within a sustainable rotation is also key to environmental outcomes. As mentioned, earlier, we are working on extending our range of products and services that support environmental goals and a more sustainable approach to farming.

We have formed a trading partnership with Caplor Energy, which installs, maintains and services alternative energy systems and storage on farms. The partnership will enable us to provide our extensive customer base of farmers and growers with the opportunity of generating and storing their own renewable electricity on their farms.

Within the business we have continued to implement initiatives to reduce energy consumption and carbon emissions. LED lighting continues to be installed across the operations and our distribution fleet is making greater use of electric forklifts, hybrid cars, and B20 fuel.

The appointment of Lewis Davies as Environmental and Sustainability Manager in February 2021 was designed to further accelerate the development of our ESG strategy. He was previously involved with the creation of Wynnstay's sustainability objectives, which encompass raw materials sourcing, waste management and energy efficiency as primary areas of focus. He is also a member of the sustainability committee of the agrisupply industry's leading trade association, the Agricultural Industries Confederation (AIC), and will act as a representative for Wynnstay as the Company works with its peers to promote increased sustainability throughout UK agriculture. Wynnstay is also a corporate member of Linking Environment and Farming ("LEAF"), which works with farmers, the food industry, scientists and consumers to encourage and enable sustainable farming. LEAF also campaigns to increase public understanding of, and demand for, environmentally and sustainably sourced product.

Social and charitable contributions are important to the Group. In order to raise money, encourage regular exercise and promote general well-being, we initiated a "North to South" challenge. Colleagues, their friends and family were invited to see how many times they could walk, run, swim or cycle 644 miles, which equates to the distance between our most northerly office in Montrose and our most southerly store in Helston. The monies raised from the challenge were donated to our nominated charity, the Royal Agricultural Benevolent Institution, which supports farming families in times of need.

The Board remains committed to the highest standards of appropriate corporate and commercial governance to support the delivery of long term shareholder value.

COLLEAGUES

My colleagues throughout the business have performed exceptionally well in a trading environment where pandemic considerations remained paramount. They continued to prioritise the health and welfare of their fellow colleagues and customers while keeping the business operating smoothly.

I am extremely grateful for everyone's hard work, commitment and team-minded approach, which has contributed greatly to these record results. I would like to thank all our employees for their outstanding efforts.

"Colleagues throughout the business have performed exceptionally well in a trading environment where pandemic considerations remained paramount"

OUTLOOK

The trading environment has improved significantly, and farmer sentiment across the agricultural sector is strong. Most farmers are experiencing high value returns for their products, and the Agriculture Act has brought clarity over financial support arrangements for farmers following the UK's departure from the European Union. The current level of financial support from the UK Government will remain unchanged until 2024, with a transition period thereafter, which will provide stability to the industry over the medium term.

Following Brexit, the UK Government has agreed a number of trade deals with non-EU countries. Although some of these deals may also have increased the opportunity for agricultural food imports to enter the UK, they have opened up new markets across the world, at a time when global demand for food is continuing to increase.

Against this positive trading backdrop, there are some near term pressures for farmers, with farm input inflation and increased operational costs.

Nonetheless, we remain confident about Wynnstay's growth prospects. We continue to invest across the Group in line with our strategic growth plans. We are increasing manufacturing and distribution capacity and efficiency, extending our environmental offering, and continuing with our depot optimisation programme.

Ensuring that we are in a position to assist customers with expert advice remains critically important. The new Agriculture Act, which has introduced a support system very different to CAP, by aligning financial support to sustainability and environmental concerns, makes this aspect of our service all the more relevant. We are placing significant emphasis on sourcing sustainably produced products and materials to supply to our customers, as well as increasing the Group's specialist knowledge base. This will help to reinforce our position as a trusted supplier of choice to farmers as they transition to the new requirements under the Agriculture Act, including ELMS.

While digital purchasing of agricultural inputs is still relatively low amongst our customer base, we continue to invest in our new digital platform and to increase the ways in which we communicate and engage digitally with customers.

Trading in the new financial year has started in line with expectations. The agricultural backdrop is currently strong and Wynnstay is well positioned to grow the business, both organically and by acquisition. We are confident that our strategic growth plans, strong cash flows, robust balance sheet and balanced business model, stand us in good stead for continuing success into the medium term

"The agricultural backdrop is currently strong and Wynnstay is well positioned to grow the business"

Gareth Davies

Chief Executive Officer

1 February 2022

BUSINESS SNAPSHOT -
Specialist events

In line with our strategy of offering technical advice, we host two specialist events for our customers, namely The Arable Event and The Sheep & Beef Event. The COVID-19 pandemic has prevented these events from taking place in recent years, however, we have planned for their return in 2022.

The Sheep and Beef Event was originally established in 2015 and attracted over 800 sheep and beef farmers to the most recent event held. The event hosts practical demonstrations, trade stands and keynote speakers offering expert advice for the red meat sector. We plan to hold the event in October 2022.

The Arable Event was established in 2012 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 trial plots of selected varieties, keynote speakers, machinery demonstrations and a host of trade stands. We are pleased to confirm that the event will return in 2022 and is scheduled to take place on the 15th June.

These events 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.

SHEEP & BEEF EVENT

Arable Event

GrainLink

BUSINESS SNAPSHOT -

Depot's national recognition for customer service

During the year the team at our Llanfair Caereinion depot were recognised for their excellent customer service.

Ceri Jones, Manager at the depot was awarded the Special Achievement Award at the National SQP Awards in recognition of her and her team's efforts in going above and beyond for their customers during the pandemic.

The depot is well established in the town and services a very loyal farming community in the area. When the pandemic hit, they were challenged with higher levels of footfall alongside evolving restrictions and new health and safety guidelines to adhere to. The team in the depot worked tirelessly to serve their customers to the highest standards in the safest way possible. This has been evident across our network of 54 depots which all play a vital part in servicing the rural communities in which they operate.

Strategic Report

Finance Review

The Board are pleased with the financial performance of the Group during the year which continues to demonstrate the value to be generated from the balanced business model

TRADING RESULTS

The Group's operations continue to be split into two main divisional segments for reporting purposes, 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 with transactions recorded in this segment being immaterial to the overall results of the Group.

A summary of the trading conditions experienced by the business over the last financial year is provided in the Chief Executive's Review on pages 13-18, and includes details of the acquisitions made during the year.

Group revenue in the period grew to £500.39m (2020: £431.40m), with the increase being a combination of increased volumes, new acquisitions, and significant commodity inflation during the year. Most of these factors occurred in the Agriculture division where sales increased by over £56m or 18.6% to £358.96m (2020: £302.58m). The Specialist Agricultural Merchanting division also saw strong revenue growth of 9.8% to £141.43m (2020: £128.81m), although the comparative period would have included some trading restrictions implemented during the early Coronavirus lockdowns. Like for like activities in this division, which are defined as those depots open for twelve months in the reporting and prior periods, increased by 12% due to the closure of some depots.

Group adjusted[1] operating profit was £11.09m (2020: £8.14m), and profit before taxation was £10.99m (2020: £6.98m). 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 £11.44m (2020: £8.37m). A reconciliation with the reported income statement and this measure, together with the reasons for its use is given below:

£000	2021	2020
Profit before tax	**10.991**	6,981
Share of tax incurred by joint ventures & associates	**105**	100
Share-based payments	**343**	96
Non-recurring items	**-**	1,194
Underlying pre-tax profit	**11,439**	8,371

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. 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 £4.22m (2020: £2.88m), while our Specialist Merchanting division produced £7.15m (2020: £5.78m). Other activities generated a small loss of £0.09m (2020: £0.12m).

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

Taxation

The Group's tax charge including joint ventures of £2.16m (2020: £1.55m) represents 19.5% (2020: 21.9%) of the Group pre-tax profit of £11.09m (2020: £7.08m), returning to a more normalised level after last year's additional deferred tax provisions relating to the recalculation of these at a higher rate. A reconciliation relating to Group's tax charge and Group pre-tax profit is shown:

£000	**2021**	2020
Group's tax charge		
Taxation	**2,057**	1,448
Share of tax incurred by associate and joint venture	**105**	100
	2,162	1,548
Group pre-tax profit from continuing operations		
Profit before taxation from operations	**10,991**	6,981
Share of tax incurred by joint ventures and associates	**105**	100
	11,096	**7,081**

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 & Dividend

Basic earnings per share were 44.40p (2020: 27.73p), based on a weighted average number of shares in issue during the year of 20.120m (2020: 19.952m). The Board proposes to recommend the payment of a final dividend of 10.50p per share to be paid on the 29 April 2022, which when added to the interim dividend of 5.00p per share paid on the 29 October 2021, makes a total of 15.50p for the year (2020: 14.60p), an increase of 6.2%. The total dividend is expected to be covered around 2.80 times (2020: 1.90 times) by earnings after non-recurring items. The total dividend represents the eigthteenth consecutive year of payment growth since the business was floated on the Alternative Investment Market of the London Stock Exchange in 2004. This current dividend cover remains within the range which can support the continuing progressive policy. Current Company distributable reserves amount to £16.47m, (2020: £15.82m) and are adequate to cover over five years of current dividend payment levels. Adequate anticipated cash resources and future cash 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.

Cashflow and Net Cash

The business continues to generate positive strong operational cashflow, although during the year the previously mentioned commodity inflation has required a significant increase in working capital which has absorbed an element of the free cash generation. Cash generated from operations amounted to £10.55m (2020: £19.83m), and such circumstances highlight the importance of maintaining adequate headroom in bank facilities which the Group has continued to operate. Despite this pressure the Group still reported a total positive net cash position at the year end of £9.24m (£8.42m). Excluding the classification of land & building leases as debt, in accordance with the basis on which the Group's banking covenants are calculated, the net cash position was £15.46m (2020: £14.71m). The October year end does represent the trough of the Group's annual seasonal working capital cycle and therefore usually the highest cash position.

Share Capital and Balance Sheet

During the year a total of 89,687 (2020: 155,035) new ordinary shares were issued for a total equivalent cash amount of £0.439m (2020: £0.392m) to existing shareholders exercising their right to receive dividends in the form of new shares. A further 158,138 shares were issued for a total cash consideration of £0.586m (2020: Nil) to employees exercising rights over approved share options.

Group net assets exceeded £100m for the first time during the year, and at the year end amounted to £105.72m (2020: £98.18m). Based on the weighted average number of shares in issue during the year of 20.120m, (2020: 19.952m) this represented a net asset value per share of £5.25 (2020: £4.92). During the financial year the share price traded in a range between a high of £5.92 in August 2021 and a low of £2.85 in November 2020. Based on these balance sheet values, Return on Net Assets from Underlying Pre-tax profits was 10.8% (2020: 8.6%).

Capital investment in fixed assets including right of use assets amounted to £5.85m (2020: £4.01m) in the year, and net Working Capital, which is defined as, the net of inventory, trade and other receivables and trade and other payables, increased by 23.5% as at the year end, standing at £46.81m (2020: £37.89m), with the increase created by the expansion of the business and commodity price inflation.

Key Performance Indicators

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

REVENUE:

The invoiced value of sales from the Group's activities, measured at a fair value net of all rebates and excluding value added tax. £500.39m (2020: £431.40m).

EBITDA:

Earnings before interest, tax, depreciation and amortisation, and excluding non-recurring costs, and share-based payment expense. £18.21m (2020: £14.15m). A reconciliation of this measure to reported IFRS profit before tax is provided below:

£000	**2021**	2020
IFRS reported pre-tax profit	**10,991**	6,981
Tax on joint venture and associate income	**105**	100
Net profit on disposal of assets	**(74)**	(117)
Interest	**190**	272
Depreciation & ROU amortisation	**6,139**	6,178
Intangible amortisation, goodwill impairment and share-based payments	**477**	132
Other non-cash charges	**386**	601
EBITDA	**18,214**	14,147
Operating lease payments – repayment of debt	**(2,419)**	(2,490)
EBITDA after operating lease payments	**15,795**	11,657

EARNINGS PER SHARE:

Profit for the year after taxation divided by the weighted average number of shares in issue during the year 44.40p (2020: 27.73p).

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. £11.44m (2020: £8.37m).

RETURN ON NET ASSETS:

Underlying pre-tax profit, with intangible amortisation added back, divided by the balance sheet net asset value. 10.8% (2020: 8.6%)

NET ASSETS PER SHARE:

The balance sheet net asset value, divided by the weighted average number of shares in issue during the year. £5.25 (2020: £4.92).

The Board are pleased with the financial performance of the Group during the year which continues to demonstrate the value to be generated from the balanced business model operated for many years and which forms the basis for the continuing strategy focusing on customers in the dairy, free range egg, high input beef & sheep and arable sectors of UK farming.

Paul Roberts
Finance Director
1 February 2022

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BUSINESS SNAPSHOT -
Multichannel offering

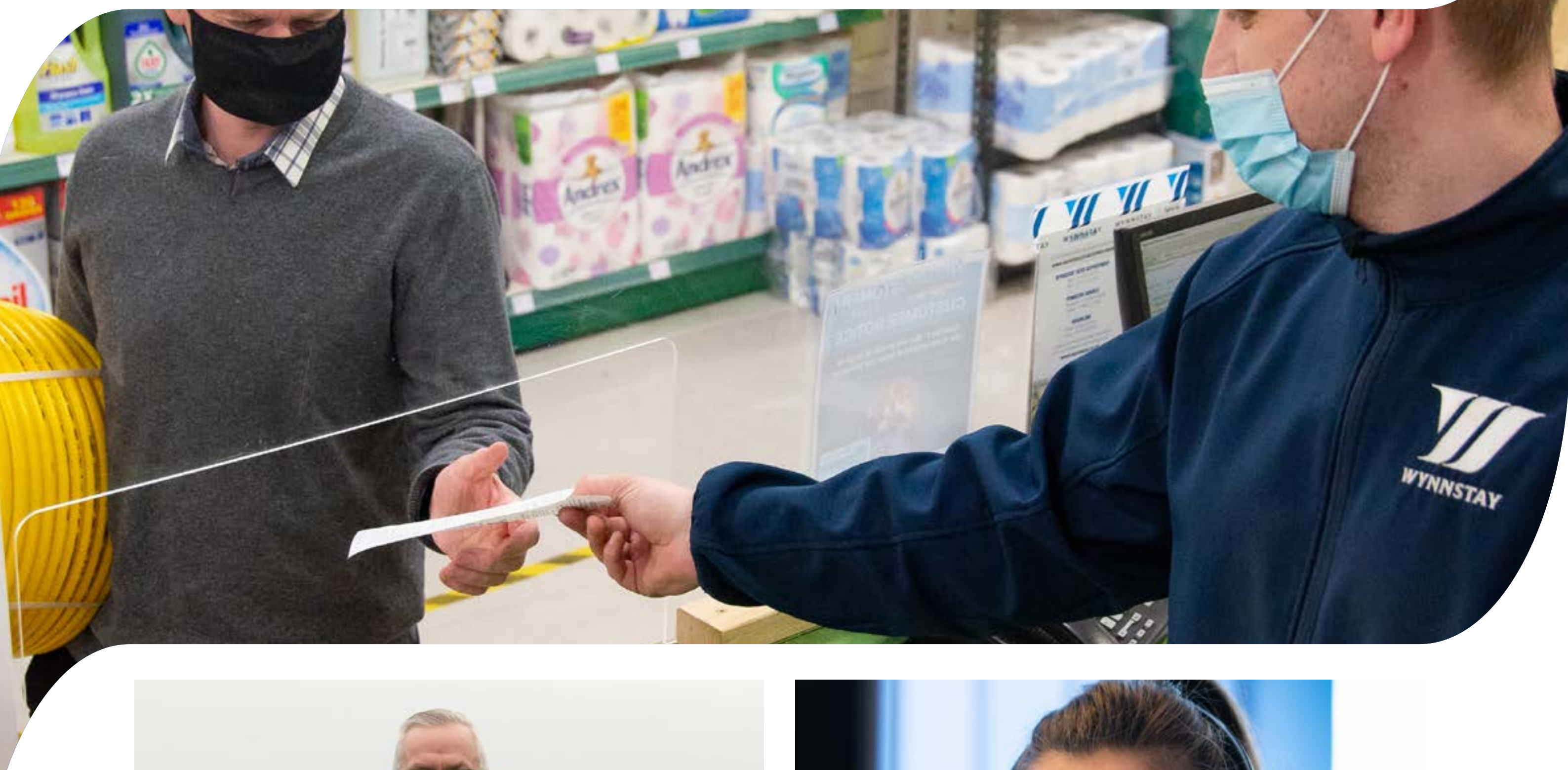
We continue to provide a multichannel offering aligned to the needs of our customer base.

Our established network of 54 depots and over 80 members of our Field Sales and Specialist teams, offering specialist advice to customers, are complemented by our central Sales Desk and our recently launched customer portal.

In November we launched our customer portal, offering our trade customers an easy and convenient way to access their account information, pay their statements and change their preferences, as well as being able to browse and order products online for collection or delivery.

Our Sales Desk, based in Shrewsbury, Shropshire is a dedicated team available to speak to over the phone and offers our customers a complementary way of sourcing their agricultural inputs.

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



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.

In 2021 we launched our Wynnstay Sales Academy with the purpose of providing high-quality sales training and personal development, to ensure the professional advice our team offers is in line with the highest industry standards. It combines both in-house classroom-based training with on-going field-based training for members of the Wynnstay Sales Team. 30 participants have undergone the training since April 2021.

Alongside this, teams from across the business are enrolled in training and development activities to further enhance their knowledge and expertise in their relevant area of specialism.

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.

Examples of qualification schemes currently offered in the business.

BASIS -
Pesticides and Fertilisers
SQP -
Animal Health
FACTS -
Fertiliser
20Twenty -
Leadership and Management
CIPD -
People Management and Development
CIM -
Marketing Management
CIMA -
Chartered Institute of Management Accountants

Principal Risks and Uncertainties

For the year ended 31 October 2021

The Group has embarked on a significant five year growth strategy and will have to manage inherent and specific risks as it implements its plans.

The Board retain overall responsibility for reviewing risk management strategies and maintains a framework 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.

This statement provides information about the main identified risks and some of 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
Continuing	**Operational: Coronavirus pandemic** The on-going 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 considerable experience has now been developed to manage safety concerns, the possibility of infection breakouts remains both locally and nationally. So the Group's activities could easily be disrupted through staffing issues and wider lockdown restrictions impacting resource availability and demand.	The Group takes appropriate actions in accordance with government regulations and guidance to ensure a Coronavirus secure operating environment. These include continuing remote working operations where appropriate, on-going investment in protective equipment and risk assessed safety precautions where staff interact with each other or other contacts such as customers and suppliers.
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, malicious activity or obsolescence could lead to failure in customer fulfilment processes together with reputational and financial damage. The potential risk of cyber attacks has increased with the level of remote home working.	The Group has internal IT support teams to manage its computer systems, including procedures for recovery from disruption. Security training continues for relevant staff and recovery simulations have been successfully completed during the year. Investment has increased to update both hardware and operating software solutions.
Increasing	**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.
Increasing	**Operational: Construction projects** The Group's expansion strategy entails significant investment in manufacturing capacity across a range of activities including feed production, seed processing and fertiliser blending. Such investment programs have failure risks associated with them together with concerns such as delays, cost over-runs and other project management issues.	Considerable time and effort have been invested in obtaining expert external professional support to the design, planning and implementation phases of these projects. The Group has also recruited an internal engineering manger to co-ordinate and take responsibility for the delivery of these critical plans.
Continuing	**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.

RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS
Increasing	**Financial: Commodity prices, currency exchange rates and general inflation**	
	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 wider economy has recently experienced a period of higher cost inflation, particularly in labour and energy costs. The Group cannot be immune to such general pressures	The Group does not engage in the taking of speculative commodity positions, and uses position reporting systems with appropriate buying limits in place to manage its forward purchasing requirements for its manufacturing operations. Position reporting systems are in place and where available, hedging tools such as commodity futures contracts are used to manage pricing decisions, while foreign currency risk is managed by entering into agreements at the time of the underlying transaction. Considerable planning has taken place to fix costs such as electricity forward, and all commercial management are tasked with seeking forward commitment arrangements utilising the Group's strong balance sheet where appropriate.
Continuing	**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 existing debt facilities have floating interest rates linked to bank reference rates. The Board would review its option to fix the rates attached to such debt drawdowns through the use of interest swap derivatives if appropriate.
Continuing	**Operational: Operating environment**	
	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 internal reviews and external compliance audits.
Continuing	**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. 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.	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. The Group utilises credit insurance in order to provide partial cover against default by certain large customers for grain.

Principal Risks and Uncertainties continued

RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS
Continuing	**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.
Decreasing	**Operational: Brexit and the political backdrop**	
	While the 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. • 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. • Exchange rate volatility Leading to commodity price risk. • 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.	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. The Group diversifies where possible to avoid reliance on individual customer or product groups, such as offering products to arable and livestock farmers. Detailed mitigating actions for price risk are discussed elsewhere. 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.

Wynnstay Group PLC - Section 172 Statement

Financial Year ending 31 October 2021

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 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 2021, 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. Additional information of engagement can be found the ESG Framework section of the Annual Report.

Customers – where the Group seeks to excel in terms of range, value, quality, and service. The relationship nature of the Group's trading activities requires 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, and more details can be found within the Strategic Report.

Shareholders – the Board seeks to execute its strategy in a sustainable way in line with our corporate values, Wynnstay THRIVE, which is explained elsewhere in this report. 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 COVID safety and staff are routinely updated on developments through correspondence, newsletters, blogs and meetings.

Suppliers –he 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
Continuing Covid 19 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 Covid secure working environments and implemented policies to ensure compliance with government regulation and guidance while continuing to service Customers effectively. With the gradual easing of restrictions in the wider economy in 2021, the Board maintained a policy of moving more slowly and gradually and ensuring the relaxation of safety measures were implemented after consultation with the relevant stakeholder group.	All	Safe working practises including social distancing and where possible working from home have been adopted to protect suppliers, customers and colleagues. Deliveries direct to farm have been maintained throughout the pandemic and although Depots were closed in the first few days of the first lockdown period the majority re-opened quickly thereafter. Initial disruptions caused by Board approved Covid protocols were quickly rectified and customers have enjoyed uninterrupted access to all products and services since then. All business activities have adapted well and have now adopted longer term sustainable working practises. The Board believes the reassurance provided to Suppliers, Customers, Colleagues and local Communities has allowed the business to maintain service and to deliver the returns to shareholders in line with pre-pandemic expectations.
Regular communications have been made throughout the Covid 19 pandemic with all stakeholder groups to ensure that there is a clear and consistent understanding of our Covid 19 response.		
Appointment of an Environment and Sustainability Manager – The Board approved both the creation of a new role and the appointment of Lewis Davies as Environment and Sustainability Manager in February 2021. Lewis has responsibility for the development and delivery of the Group's strategy in this area. This work will encompass all areas of group operations and will seek to develop holistic solutions that will address carbon, soil, air, water and biodiversity challenges both in our business and on the farms of our customers.	All	We will be working closely with our customers to provide advice, products and solutions to the environmental challenge and we help them to adapt to the recent Agriculture Bill as it unfolds. We will be encouraging and challenging our suppliers to deliver the innovative new products required. We will be engaging with our colleagues on a regular basis to gain from their experience and feedback and we expect this work to deliver long term benefits to them and the localities in which they live and work.
All of this we believe will result in a business that is relevant and rewarded in the years and decades to come.		
Board Succession Planning - The Board continually review the correct balance and make-up of their membership to ensure the right constituent of experienced continuity and fresh input. At the start of the year the Non-Executive / Executive balance was adjusted, and later with Jim McCarthy's decision to retire from the Board, Steve Ellwood was appointed as Chairman. As an existing member of the board this ensured the continuation of the established strategic direction. Following an extensive recruitment process Catherine Bradshaw was appointed to take up the space vacated by Steve. Her appointment has enhanced board diversity on a number of fronts.	All	The appointment of Steve Ellwood as Chairman in March represented refreshed Board leadership but with the benefit of five years of experience of the Group's activities. The successful NED recruitment process that culminated in the appointment of Catherine Bradshaw in July introduced new skills and sector experience which has already realised benefits in terms of stakeholder communication and shareholder perception.
Board effectiveness and its assessment is an essential requirement of the Group's chosen Corporate Governance code, and results of the latest internal review have shown improvements in almost all elements of the assessed criteria, with this being attributed to strong dynamics evident in director engagement.		
Discontinuation of Stevedoring at Glasson Grain – With substantial challenges evident in the global logistics sector and associated responses from the Port Authority in Lancaster, the Board recognised that historic trading practises should be reviewed. It was consequentially concluded that certain shipping activities were no longer viable and that the supporting stevedoring and ships agency activities at Glasson Dock could not be maintained on a full-time basis. There was a comprehensive consultation programme and the local management team has been able to transfer the stevedoring assets to a non-competing business that has started to operate from the dock.	Colleagues, Community, Shareholder	The non-viable stevedoring and ships agency business have been discontinued but they have been taken over by a new company to the docks. There has been no need to write down asset values, displaced staff have been redeployed and Glasson Grain has continued to import raw materials without interruption.
The retreat from potentially loss making peripheral activities has enabled the Glasson management team to focus on the fundamental priorities of commodity trading, added value manufacturing and fertiliser blending.		

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.

The Strategic Report on pages 3 to 31 was approved by the Board of Directors on 1 February 2022 and signed on its behalf by Steve Ellwood and Paul Roberts.

ESG FRAMEWORK

OUR ENVIRONMENT GOALS

The Group's direct impact on the environment remains a key area of focus, and we are working towards becoming a carbon neutral business. In March 2021, we appointed a dedicated Environmental & Sustainability Manager in order to help lead our environmental strategy.

Our environmental goals also extend to our customers and the increasingly important role we can play in assisting farmers to feed the UK in a more sustainable way.

We have split our environmental and sustainability goals into two main areas:

- Customers – and the products, services and advice we offer
- Our internal operations – and specifically our carbon footprint, including energy, waste and water management

CUSTOMERS AND OUR MISSION TO HELP FARMERS FEED THE UK MORE SUSTAINABLY

Raw Material Sourcing

In 2020, we introduced certified sustainable soya meal and have now expanded this so that the Group uses only certified sustainable palm kernel in all manufactured feeds. This ensures that the raw materials that we use are produced to the standards set by the Roundtable for Responsible Soya (RTRS) and Roundtable on Sustainable Palm Oil (RSPO).

Feed

During the year we introduced a number of climate-friendly feed diets, incorporating sustainably sourced materials. We plan to launch a range of ruminant diets that will include a feed ingredient that reduces methane emissions and is endorsed by the Carbon Trust. We expect demand for our climate-friendly rations to grow strongly.

Seeds

In March 2021, we appointed Amy Watts, Environmental Seed Product Manager to further develop our offering. We aim to offer arable and livestock farmers sustainable, environmentally-friendly seed mixtures, which include pollinators and deep-rooted herbs.

Packaging Review

We have reviewed our supplier base, compromising over 400 businesses, to identify areas for improvement in packaging. Having identified 58 areas of improvement, we are now working with suppliers to address solutions. We are also working with the supplier of all own branded products to eliminate packaging that currently goes into landfill, and to ensure that our product packaging uses at least 30% recycled materials.

Nutrient Management Solutions

Our qualified staff offer our customers expert advice on nutrient management solutions as well as appropriate products that support on-farm compliance. We advise on soil sampling, nutrient management planning, forage audits, animal health plans and faecal egg testing as well as other areas. As farmers respond to new legislation, including ELMS, which prioritises environmental concerns, we expect this aspect of what we do to become increasingly important.

Sustainable Products

We continually look for opportunities to introduce sustainable and environmentally-friendly products into our range. New products that we have introduced included rainwater harvesting solutions, solar water solutions, alternatives to metal and timber, and picnic tables made from UK household waste.

Crop Packaging

Crop packaging is a sizable waste stream for our customers, and we have introduced new ranges of silage wrap and silage sheeting. These use recycled plastic material and reduce total plastic usage without adversely affecting performance.

Environmental Strategy

SCHEMES

LEAF Corporate Membership
As part of our focus on promoting a greener approach in agriculture, we joined LEAF (Linking Environment and Farming), a global sustainable farming organisation. As corporate members we are able to support LEAF's initiatives and share knowledge and exchange capabilities, as well as advance Wynnstay's commitment to community outreach.

LINKING ENVIRONMENT AND FARMING
Integrated Farm Management

Green Dragon Environmental Standard Scheme
The Green Dragon Environmental Standard is awarded to organisations that can demonstrate effective environmental management and that are taking action to understand, monitor and control their impacts on the environment. We have maintained our certification under the Scheme.

INTERNAL OPERATIONS

Logistics
In 2021, we completed a trial to evaluate a greener biodiesel blend, B20 diesel. It has been successful, and we are now planning to roll this bio percentage across the HGV fleet. We will also explore further fuel options, including B30. We also introduced hybrid-engine vehicles into our fleet and the majority of new vehicle orders for 2022 are for a hybrid engine vehicle option.

Manufacturing
We are improving efficiencies across our manufacturing operations, with a programme of investment. Over the next three years, our feed manufacturing mill at Carmarthen site will benefit from this investment programme. The mill has already improved hourly tonnage output and reduced energy usage per tonne.

Energy
We are accelerating the conversation of all sites to LED lighting and aim to complete fully our LED installation programme by the end of 2023. This covers both leased and owned sites. A comprehensive survey has already been completed, with the accelerated rollout commencing in 2022.

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 31st October 2021. As this is the second year of reporting, we shall be comparing this year to our benchmark 2019/20 year.

Wynnstay Group used 12,466 (12,710 2019/20) carbon dioxide equivalent tonnes (tCO2e) of energy during the year. 31% (31% 2019/20) of energy was used in producing compound and blended feeds in our production plants, and a further 56% (54% 2019/20) was used by our fleet of commercial vehicles. Both production and transport efficiency are key to our energy savings plans, looking for efficiencies in factory throughput and miles achieved per litre or 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 agricultural inputs and grain. Our carbon intensity ratio for the year ended 31st October 2021 was 7.62tCO2e (8.14 2019/20) 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 2021. One of the requirements of the SECR regulations is to report our total UK energy use in kilowatt hours (kWh); for this we have used the 2021 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)*	
	2020 / 21	2019 / 20
Direct Emissions Scope 1	9,197	9,086
Direct Emissions Scope 2	3,249	3,582
Other Emissions Scope 3	20	42
Total Emissions	**12,466**	**12,710**
Delivered tonnage of agricultural inputs and grain	1,635,788 Tonnes	1,560,895 Tonnes
Carbon Intensity Ratio (tCO2e per 1,000 tonnes traded)	7.62	8.14
Total UK Energy Usage (kWh)	**54,499,274**	**53,320,243**

During the year the Group increased the use of B10 diesel into its bunkered storage facilities. This has a 10% biofuel content, which in accordance with the UK GHG conversion factors produces a lower carbon emissions rate.

The electricity supplier for the Group's most intensive uses has continued to improve the mix of generation sources, which has also reduced the carbon emissions relating to that consumption, which is in addition to a 2% manufacturing efficiency achieved in those energy intensive sites in terms of kWh used per tonne of production.

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 -
Our specialists teams

Our sector specific specialist teams are dedicated to offering our customers expert advice. The Dairy, Calf & Youngstock, Poultry, Arable & Forage, Sheep & Beef and Hardware Teams are experts within their fields and work directly with our customers to provide specialist advice relevant to their individual farm enterprise.

Our teams focus on areas to improve overall farm productivity and efficiency, whilst ensuring high standards of livestock health, welfare, and sustainability. Their advice is part of the total offering we provide and is an added benefit from their relationship with Wynnstay.

These teams 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.

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."
>
> Gareth Davies

COLLEAGUE FORUM AND IDEAS HUB

Our 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. During the year the forum have held a number of meetings where they have invited colleagues from across the business to discuss their particular roles, giving them an insight into all areas of the Group.

As well as the Colleague Forum, we have an Ideas Hub and mechanisms for colleagues to directly ask questions to our Chief Executive. During the year we have received 8 suggestions from colleagues through the Ideas Hub mechanism.

HEALTH AND SAFETY

Colleague health and safety continues to be our utmost priority and during the year there were four RIDDORS which compares to two in the previous year.

PEOPLE MANAGEMENT AND DEVELOPMENT FRAMEWORK

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. Nine colleagues graduated from the 20Twenty Business Growth Course provided by Cardiff Metropolitan University.

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.

SUPPORTING MENTAL HEALTH CHARITIES

The Group supports charities and organisations that focus on issues relating to the mental health of those working in the agricultural industry. In June 2021 we launched our first company wide charity challenge 'The Wynnstay Virtual North to South Challenge', over 200 colleagues participated, and we raised over £6,000 for The Royal Agricultural Benevolent Institution.

In January 2021 our nominated charity, The Royal Agricultural Benevolent Institution launched the largest ever research project relating to the wellbeing of farming people- The Big Farming Survey, we supported the charity with raising awareness of the project through our social media channels and internal communications.
We have also supported other agricultural mental health charities including the DPJ Foundation and We are Farming Minds.
Across the Group we directly donated £5,654 to charity over the course of the year and a further £7,996 to sponsorship of community events, such as local agricultural shows. We also raised over £6,000 for The Royal Agricultural Benevolent Institution in our North to South Challenge.

INDUSTRY INIATIVES AND NEXT GENERATION FARMERS

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 Award, awarded to the final year FdSc/BSc student for the best beef project or dissertation.

We have participated in industry iniatives to promote British food production and British farming, including The Farmers Guardian Farm 24 initiative, NFU Back British Farming campaign, The Worshipful Company of Farmer's Lord Mayor Show entry, British Beef Week and Love Lamb Week.

ESG Framework

Corporate Governance Statement

For the year ended 31 October 2021

On behalf of the Board, I am pleased to present our Corporate Governance Statement for the year ending 31 October 2021.
The Board continues to place the highest priority on delivering long-term shareholder value, and critical to this is maintaining a governance strategy appropriate to the activities and scale of our business. In accordance with AIM Rule 26, the Board have confirmed that they will apply the QCA Corporate Governance Code for Small and Mid-size Quoted Companies, published in April 2018 ("the Code") to the Group. I am pleased to report that the Board believe the Group have remained in compliance with the principles of the Code throughout the year, and this report describes how this was achieved. Where relevant information is contained elsewhere in this document, references are given.

The Code contains ten principles which are:

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 ft 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 the farmer to feed the country in a more sustainable way. This year has continued to be bring operational challenges as a result of the covid-19 global pandemic, but the resilience of the Group' balanced business model continued to be reflected in improved financial results. An overview of the Group's business model is provided on page 5 and the developments in the business are explained in the Chief Executive Review on page 13-18. The Board's major decisions during the year are highlighted within our S172 statement on page 30-31.

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

Directors will therefore 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.

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 30-31.

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 ESG Framework Report. During the year, an ESG Manager was appointed who will prioritise the embedding of environmental and social responsibilities in all governance activities.

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

Continually improving communication between directors and colleagues is important and a number of mechanisms are used across the Group including, results Roadshows led by the Executive Team, newsletters, Colleague Forums, Health & Safety Committees, 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 27-29, 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. 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:

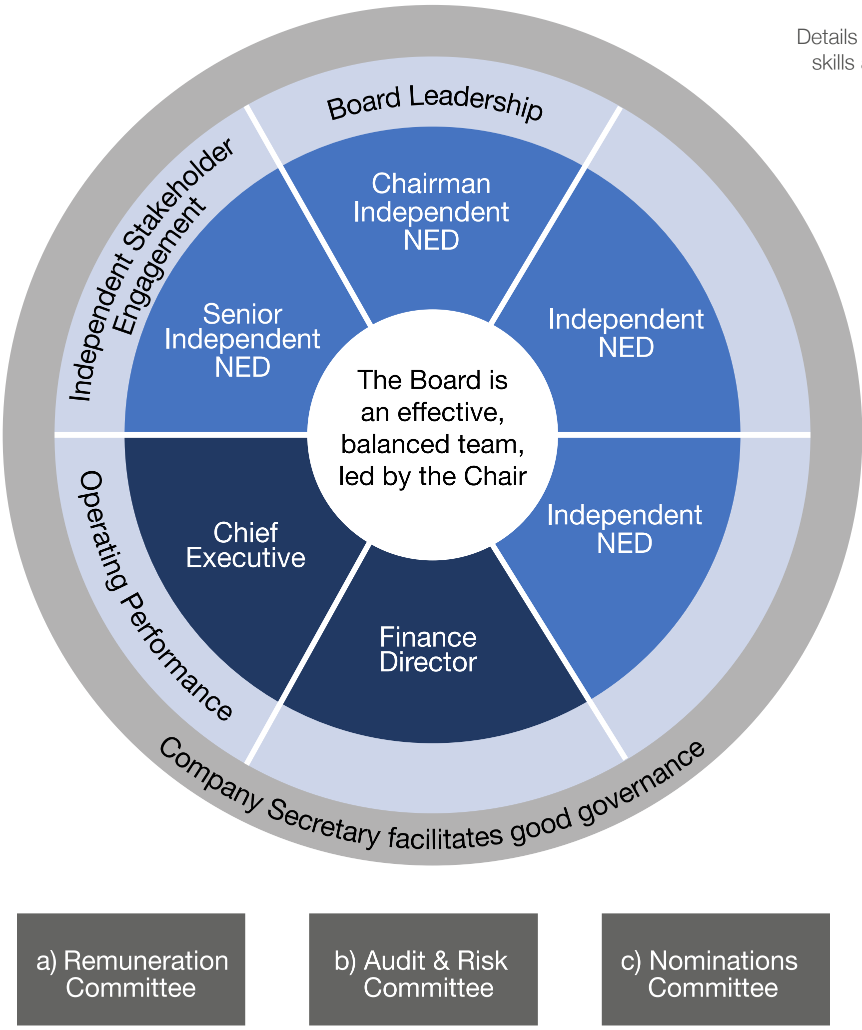
- A comprehensive risk register is maintained and regularly reviewed by the Board,
- Managers at all levels in the Group have clear lines of reporting responsibility within a clearly defined organisational structure;
- Comprehensive financial reporting procedures exist, with budgets covering profits,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

MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK

Principle 5: The Board composition is shown below. Succession planning is important to the business and during the year the previous Chairman stepped down from the role and subsequently retired from the Board after ten years service. I was appointed Chairman in March 2021 having five years experience with the business. A comprehensive search process subsequently led to the appointment of Catherine Bradshaw as a new non-executive in July 2021, maintaining a good balance of experience and fresh thinking. The roles of Chairman and Chief Executive are separate and the Chairman is elected by the whole Board on an annual basis. All Board 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.

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, and details of additional Board Committee meetings are described under Principle 9 below. The Board and its sub-committees are supported by external advisors as required, who will also offer guidance in ensuring Directors maintain an adequate skill set to satisfactorily carry out their duties. All Board members are able to call on the Company Secretary to arrange any required training, briefings or practical experiences necessary to improve their understanding of the business and its operating environment and their obligations as directors.

Details of membership and key skills are on pages 43 to 44



Corporate Governance Statement continued

Principle 6: Biographical details and key skills of the Directors and their skills are included on pages 43-44. 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. Catherine Bradshaw has been appointed Audit Committee Chair and has considerable and relevant financial oversight and reporting experience in her executive role as Group Financial Controller at Greencore plc. 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. This review was carried out in the form of an initial Board evaluation questionnaire and then followed up by interviews conducted by the Chairman. The process reviewed elements in five broad categories which were:

-Clarity of Company roles and responsibilities.

-Accountability and transparency.

-Personal skills, strengths and teamwork abilities.

-Stakeholder engagement.

-Board structure and processes.

The assessed conclusions of the review showed an adequate result in each category with improved scores over last 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, details of which are reported in the Director's Remuneration Report.

Principle 8: The Group promotes its Wynnstay THRIVE corporate values culture which is described on pages 35-36. Wynnstay THRIVE involves 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. The Board receives regular feedback on these concepts through the Colleagues Forum, Annual Employee Roadshows and other senior executive interaction with the wider Company.

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

The Board is supported by three sub-committees, membership of which is shown on pages 43-44.

• 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 three times during the year and all members attended.

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

• Nominations
Meets as required to consider senior appointments. 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 the Group's financial performance and position are provided throughout the annual report and details on how key judgements made during the year and their impact on stakeholders are explained on pages 30-31. The Board are pleased with the financial performance for the year and believe the results highlight the success of the balanced business model upon which the Group's long term strategy is built. The directors are confident and 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. These results will be communicated through all the usual channels and the arrangements for maintaining a dialogue with shareholders and other relevant stakeholders are described under Principles 2 and 3. A Directors Remuneration report is contained on pages 49-54. A separate Audit Committee report has not been prepared this year as the Board believes the Committee's work has been generally explained elsewhere within the Report & Accounts including the notable action of appointing new external auditors for the Group. The Directors' Report on pages 47-48 records that, the Board decided that it would be appropriate to carry out a competitive tender for the Group audit in 2021. This process, conducted by the Audit Committee, resulted in the Directors appointing RSM UK Audit LLP to conduct the audit this year under s489 (3) of the Companies Act 2006 and they have indicated their willingness to continue in office and accordingly a resolution proposing their reappointment will be submitted to the Annual General Meeting.

Steve Ellwood
Chairman
1 February 2022

Directors' Responsibility Statement 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 company financial statements for each financial year. The directors have elected under company law and the AIM Rules of the London Stock Exchange to prepare the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and have elected under company law to prepare the company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law.

The Group and Company financial statements are prepared under international accounting standards in conformity with the requirements of the Companies Act 2006 to present fairly the financial position of the group and the company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 the Company and of the profit or loss of the group for that period.

In preparing each of the Group and Company financial statements, the Directors are required to: :

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Wynnstay Group Plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

Paul Roberts
Acting Company Secretary
1 February 2022

Board of Directors and Company Secretary

RC NC

Stephen Ellwood

Chairman

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 Chairman of AH Worth and Company and is a Non-Executive Director at NIAB and at Velcourt Group.

KEY SKILLS

Sector experience · Strategy and leadership · Mergers and acquisitions · Finance

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, and was previously Non-Executive Chairman of NMR Plc.

KEY SKILLS

Sector experience · Strategy and leadership

AC RC

Howell John Richards

Independent Non-Executive Director

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

KEY SKILLS

Sector experience · Strategy and leadership

AC RC

Catherine Bradshaw

Independent Non-Executive Director

Catherine joined the Board in July 2021. As a qualified chartered accountant, Catherine brings a wealth of experience in financial control from previous roles at Northern Foods Plc, Morrisons Plc, and currently as Group Financial Controller at Greencore Group, the words largest manufacturer of pre-pack sandwiches.

KEY SKILLS

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

ESG Framework

COMMITTEE MEMBERSHIP

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

Senior Management

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

Paul Jackson

Commercial Sales & Marketing Director

Paul joined the Group in July 2021 with a wealth of experience in sales management and strategic development within the agricultural sector.

KEY SKILLS

Sector experience · Strategy and leadership · Sales and marketing

BUSINESS SNAPSHOT -
Specialist Seed Team

The established seed team at our Shrewsbury seed plant are experts in seeds for cereal, grass, root, and maize crops and are responsible for the production of our own branded seeds alongside advising customers on the most suitable mixtures and varieties for their needs.

The team faced a number of challenges during the year with a late wheat harvest, new regulatory procedures slowing the import of some seeds, the HGV driver shortage and fuel crisis. Despite these challenges, planted areas of oilseed rape increased, alongside a larger winter wheat crop, plus a swing to more diverse cropping programmes as farmers looked for more sustainable farming practices.

In 2021 we added to our existing specialist seed team with the addition of an Environmental Seed Manager, Amy Watts.

The addition of our Environmental Seed Manager to the team brings a new focus on crops with environmental credentials to ensure fertile soils to combat rising input prices. The provision of advice on environmental crops from our specialists will become of greater importance to our customers in the future as new schemes are introduced which focus on rewarding farmers for sustainable farming practices.

WYNNSTAY

Directors' Report

For the year ended 31 October 2021

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 2021.

RESULTS AND DIVIDENDS

	2021	2020
Interim dividend per share paid	**5.00p**	4.60p
Final dividend per share proposed	**10.50p**	10.00p
Total dividend	**15.50p**	14.60p

	2021 £000	2020 £000
Group revenue	**500,386**	431,398
Group profit after tax	**8,934**	5,533

Subject to approval at the Annual General meeting, the final dividend will be paid on 29 April 2022 to shareholders on the register at the close of business on 01 April 2022. The share price will be marked ex dividend with effect 31 March 2022. In accordance with the rules of the Company's scrip dividend scheme, eligible shareholders will be entitled to receive their dividend in the form of additional shares. New mandate forms for this scheme should be signed and lodged with the Company Secretary 14 days before the dividend payment date of 29 April 2022.

Details of authorised and issued share capital and the movement in the year is detailed in note 27 to the financial statements.

DIRECTORS AND THEIR INTERESTS

The Directors who held office during the year and as at 31 October 2021 had the following interests in the ordinary shares of the Company:

	25p Ordinary Shares		SAYE Options		Discretionary Options	
	2021	2020	2021	2020	2021	2020
Gareth Davies	**32,761**	31,787	**7,795**	7,795	**45,715**	35,896
Steve Ellwood	**4,700**	4,700	**-**	-	**-**	-
Andrew Evans	**n/a**	23,377	**n/a**	2,618	**n/a**	20,226
Philip Kirkham	**11,172**	11,137	**-**	-	**-**	-
Jim McCarthy	**n/a**	50,000	**-**	-	**-**	-
Howell Richards	**2,810**	2,810	**-**	-	**-**	-
Paul Roberts	**98,998**	98,998	**6,857**	6,857	**36,574**	30,318

Further information on the Directors' discretionary options, including the performance criteria, can be found in the Directors' Renumeration 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 (2020: 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 32 to the financial statements.

Under Article 91, Gareth Davies retires from the Board by rotation at the Annual General Meeting on 22 March 2022 and being eligible, offers himself for re-election. Having been appointed during the year, Catherine Bradshaw retires under Article 86, and being eligible offers herself 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.

SUBSTANTIAL SHAREHOLDINGS

At 31 October 2021, 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	2,485,656	12.2

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.

SHAREHOLDER RESOLUTIONS

At the Annual General Meeting held on the 23 March 2021 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 22 March 2022 is limited to £450,000. This authority will expire on 22 March 2022, 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 22 March 2022, 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 22 March 2022, 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 32-34.

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.

ENGAGEMENT WITH CUSTOMERS, SUPPLIERS AND OTHERS

Details of the identified main stakeholder groupings associated with the business are provided in the s172 Statement of the Strategic Report, but the continuing relationship nature of the Group's trading activities requires strong communication links with individual customers and suppliers. This is achieved through dedicated personnel contacts, regular correspondence and increasingly through digital interaction channels.

PAYMENT OF SUPPLIERS

The Group agrees terms and conditions with suppliers before business takes place and, while there is no Group code or standard it is not Group policy to extend supplier payment terms beyond that agreed. There are no suppliers subject to special arrangements.

The average credit terms for the Group as a whole based on the year end trade payables figure and a 365 day year is 56 days (2020: 44 days).

FINANCIAL INSTRUMENTS AND RISKS

The Group has a number of financial instruments and these are detailed, together with the risk management objectives and policies relating to these instruments in Note 25 to the financial statements. The main financial risks for the Group come from customer credit, foreign exchange, commodity price volatility, intertest rate movements, cash liquidity and capital management. The Board's approach to managing these risks are detailed in Note 25 of the financial statement.

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 2021 as provided in note 16 to the financial statements by approximately £6,460,000 (2020: £6,200,000).

POLITICAL AND CHARITABLE DONATIONS

Details of support to the community is given in ESG report. There were no political donations during the year (2020: 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 47-48.

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

During the year, the Board decided that it would be appropriate to carry out a competitive tender for the Group audit in 2021. This process resulted in the Directors appointing RSM UK Audit LLP to conduct the audit this year under s489 (3) of the Companies Act 2006 and they have indicated their willingness to continue in office and accordingly a resolution proposing their reappointment will be submitted to the Annual General Meeting.

OTHER MATTERS

The Company has chosen in accordance with Companies Act 2006, s414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report, and it has done so in respect of future developments.

By order of the Board

Paul Roberts
Acting Company Secretary
1 February 2022

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 2021.

Our approach to remuneration

The Committee's approach to remuneration continue to be 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 the financial year, the Committee reviewed the operation of 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, and under which initial grants of nil cost options were made in January 2020. It had become evident to the Committee that the limitation rules of the scheme would quickly prevent the granting of further options under the scheme which had initially been envisaged as being an annual incentive. Such a scenario would have been counter-productive to the original intentions of establishing the PSP which was to incentivise Executive Directors and other Senior Managers 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. The Board therefore decided to seek shareholder approval for a proposed amendment to the PSP scheme rules to allow an increase in the limits on the combined number of subsisting options and options that had already been successfully exercised in the previous ten years. An appropriate resolution was therefore tabled at the Annual General Meeting of the Company held in March 2021 which sought to:

- 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; and
- 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.

The Resolution was duly passed by shareholders and a new award of options under the PSP was granted in April 2021 to appropriate individuals.

In February 2021 it was announced that Jim McCarthy would be stepping down as Chairman and subsequently leaving the Board and that a recruitment process for a new Non-Executive Director was commencing. Following this announcement, the Committee commenced a review of NED fees and consulted recruitment advisors assisting with the search for the new appointment. This review concluded that fees were currently below market levels and that the increased proportionate input provided by additional responsibilities required recognising in appropriate fee additions. A revised fee schedule was implemented with effect from April 2021 and is laid out in the following Remuneration Report.

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;
- the general economic conditions prevalent in the country
- 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 Performance Bonus (APB)

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.

Supplemental Committee Chair Fees

Purpose: To acknowledge the additional time and input commitment of chairing two of the important Board sub-committees, being Audit and Remuneration.

Operation: An additional annually reviewed premium is added to the Basic Annual Fee for the appointed Non-Executive holding the chair of the respective committee for that relevant financial year.

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.

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 as a Director Nov 2020 – Oct 2021
	£000	£000	£000
G W Davies	210	206	206
B P Roberts	168	165	165
D A T Evans *1	N/A	148	13

*1 Retired from the Board 01 Dec 2020

Annual Performance Bonuses and Profit Related Pay. The bonus payments made to executive directors in March 2021, and therefore during the financial year under review, were in relation to the performance of the business for the financial year 2019/20. 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 2020, received in March 2021, 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 2018/19 under the first year of the new Annual Performance Bonus scheme.

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 2020, paid in February 2021, was 2.7% (2020: 1.9%), with the actual PRP paid to each individual executive shown in Column C below. The anticipated rate for 2021, to be paid in February 2022 relating to the last financial year is 3.0% of relevant earnings.

Bonuses £000	Column A	Column B			Column C	
Executive Director	Financial Performance	Personal Objectives	Total 2021	Total 2020	PRP received	
					Feb 21	Feb 20
G W Davies	**57**	**46**	**103**	30	**6**	4
B P Roberts	**45**	**32**	**77**	20	**4**	3
D A T Evans *1	**41**	**28**	**69**	7	**4**	2

*1 Retired from the Board 01 Dec 2020

ESG Framework

Directors' Remuneration Report continued

Pension and death in service life cover. 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 2020 of £85,707 (2019: £81,180), and there were 599 (2019: 667) members covered, equating to an average cost of £143 per person (2019: £122).

Pension	Column A	Column B
Executive Director	Pension %	Pension Contribution £000
G W Davies	9.6%	20
B P Roberts	9.6%	16
D A T Evans *1	9.6%	1

*1 Retired from the Board 01 Dec 2020

Benefits in kind. Two executive director were supplied with company cars 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 2021 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 2020 is shown below in column B.

Benefits in kind	Column A	Column B	Column C
Executive Director	Company Car Value	Private Medical Cover	Cash Settled Car Allowance
G W Davies	£11,702	£628	N/A
B P Roberts	N/A	£628	£7,200
D A T Evans *1	£291	£429	N/A

*1 Retired from the Board 01 Dec 2020

B P Roberts receives a monthly car allowance of £600 in lieu of the provision of a vehicle and he therefore received a total of £7,200 during the financial year to October 2021 which is shown in Column C above.

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 April 2021 to two 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.

- Awards granted January 2020 – Performance tested for Financial Year Oct 2022.
- Awards granted April 2021 – Performance tested for Financial Year Oct 2023.

The performance criteria of the relevant options are tested at the end of the third financial year after the respective grant 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 respecting testing financial year. 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 Oct 2021 for directors who had served during the year.

Share Option Table	PSP Scheme Maximum Award		SAYE
Executive Director	No. of Options Granted Jan 20	No. of Options Granted Apr 21	No. of Options
G W Davies	27,896	17,819	7,795
B P Roberts	22,318	14,256	6,857
D A T Evans *1	20,226	N/A	2,618

*1 Retired from the Board 01 Dec 2020

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

Other Share Schemes. 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. Such schemes have no performance criteria attached to their operation. During the year, the two executive directors exercised their remaining outstanding options under this scheme which resulted in the issue of 8,000 shares each at an option price of £3.75 per share. The market price on the day of exercise was £4.87 per share resulting in a aggregate gain of £8,960 each.

Additionally, the 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 2021 are shown in the table above, and again do not have any performance criteria attached to them. Depending on the particular scheme, they are exercisable between August 2021 and March 2024, with further details provided in the Director's Report on page 47-48 and in Note 9 to the accounts.

NON-EXECUTIVE DIRECTOR REMUNERATION

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

Non-Executive Director	Financial Year ending 31 October 2021			
	Basic Fee	Supplemental Fee	Benefits in kind	Travelling Expenses
	£000	£000	£000	£000
J J McCarthy – Retired 31 July 21	35	0	0	0
P M Kirkham	38	1	1	1
S J Ellwood – Appointed Chairman 01 Mar 21	56	0	0	0
H J Richards	38	0	1	1
C Bradshaw – Appointed 01 July 21	13	1	0	1

	Payable Financial Year ending Oct 2022			
	Basic Fee	Supplemental Fee	Benefits in kind	Travelling Expenses
	£000	£000	£000	£000
P M Kirkham	39	2	1	1
S J Ellwood	70	0	0	1
H J Richards	39	0	1	1
C Bradshaw	39	3	0	1

Philip M. Kirkham
Vice-Chairman and Chairman of Remuneration Committee
1 February 2022

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 2021 which comprise the consolidated statement of comprehensive income, consolidated and company Balance Sheets, consolidated and company statements of changes in equity, consolidated and company cash flow statements and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation 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's and of the parent company's affairs as at 31 October 2021 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 as applied in accordance with 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 group and parent company 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included the following:

- a review of the group's trading and cashflow forecasts, including challenge of key assumptions applied in forming these forecasts and assessment of the reasonableness of those key assumptions,;
- sensitivity analysis of the above forecasts;
- consideration of the finance facilities available to the group during this period in line with the above forecasts and whether these are sufficient to meet the group's finance needs;
- review of minutes of board meetings with a view to identifying any matters which may impact the going concern assessment and contradict the findings from the procedures above;
- review of the group's going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

SUMMARY OF OUR AUDIT APPROACH

Key audit matters	**Group** • None **Prarent Company** • None
Materiality	**Group** • Overall materiality: £549,000 (2020: £324,000) • Performance materiality: £412,000 (2020: £226,000) **Prarent Company** • Overall materiality: £108,800 (2020: £243,000) • Performance materiality: £81,600
Scope	Our audit procedures covered 98% of revenue, 96% of total assets and 88% of profit before tax.

KEY AUDIT MATTERS

We have determined that there are no key audit matters to communicate in our report.

OUR APPLICATION OF MATERIALITY

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent Company
Overall materiality	£549,000 (2020: £324,000)	£108,000 (2020: £243,000)
Basis for determining overall materiality	5% of profit before taxation	0.2% of net assets The percentage applied to the benchmark has been restricted for the purpose of calculating an appropriate component materiality.
Rationale for benchmark applied	Profit before taxation is considered to be the key benchmark of the group's financial performance used by shareholders given the listed status of the Group.	As a non-revenue generating entity, shareholder focus is on the value of assets held.
Performance materiality	£412,000 (2020: £226,000)	£81,600
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £27,400 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £5,440 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

The group consists of 11 components, all of which are based in the UK.

	Number of components	Revenue	Total assets	Profit before tax
Full scope audit	4	98%	96%	88%
Specific audit procedures	-	-	-	-
Total	4	98%	96%	88%

Analytical procedures at group level were performed for the remaining 7 components. None of the full scope audits were undertaken by component auditors.

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 their 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 42, 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.

THE EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

ESG Framework

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

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the Group audit engagement team included:
IFRS and Companies Act 2006	Review of the financial statement disclosures and testing to supporting documentation. Completion of disclosure checklists to identify areas of non-compliance
Tax compliance regulations	Inspection of advice received from internal tax advisors
Operational regulations in respect of the agricultural industry	The Group is subject to animal feed legislation and fertiliser regulations. We have enquired with management as to non-compliance with these laws and regulations and inspected legal and regulatory correspondence, where applicable.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition	We performed procedures to test the operating effectiveness of the manual controls in relation to the accuracy and existence of sales. Transactions posted to nominal ledger codes outside of the normal revenue cycle were identified, using a data analytic tool, investigated and tested.
Management override of controls	Testing the appropriateness of journal entries and other adjustments; Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Graham Bond FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
20 Chapel Street
Liverpool
L3 9AG
1 February 2022

Consolidated Statement of Comprehensive Income

For the year ended 31 October 2021

	Note	2021 £000	2021 £000	2020 £000	2020 £000
Revenue	2		**500,386**		431,398
Cost of sales			**(432,493)**		(370,630)
Gross profit			**67,893**		60,768
Manufacturing, distribution and selling costs			**(50,072)**		(46,033)
Administrative expenses			**(7,096)**		(6,945)
Other operating income	4		**361**		351
Adjusted operating profit[1]			**11,086**		8,141
Intangible amortisation, goodwill impairment and share-based payments	5		**(477)**		(132)
Non-recurring items	5		**-**		(1,194)
Group operating profit	6		**10,609**		6,815
Interest income	3	**193**		164	
Interest expense	3	**(383)**	**(190)**	(436)	(272)
Share of profits in joint ventures accounted for using the equity method		**677**		538	
Share of tax incurred by joint ventures	7	**(105)**	**572**	(100)	438
Profit before taxation			**10,991**		6,981
Taxation	10		**(2,057)**		(1,448)
Profit for the year			**8,934**		5,533
Other comprehensive income					
Items that will reclassified subsequently to profit or loss:					
• net change in the fair value of cashflow hedges taken to equity, net of tax			**263**		-
Other comprehensive income for the period			**263**		-
Total comprehensive income for the period			**9,197**		5,533
Basic Earnings per 25p share	12		**44.40p**		27.73p
Diluted earnings per 25p share	12		**43.53p**		27.57p

The notes on pages 63 to 98 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, goodwill impairment, share-based payment expense and non-recurring items.

Consolidated and Company Balance Sheet

For the year ended 31 October 2021
Registered Number 2704051

		Group		Company	
		2021	2020	**2021**	2020
	Note	**£000**	£000	**£000**	£000
ASSETS					
NON-CURRENT ASSETS					
Goodwill	13	**14,322**	14,367	**-**	-
Investment property	15	**2,372**	2,372	**2,372**	2,372
Property, plant and equipment	16	**16,746**	17,545	**8,919**	8,937
Right-of-use assets	16	**11,043**	11,240	**-**	-
Investment in subsidiaries	17	**-**	-	**41,961**	41,961
Investments accounted for using equity method	17	**3,433**	3,611	**191**	191
Intangibles	14	**236**	225	**-**	-
Derivative financial instruments	25	**5**	-	**-**	-
		48,157	49,360	**53,443**	53,461
CURRENT ASSETS					
Derivative financial instruments	25	**320**	49	**-**	-
Inventories	19	**50,550**	34,190	**-**	-
Trade and other receivables	20	**72,511**	55,757	**-**	-
Amounts owed by subsidiary undertakings	20	**-**	-	**1,127**	-
Loans to joint venture	18	**3,319**	3,889	**3,319**	3,889
Cash and cash equivalents	23	**19,641**	19,980	**7**	7
		146,341	113,865	**4,453**	3,896
TOTAL ASSETS		**194,498**	163,225	**57,896**	57,357
LIABILITIES					
CURRENT LIABILITIES					
Borrowings	23	**(672)**	(1,572)	**(672)**	(1,572)
Lease liabilities	24	**(3,995)**	(3,483)	**-**	-
Derivative financial instruments	25	**(53)**	(219)	**-**	-
Trade and other payables	21	**(76,212)**	(51,917)	**(294)**	(249)
Amounts owed by subsidiary undertakings		**-**	-	**-**	(589)
Current tax liabilities		**(1,218)**	(784)	**(84)**	(118)
Provisions	22	**(243)**	(146)	**-**	-
		(82,393)	(58,121)	**(1,050)**	(2,528)
NET CURRENT ASSETS		**63,948**	55,744	**3,403**	1,368
NON-CURRENT LIABILITIES					
Borrowings	23	**-**	-	**-**	-
Lease liabilities	24	**(5,731)**	(6,509)	**-**	-
Trade and other payables	21	**(38)**	(141)	**-**	-
Derivative financial instruments	25	**(140)**	-	**-**	-
Deferred tax liabilities	26	**(474)**	(276)	**-**	-
		(6,383)	(6,926)	**-**	-
TOTAL LIABILITIES		**(88,776)**	(65,047)	**(1,050)**	(2,528)
NET ASSETS		**105,722**	98,178	**56,846**	54,829
EQUITY					
Share capital	27	**5,075**	5,013	**5,075**	5,013
Share premium		**31,600**	30,637	**31,600**	30,637
Other reserves		**4,131**	3,525	**3,699**	3,356
Retained earnings		**64,916**	59,003	**16,472**	15,823
Total Equity		**105,722**	98,178	**56,846**	54,829

Steve Ellwood – Director
Paul Roberts - Director

The Company generated profit of £3,670,000 (2020: profit of £2,325,000). The financial statements were approved by the Board of Directors on 1 February 2022 and signed on its behalf. The notes on pages 63 to 98 form part of these financial statements.

Consolidated Statement of Changes in Equity

As at 31 October 2021

Group	Share capital £000	Share premium account £000	Other reserves £000	Cash Flow Hedge Reserve £000	Retained earnings £000	Total £000
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	-	(2,791)	(2,303)
At 31 October 2020	5,013	30,637	3,525	-	59,003	98,178
Profit for the year	-	-	-	-	8,934	8,934
Net change in the fair value of cashflow hedges taken to equity, net of tax	-	-	-	263	-	263
Total comprehensive income for the year	-	-	-	263	8,934	9,197
Transactions with owners of the Company, recognised directly in equity:						
Shares issued during the year	62	963	-	-	-	1,025
Dividends	-	-	-	-	(3,021)	(3,021)
Equity settled share-based payment transactions	-	-	343	-	-	343
Total contributions by and distributions to owners of the Company	62	963	343	-	(3,021)	(1,653)
At 31 October 2021	5,075	31,600	3,868	263	64,916	105,722

All amounts are derived from continuing operations.

The notes on pages 63 to 98 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 2021

Company	Share capital £000	Share premium account £000	Other reserves £000	Retained earnings £000	Total £000
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
Profit for the year	-	-	-	3,670	3,670
Total comprehensive income for the year	-	-	-	3,670	3,670
Transactions with owners of the Company, recognised directly in equity:					
Shares issued during the year	62	963	-	-	1,025
Dividends	-	-	-	(3,021)	(3,021)
Equity settled share-based payment transactions	-	-	343	-	343
Total contributions by and distributions to owners of the Company	62	963	343	(3,021)	(1,653)
At 31 October 2021	5,075	31,600	3,699	16,472	56,846

The notes on pages 63 to 98 form part of these financial statements.

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

Consolidated and Company Cash Flow Statement

As at 31 October 2021

	Note	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Cash flows from operating activities					
Cash generated from operations	33	**10,554**	19,833	**(1,098)**	740
Interest received	3	**193**	164	**55**	85
Interest paid	3	**(102)**	(141)	**(4)**	(19)
Settlement of provision	22	**(96)**	(10)	**-**	-
Tax paid		**(1,462)**	(1,510)	**(103)**	(97)
Net cash generated / (used) from operating activities		**9,087**	18,336	**(1,150)**	709
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**340**	194	**-**	-
Purchase of property, plant and equipment	16	**(1,563)**	(1,058)	**(427)**	(266)
Acquisition of business and assets, net of cash acquired	35	**(2,156)**	-	**-**	-
Acquisition of subsidiary undertakings, net of cash acquired	35	**(82)**	(125)	**-**	-
Decrease in short term loans to joint ventures		**570**	524	**570**	524
Dividends received from joint ventures		**753**	2	**753**	2
Dividends received from subsidiaries		**-**	-	**3,150**	2,900
Net cash (used) / generated by investing activities		**(2,138)**	(463)	**4,046**	3,160
Cash flows from financing activities					
Proceeds from the issue of ordinary share capital	27	**1,025**	392	**1,025**	392
Lease payments	24	**(4,392)**	(4,632)	**-**	-
Repayment of borrowings	34	**(900)**	(1,470)	**(900)**	(1,470)
Dividends paid to shareholders	11	**(3,021)**	(2,791)	**(3,021)**	(2,791)
Net cash used by financing activities		**(7,288)**	(8,501)	**(2,896)**	(3,869)
Net (decrease) / increase in cash and cash equivalents		**(339)**	9,372	**-**	-
Cash and cash equivalents at the beginning of the period		**19,980**	10,608	**7**	7
Cash and cash equivalents at the end of the period	23	**19,641**	19,980	**7**	7

The cashflow movements for 2020 for both the Group and the Company have been adjusted to reflect the incorrect treatment of the repayment in short term loans to joint ventures which has been reclassified from cash generated from operations to cashflows from investing activities.

The notes on pages 63 to 98 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 Eagle House, Llansantffraid Ym Mechain, Powys, SY22 6AQ. 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, in conformity with the requirements of the Companies Act 2006. 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 International Accounting Standards and the requirements of the Companies Act 2006 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 Directors have prepared the financial information presented for Group and Company on a going concern basis having considered the principal risks to the business and the possible impact of plausible downside trading scenarios. The Board have concluded that they have a reasonable expectation that the entity has adequate resources to continue in operational existence for the foreseeable future, and that the going concern assumption is appropriate. The impact of the Covid-19 pandemic has been considered and while the situation continues to evolve, the likely effect on sales, profits and cashflows is considered unlikely to be significant.

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 31. 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 3-31.

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.

COVID-19

The Covid-19 outbreak occurred during the previous financial reporting period and continues to evolve. 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 initial impact on trading was 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 previous 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 under reasonably foreseeable restrictions are highlighted:

The Group has reviewed any potential impairment indicators of both financial and non-financial assets (in accordance with IAS 36 and IFRS 9 in particular), especially where operations have suffered due to COVID-19.

As detailed in the Strategic report, the Group benefits from a wide customer base, which the Group considers provides greater financial security over the balances held within financial assets.

The practical expedient available from the endorsed amendment to IFRS 16 – 'COVID-19-Related Rent Concessions' has not been utilised on the basis that it is not relevant to the Group.

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. In the Company financial statements, investments in subsidiaries, joint ventures and associates are accounted for at cost.

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 majority of the 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 main operating segments which relate how our customers purchase products, as described below:

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 aceptance have been satisfied.

Specialist Agricultural Merchanting

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

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 relates to asset set where the grant is treated as deferred income or by deducting it from the carrying amount of the asset. The Group only recognises grant income when the performance conditions for receiving the grant are met and there is a more than 50% likelihood that the grant will not require repayment in a subsequent period.

FINANCE INCOME

Finance income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Finance income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

AMORTISATION OF INTANGIBLE ASSETS, SHARE-BASED PAYMENTS AND NON-RECURRING EXPENSE 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.

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.

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 property held to earn rentals and/or for capital appreciation, is initially measured at cost and subsequently stated at fair value at the reporting date, as determined by the directors and is periodically supported by external valuers. Gains or losses arising from changes in the fair value of investment property are recognised in the income statement in the period in which they arise.

Gains or losses on disposal of an investment property are recognised in the income statement on the unconditional completion of the sale.

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 building and right of use assets is over the period of the lease;
- plant and machinery and office equipment 10% - 33% per annum straight line; and
- motor vehicles 20% - 30% per annum straight line.

If the expenditure provides incremental future benefits so that it improves the earning capacity or extends the life of the non-current asset beyond its originally intended useful economic life, then it is treated as capital expenditure. This is usually the case with non-climate compliant assets where the Group seeks to modify appropriate assets where possible as it works towards its zero-carbon footprint commitment which is detailed in the strategic report. Climate uncertainty does not have a material impact on the assessment of useful lives as the assets are considered to be fit for purpose over the assessed useful economic lives with reasonable repairs and maintenance.

The impact of historical climate related incidents indicates that any

Principal Accounting Policies continued

financial impact on physical assets, including adapting them for use is addressed by our existing capital programme. Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner. Gains and losses on disposals are calculated by comparing proceeds with carrying amount and are included in the income statement.

INTANGIBLE ASSETS

Following initial recognition of an intangible asset, the cost model is applied requiring the asset to be held at cost less any accumulated amortisation and impairment. Amortisation begins when the asset is ready for use.

This type of expenditure primarily relates to internally developed, computer operating and financial software and website projects for the Group and are amortised on a straight-line basis over their useful economic lives of three to seven years.

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

FINANCIAL INSTRUMENTS

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets

Financial assets and liabilities at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead, the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the asset.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1');
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2'); and
- financial assets that have objective evidence of impairment at the reporting date ('Stage 3').

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial asset. For large one-off balances where there is no historical experience, analysis is completed in respect of several reasonably possible scenarios.

Other 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 Group has specifically elected to present fair value changes are then shown in 'other comprehensive income'. Cost is used as an appropriate estimate of the fair value for investments where in limited cases there is insufficient, recent information available to measure fair value.

Trade and other receivables and loans to joint ventures

Trade receivables are initially recognised at their transaction price. When a trade receivable is uncollectible, it is written off against the impairment provision for trade receivables. Subsequent recoveries of amounts previously written off are credited against costs in the income statement. Short-term trade receivables do not carry any interest and are stated at their amortised cost, as reduced by appropriate allowances for estimated irrecoverable amounts.

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument.

The Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

The Group assess impairment of trade receivables on a collective basis where they possess shared credit risk characteristics, they have been grouped based on sector industry global default rates. Refer to Note 13 for a detailed analysis of how the impairment requirements of

IFRS 9 are applied.

The assessment of impairment for trade receivables can either be individually or collectively and is based on how an entity manages its credit risk. As the Group has a small number of receivables with large value and these receivables are managed on an account basis (i.e. individually) it is therefore not appropriate to base the impairment on a provision matrix as such a matrix would unlikely be in line with the expected credit loss of the individual receivable.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered. An equity instrument is any contract that provides a residual interest in the assets of a business after deducting all other liabilities. Equity instruments issued by the Group are recorded as the proceeds received, net of direct issue costs.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables, derivative financial instruments and financial lease liabilities.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs.

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.

Prepaid fees in relation to issuance of debt are held on the statement of financial position on the basis that such issuance is considered probable. If issues do not occur, or are deemed not to be probable, such fees are recognised in the income statement.

Financial guarantees

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

Trade and other payables

Trade and other payables are non-interest bearing and are stated at their fair value and subsequently measured at amortised cost using the effective interest method.

Derivative financial instruments

Derivative financial instruments are used to manage exposure to market risks. The principal derivative instruments used by Wynnstay are foreign exchange forward contracts and futures. The Group does not hold or issue derivative financial instruments for trading or speculative purposes. Derivative financial assets and liabilities are measured at fair value. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

Hedge accounting

Derivatives designated as hedging instruments are classified at inception of hedge relationship as cash flow hedges. Changes in the fair value of derivatives designated as cash flow hedges are recognised in other comprehensive income to the extent that the hedges are effective. Ineffective portions are recognised in profit or loss immediately. Amounts deferred in other comprehensive income are reclassified to the income statement when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When or if a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred in full to the income statement.

Accounting for changes in credit risk

Accounting standards require that the fair value of financial instruments reflects their credit quality and also changes in credit quality where there is evidence that this has occurred. The credit risk associated with the Group's derivatives is reviewed at Treasury Management Committee meetings monthly where the impact is not material, due to the Group strong financial position.

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.

CASH AND CASH EQUIVALENTS

For the purposes of the Statement of financial position, cash and cash equivalents comprise cash at bank, cash in hand, money market funds and short-term deposits with an original maturity of three months or less. For the Consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

LEASES

Group as a lessee, accounts for all leases by recognising a right-of-use asset and a lease liability. At inception, the Group assess whether the contract contains a lease or is a lease. A lease is determined when the contract conveys the right to control an identified asset for a period of time in exchange for consideration. The Group recognises a right-of-use asset and a corresponding lease liability for all lease agreements in which the Group is the lessee at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial lease liability adjusted for any lease payment made at or before the commencement date, plus any indirect initial costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets are then subsequently depreciated using the straight-line method or reducing balance method from the commencement date to the earlier of the lease term or useful life of the underlying asset. Right-of-use assets are reviewed for indicators of impairment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted at the rate implicit in the lease, or, if the rate cannot be determined, the Group's incremental borrowing rate.

The incremental borrowing rate is based on the (i) reference rate, (ii) financing spread and (iii) lease specific adjustments. The reference rate is based on the UK Nominal Gilts aligned with the tenor of the lease observed at the time of signing the contract. The financing spread is based on the term of the debt, level of indebtedness, entity and

Principal Accounting Policies continued

economic environment. The lease specific adjustment is required if the term of the lease is out of the norm.

Lease payments included in the measurement of lease liabilities includes the following:

- Fixed payments including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date; and
- The amount expected to be payable by the lessee under residual value guarantees

The Group remeasures the lease liability when there is a change in the future lease payments arising from a change in rate or index or, a modification to the lease that is not accounted for as a separate lease. In the latter case, the lease liability is remeasured by using a revised discount rate. When the lease liability has been remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the profit or loss account if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has opted not to recognise right-of-use assets and lease liabilities for low value assets and short-term leases (defined as a lease with a lease term of 12 months or less). Instead, the lease payments are recognised as an operating expense on a straight-line basis over the length of the lease term or on a systematic basis.

CURRENT AND DEFERRED INCOME TAX

The tax charge/credit for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in other comprehensive income. In this case, the tax is recognised in other comprehensive income.

Current tax assets and current tax liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Group relief claimed/surrendered between UK companies is paid for at the applicable tax rate of 19% (2020: 19%) for the year.

Deferred income taxation is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group's financial statements, at rates expected to apply when they reverse, based on current tax rates and law. Deferred income taxation is not provided on the initial recognition of an asset or liability in a transaction, other than a business combination, if at the time of the transaction there is no effect on either accounting or taxable profit or loss.

Deferred income tax assets are recognised to the extent that there are future taxable temporary differences from the unwind of the deferred income tax liabilities, against which these deductible temporary differences can be utilised or other future taxable profits. Deferred tax assets and liabilities are not discounted. Deferred income taxation is determined using the tax rates and laws that have been enacted, or substantively enacted during the year and are expected to apply in the periods in which the related deferred tax asset or liability is reversed. No material uncertain tax positions exist as at 31 October 2021.

DEFERRED INCOME

Amounts received prior to the delivery of goods and services are recorded as deferred income and released to the income statement as they are provided.

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the reporting date and are discounted, where material, to present value using a current, pre-tax rate that reflects, where appropriate, the risks specific to the liability.

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

SHARE CAPITAL

Ordinary shares are classified as equity and are recorded at the par value of proceeds received, net of direct issue costs, allowing for any reductions in the par value. Where shares are issued above par value, the proceeds in excess of par value are recorded in the share premium account.

DIVIDEND DISTRIBUTION

A dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the shareholders' right to receive payment of the dividend is established.

FOREIGN CURRENCY

The consolidated financial statements are presented in Sterling, which is the parent company's functional currency.

Transactions denominated in foreign currencies are initially recorded in the entity's functional currency using the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Sterling at the rates of exchange ruling at the reporting date. Differences arising on translation are charged or credited to the income statement.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The Group makes certain estimates and assumptions regarding the future. These 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, however we believe these are not significant nor likely to cause a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Notes to the Financial Statements

For the year ended 31 October 2021

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 and disclosures

a) New standards, interpretations and amendments effective from 1 January 2021

New standards impacting the Group adopted in the annual financial statements for the year ended 31 October 2021, and which have given rise to changes in the Group's accounting policies but have not had any significant impact on adoption are as follows:

• Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (issued on 26 September 2019)	1 January 2020
• Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31 October 2018)	1 January 2020
• Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018)	1 January 2020
• Amendments to IFRS 3 Business Combinations (issued on 22 October 2018)	1 January 2020
• Amendments to IFRS 16 Leases: Covid 19-Related Rent Concessions (issued on 28 May 2020)	1 June 2020

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

b) New accounting pronouncements, that are not yet effective and have not been adopted early by the Group, to be adopted on or after 1 January 2022

• Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (issued on 25 June 2020)	1 January 2021
• Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020)	1 January 2021
• Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021)	1 April 2021
• Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020 (All issued 14 May 2020)	1 January 2022
• Amendments to IFRS 17 Insurance Contracts	1 January 2023

The 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.

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 2021 are as follows:

	Agriculture	Specialist Agricultural Merchanting	Other	Total
Year ended 31 October 2021	**£000**	**£000**	**£000**	**£000**
Revenue from external customers	**358,961**	**141,425**	**-**	500,386
Segment result				
Group operating profit before non-recurring items	**3,697**	**7,120**	**(208)**	10,609
Share of results of joint ventures before tax	**524**	**33**	**120**	677
	4,221	**7,153**	**(88)**	11,286
Non-recurring items				-
Interest income				193
Interest expense				(383)
Profit before tax from operations				11,096
Income taxes (includes tax of joint ventures)				(2,162)
Profit for the year attributable to equity shareholders from operations				(8,934)
Other information :				
Depreciation and amortisation	**3,463**	**2,676**	**-**	6,139
Fixed asset additions	**3,760**	**2,094**	**-**	5,854
Segment assets	**101,812**	**66,237**	**6,808**	174,857
Segment liabilities	**(56,547)**	**(20,139)**	**-**	(76,686)
				98,171
Add corporate net cash (note 23)				9,243
Less corporate tax liabilities				(1,692)
Net Assets				105,722
Included in segment assets above are the following investments in joint ventures and associates	**2,386**	**115**	**840**	3,341

2. SEGMENTAL REPORTING continued

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

Year ended 31 October 2020	Agriculture £000	Specialist Agricultural Merchanting £000	Other £000	Total £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 and associates 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 and associates)				(1,548)
Profit for the year attributable to equity shareholders from operations				5,533
Other Information:				
Depreciation and amortisation	3,548	2,630	-	6,178
Fixed asset additions	2,510	1,505	-	4,015
Segment assets	78,265	57,708	7,272	143,245
Segment liabilities	(34,401)	(18,022)	-	(52,423)
				90,822
Add corporate net cash (note 23)				8,416
Less corporate tax liabilities				(1,060)
Net Assets				98,178
Included in segment assets above are the following investments in joint ventures and associates	2,711	91	719	3,521

3. FINANCE COSTS

	2021 £000	2020 £000
Interest expense:		
Interest payable on borrowings	**(102)**	(141)
Interest payable on leases	**(281)**	(295)
	(383)	(436)
Interest receivable	**193**	164
Net finance costs	**(190)**	(272)

4. OTHER OPERATING INCOME

	2021 £000	2020 £000
Rental income	**361**	351

Notes to the Financial Statements continued

5. AMORTISATION OF TANGIBLE ASSETS, IMPAIRMENT OF GOODWILL, SHARE-BASED PAYMENTS AND NON-RECURRING EXPENSE ITEMS

	2021 £000	2020 £000
Amortisation of acquired intangible assets, goodwill impairment and share-based payments		
Amortisation of intangibles	39	36
Impairment of goodwill	95	-
Cost of share-based reward	343	96
	477	132
Non-recurring items		
Business re-organisation costs	-	185
Goodwill and Investment impairment	-	601
Huyton depot closure costs	-	256
Decommissioning of Selby seed plant	-	152
	-	1,194

Non-recurring items in 2020 consisted of:

- Business re-organisation costs relate to the redundancy related expenses of colleagues leaving the business as a result of re-organising operations during the prior 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; and
- 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:

	2021 £000	2020 £000
Staff costs	31,085	30,031
Cost of inventories recognised as an expense	431,423	363,446
Depreciation of property plant and equipment:	2,165	2,290
Amortisation of right-of-use assets	3,974	3,888
Amortisation of intangibles	39	36
Fair value changes on derivative financial instruments	23	395
Hedge ineffectiveness for the period	114	-
(Profit) on disposal of fixed assets	(86)	(142)
(Profit)/ Loss on disposal of right-of-use asset	(14)	25
Other operating lease rentals payable	205	244

Services provided by the Group's auditor

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

	2021 £000	2020 £000
Audit services – statutory audit	119	99

Included in the Group audit fee are fees of £25,000 (2019: £5,304) 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

	2021 £000	2020 £000
Share of post-tax profits in joint ventures	572	438
Total share of post-tax profits of joint ventures	572	438

8. STAFF COSTS

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

	2021 £000	2020 £000
Wages and salaries	**27,053**	26,384
Social security costs	**2,672**	2,442
Pension and other costs	**1,017**	1,109
Cost of share-based reward	**343**	96
	31,085	30,031

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

	2021 No.	2020 No.
Administration	**106**	104
Production	**143**	141
Sales, distribution and depots	**661**	654
	910	899

The parent company did not have any employees in the current or prior year other than directors who are remunerated by other Group companies.

9. DIRECTORS' REMUNERATION

	2021 £000	2020 £000
Directors' emoluments	**854**	772
Social security costs	**97**	92
Company contributions to money purchase pension schemes	**37**	50
Aggregate gains made on the exercise of Approved CSOP options	**18**	-
	1,006	914

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	2021 £000	2020 £000
Executives		
Gareth Davies	**327**	250
Paul Roberts	**254**	203
Andrew Evans (retired from the Board 1 December 2020)	**86**	165
Non-Executives		
Jim McCarthy (retired from the Board 31 July 2021)	**35**	50
Steve Ellwood (appointed Chairman 1 March 2021)	**56**	34
Philip Kirkham	**41**	35
Howell Richards	**40**	35
Catherine Bradshaw (appointed to the Board 1 July 2021)	**15**	-
	854	772

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Notes to the Financial Statements continued

9. DIRECTORS' REMUNERATION continued

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

	2021 No.	2020 No.
Money purchase pension scheme	3	3

	2021 £000	2020 £000
Contribution paid by the Group to money purchase pension schemes in respect of such directors were:		
Gareth Davies	20	20
Paul Roberts	16	16
Andrew Evans	1	14
	37	50

	2021 £000	2020 £000
Gains made on the exercise of approved share options schemes in respect of such directors were:		
Gareth Davies	9	-
Paul Roberts	9	-
	18	-

10. TAXATION

Analysis of tax charge in year:

	2021 £000	2020 £000
Current tax		
- operating activities	1,901	1,496
- adjustments in respect of prior years	(4)	(73)
Total current tax	1,897	1,423
Deferred tax		
- accelerated capital allowances	57	165
- other temporary and deductible differences	103	(140)
Total deferred tax	160	25
Total tax charge for the year	2,057	1,448

Factors affecting tax charge for the year

The tax assessed for the year is lower (2020: higher) than the standard rate of Corporation Tax in the UK applicable to the Group 19% (2020: 19%) and is explained as follows:

	2021 £000	2020 £000
Current tax		
Profit on activities before tax	10,991	6,981
Profit on activities multiplied by standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	2,088	1,326
Effects of:		
Tax effect of share of profit of joint ventures and associates	(109)	(83)
Expenses not deductible for tax purposes	3	137
Adjustment to tax charge in respect of prior years	(4)	(73)
Accelerated capital allowances	57	-
Movement on unrecognised deferred tax	22	141
Total tax charge for year	2,057	1,448

Factors that may affect future tax charges

In the Budget in March 2021, the Chancellor announced that the main rate of Corporation Tax will rise from 19% to 25% with effect from April 2023 and if fully enacted this will increase the Group's future tax charge accordingly.

11. DIVIDENDS

	2021 £000	2020 £000
Final dividend paid for prior year	**2,007**	1,870
Interim dividend paid for current year	**1,014**	921
	3,021	2,791

Subsequent to the year end it has been recommended that a final dividend of 10.50p per ordinary share (2020: 10.00p) be paid on 29 April 2022. Together with the interim dividend already paid on 29 October 2021 of 5.00p net per ordinary share (2020: 4.60p) this will result in a total dividend for the financial year of 15.50p net per ordinary share (2020: 14.60p).

12. EARNINGS PER SHARE

	Basic earnings per share		Diluted earnings per share	
	2021	2020	**2021**	2020
Earnings attributable to shareholders (£000)	**8,934**	5,533	**8,934**	5,533
Weighted average number of shares in issue during the year (number '000)	**20,120**	19,952	**20,524**	20,070
Earnings per ordinary 25p share (pence)	**44.40**	27.73	**43.53**	27.57

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.

	2021			2020		
	Earnings	**Weighted average number of shares (number '000)**	**Earnings per share**	Earnings	Weighted average number of shares (number '000)	Earnings per share
Earnings per ordinary 25p share (pence)	**8,934**	**20,120**	**44.40**	5,533	19,952	27.73
Effect of dilutive securities Share options	**-**	**404**	**(0.87)**	-	118	(0.16)
Diluted Earnings per ordinary 25p share (pence)	**8,934**	**20,524**	**43.53**	5,533	20,070	27.57

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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.

Group	£000's Cost	£000's Impairment	£000's Net book value
Cost			
At 1 November 2019	16,276	(1,308)	14,968
Impairment Charged	-	(601)	(601)
At 31 October 2020	16,276	(1,909)	14,367
Additions- Business Combination	**50**	**-**	**50**
Impairment Charged	**-**	**(95)**	**(95)**
At 31 October 2021	**16,326**	**(2,004)**	**14,322**

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 each CGUs is Glasson £786,000 (2020: £881,000), Agricultural Supplies £9,930,000 (2020: £9,880,000) and Grainlink £3,606,000 (2020:£3,606,000).

The pre-tax discount rates used to calculate value in use for all CGUs was 7.35% (2020: 9.2%) and was derived from the Group's weighted average cost of capital taking into account any specific risks relating to each CGU.

The forecasts are extrapolated based on estimated long-term average growth rates of 2.0% (2020: 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 for 2021. The impairment within the Agricultural segment during the year of £95,000 is the carrying goodwill held within Glasson Grain Ltd relating to Horti Stores, which was acquired in 2015 and which ceased trading during the year. In 2020 the impairment tests for the GrainLink CGU within the Agricultural segment, highlighted an impairment charge of £601,000 which was recognised.

14. INTANGIBLE ASSETS

	Customer order books £000	Trademarks £000	Total £000
Cost			
Balance as at 1 November 2019	**345**	10	355
Additions	**-**	-	-
At 31 October 2020	**345**	10	355
Additions- Business Combination	**50**	**-**	**50**
At 31 October 2021	**395**	**10**	**405**
Aggregate amortisation			
Balance at 1 November 2019	**92**	2	94
Charge for the year	**34**	2	36
At 31 October 2020	**126**	4	130
Charge for the year	**37**	**2**	**39**
At 31 October 2021	**163**	**6**	**169**
Net book value At 31 October 2021	**232**	**4**	**236**
Net book value At 31 October 2020	**219**	6	225

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15. INVESTMENT PROPERTY

Fair value	£000
Group	
At 1 November 2019, 31 October 2020 and 31 October 2021	**2,372**
Company	
At 1 November 2019, 31 October 2020 and 31 October 2021	**2,372**

Investment property relates to a redeveloped retail property in Pwllheli which the Group continues to actively market for sale. The amount of rent receivable from the Investment property was £205,000 (2020: £196,000). Direct operating expenses associated with this investment property amounted to £18,206 in the year (2020: £10,985).

Investment property valuations have been conducted by Management where a review of the property is undertaken to ensure the correct assumptions and inputs have been used. The assumptions used in the valuation techniques are all classified as level 3 categories. Level 3 inputs are based on unobservable inputs which relate to discounted cash flow technique using an appropriate asset discount rate including growth rates for the relevant revenues and costs.

	Increase/(decrease) in asset valuation
	£000
Investment property – Base revenue	
+1.0%	6
-1.0%	(6)
Investment property – Revenue growth	
+1.0%pa	90
-1.0% pa	(87)
Investment property – Operating costs growth	
+1.0%pa	(5)
-1.0% pa	5
Investment property – Discount rate	
+1.0%	(298)
-1.0%	391

WYNNSTAY

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 2019	1,249	15,272	22,652	4,860	14,310	58,343
Additions	49	235	833	67	2,831	4,015
Acquisitions	-	-	-	-	-	-
Disposals	-	-	(417)	(1,065)	(74)	(1,556)
At 31 October 2020	1,298	15,507	23,068	3,862	17,067	60,802
Additions	**153**	**333**	**989**	**88**	**4,050**	**5,613**
Acquisitions- Business Combination	-	-	-	-	**241**	**241**
Disposals	**(149)**	-	**(333)**	**(816)**	**(588)**	**(1,886)**
At 31 October 2021	**1,302**	**15,840**	**23,724**	**3,134**	**20,770**	**64,770**
Depreciation						
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
Charge for the year	**102**	**388**	**1,441**	**234**	**3,974**	**6,139**
On disposals	**(52)**	**-**	**(287)**	**(762)**	**(74)**	**(1,175)**
At 31 October 2021	**464**	**6,420**	**17,550**	**2,820**	**9,727**	**36,981**
Net book value at 31 October 2021	**838**	**9,420**	**6,174**	**314**	**11,043**	**27,789**
Net book value at 1 November 2020	884	9,475	6,673	513	11,240	28,785

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Notes to the Financial Statements continued

16. PROPERTY, PLANT AND EQUIPMENT continued

	Leasehold land and buildings £000	Freehold land and buildings £000	Total £000
Company			
Cost			
At 1 November 2019	13,739	636	14,375
Additions	227	28	255
At 31 October 2020	13,966	664	14,630
Additions	99	328	427
At 31 October 2021	**14,065**	**992**	**15,057**
Depreciation			
At 1 November 2019	5,060	220	5,280
Charge for the year	349	64	413
At 31 October 2020	5,409	284	5,693
Charge for the year	**78**	**366**	**444**
At 31 October 2021	**5,487**	**650**	**6,137**
Net book value at 31 October 2021	**8,577**	**342**	**8,919**
Net book value at 31 October 2020	8,557	380	8,937

17. FIXED ASSET INVESTMENTS

	Joint Ventures & Associates £000	Other unlisted investments £000	Total £000
Group			
Cost			
At 1 November 2019	3,086	90	3,175
Share of profit or investment income	438	-	438
Dividend distribution	(2)	-	(2)
At 31 October 2020	3,521	90	3,611
Share of profit or investment income	**572**	**-**	**572**
Revaluation of investment	**-**	**2**	**2**
Dividend distribution	**(753)**	**-**	**(753)**
At 31 October 2021	**3,341**	**92**	**3,433**
Provision for impairment			
At November 2020 and 31 October 2021	**-**	**-**	**-**
Net book value at 31 October 2021	**3,341**	**92**	**3,433**
Net book value at 31 October 2020	3,521	90	3,611

	Share in group undertakings £000	Joint Ventures & Associates £000	Total £000
Company			
Cost			
At 1 November 2020	42,562	191	42,753
At 31 October 2020 and 2021	**42,562**	**191**	**42,753**
Provision for impairment			
At 1 November 2020	(601)	-	(601)
At 31 October 2020 and 2021	**(601)**	**-**	**(601)**
Net book value at 31 October 2021	**41,961**	**191**	**42,152**
Net book value at 31 October 2020	41,961	191	42,152

Notes to the Financial Statements continued

18. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

SUBSIDIARIES

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

Company name	Proportion of shares held (Ordinary) %	Nature of business	Registered office address
Glasson Group (Lancaster) Limited	100	Holding company	West Quay, Glasson Dock, Lancaster, Lancs, LA2 0DB
Glasson Grain Limited	100	Feed and Fertiliser merchant	
Wynnstay (Agricultural Supplies) Limited	100	Agricultural merchant	Eagle House, Llansantffraid Ym Mechain, Powys, SY22 6AQ
Woodheads Seeds Limited	100	Dormant company	
Youngs Animal Feeds Limited	100	Equine and pet products distributor	
GrainLink Limited	100	Grain merchant	
Wrekin Grain Limited	100	Dormant company	
Eifionydd Farmers Limited	100	Dormant company	
Shropshire Grain Limited	100	Dormant company	
Welsh Feed Producers Limited	100	Dormant company	
Banbury Farm and General Supplies Limited	100	Dormant company	
Stanton Farm Supplies Limited	100	Dormant company	

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

Wynnstay Agricultural (Supplies) Limited
Stanton Farm Supplies Limited

Youngs Animal Feeds Limited
Eifionydd Farmers Limited

Glasson Group (Lancaster) 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:

	2021 £000	2020 £000
Non-current assets	**713**	721
Current assets	**6,339**	5,407
Current liabilities	**(3,860)**	(2,702)
Non-current liabilities	**(21)**	(4)
Net Assets	**3,171**	3,422

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:

	2021 £000	2020 £000
Revenue	**20,147**	16,907
Expenses	**(19,470)**	(16,369)

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

	2021 £000	2020 £000
Group's share of joint ventures profit before tax	**677**	538

ASSOCIATE

The interest in associates is represented by the following limited company, which is 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:

	2021 £000	2020 £000
Total assets	**285**	407
Total liabilities	**(162)**	(284)
Net assets	**123**	123
Group's share of associates' net assets	**41**	41
Total revenue	**-**	-
Profit for the period	**-**	-
Group's share of associates' profit before tax	**-**	-

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 2021
Bibby Agriculture Limited	31 August 2021
Total Angling Limited	31 October 2021
Celtic Pride Limited	31 January 2021

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:

Transactions and balances with subsidiaries	Company 2021 £000	Company 2020 £000
Amounts due from subsidiary undertakings:		
Loans	**1,127**	-
	1,127	-
Amounts due to subsidiary undertakings:		
Loans	**-**	590
	-	590
Transactions reported in the statement of comprehensive income:		
Income received	**444**	413
Purchases	**159**	192

Transactions and balances with joint ventures	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Amounts due from joint ventures:				
Trade receivables	**1,268**	427	**-**	-
Loans	**3,319**	3,889	**3,319**	3,889
	4,587	4,316	**3,319**	3,889
Trade payables	**(2)**	(5)	**-**	-
	(2)	(5)	**-**	-
Transactions reported in the statement of comprehensive income:				
Revenue	**6,254**	5,467	**-**	-
Purchases	**(139)**	(139)	**-**	-

19. INVENTORIES

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Raw materials and consumables	**13,837**	5,994	**-**	-
Finished goods and goods for resale	**36,713**	28,196	**-**	-
	50,550	34,190	**-**	-

Inventories are stated after a provision for impairment of £400,000 (2020: £380,000) (Company £nil (2020: £nil)).
£1,777,000 of inventories relates to the acquisition during year which is inclusive of the total year end balance. See Note 35.

20. TRADE AND OTHER RECEIVABLES

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Current				
Amounts owed by subsidiary undertakings	**-**	-	**1,127**	-
Trade receivables, net of loss allowance	**70,320**	53,465	**-**	-
Prepayments and accrued income	**1,161**	1,702	**-**	-
Other receivables	**1,030**	590	**-**	-
	72,511	55,757	**1,127**	-

The carrying value of trade and other receivables classified at amortised cost approximates to their fair value. No receivables are pledged as collateral or sold to discounting or debt factoring services. Assets in the course of construction had a value of £627,000 (2020: £165,000) included within Other Receivables.

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.

If the expected credit loss was to increase or decrease by 50 basis points the impact on the income statement would be £36,000 loss or gain, respectively.

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 2021					
Expected loss rate	**0.22%**	**0.62%**	**1.32%**	**19.60%**	**1.48%**
Gross carrying amount	**45,643**	**12,977**	**8,879**	**3,878**	**71,377**
Loss provision	**(100)**	**(80)**	**(117)**	**(760)**	**(1,057)**
Trade receivables, net of loss allowance	**45,543**	**12,897**	**8,762**	**3,118**	**70,320**

	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	0.22%	0.62%	1.33%	8.67%	1.28%
Gross carrying amount	34,157	10,147	4,064	5,790	54,158
Loss provision	(74)	(63)	(54)	(502)	(693)
Trade receivables, net of loss allowance	34,083	10,084	4,010	5,288	53,465

The increase in loss provisions on receivables over 120 days includes specific debt provisions.

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	
	2021 £000	2020 £000	**2021 £000**	2020 £000
Opening provision for impairment of trade receivables	**693**	762	**-**	-
Increase during the year	**609**	234	**-**	-
Receivables written off during the year as un-collectible	**(245)**	(303)	**-**	-
Impairment gain/ (loss) during the year	**364**	(69)	**-**	-
At 31 October	**1,057**	693	**-**	-

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 £000	2020 £000	**2021 £000**	2020 £000
Current				
Trade payables	**68,923**	46,048	**-**	-
Amounts owed to Group undertakings	**-**	-	**-**	589
Other payables	**945**	853	**294**	249
Accruals and deferred income	**5,518**	4,253	**-**	-
Other taxes and social security	**654**	661	**-**	-
Deferred and contingent consideration	**172**	102	**-**	-
	76,212	51,917	**294**	838
Non-current				
Deferred and contingent consideration	**25**	127	**-**	-
Government grants	**13**	14	**-**	-
	38	141	**-**	-
Total trade and other payables	**76,250**	52,058	**294**	838

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost which approximates fair value. Deferred and contingent consideration is measured at fair value, refer to business combinations note 35.

22. PROVISIONS

	2021 £000	2020 £000
Balance as at 1 November	**146**	-
Charge for the year	**193**	156
Utilised	**(96)**	(10)
At 31 October	**243**	146

Provision has been made for the outcome of potential legal disputes where it is both probable that the Company will suffer an outflow of funds and it is possible to make a reliable estimate of that outflow.

	2021 £000	2020 £000
Provision analysed:		
Legal Provision	**193**	-
Selby Seed Plant- Decommissioning	**50**	146
	243	146
To be settled within one year	**243**	146
To be settled after one year	**-**	-
	243	146

Legal provision of £193,000 during the year relates to disputes over the classification of certain types of grain where the achieved out-turn prices have been lower than initially expected.

Closure of the Selby seed plant for £146,000 during 2020 was part settled during the year, with the balance to be settled in the subsequent year. A provision was made for decommissioning the site and costs of vacating a leased property and transferring the plant and machinery to a new location.

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23. CASH, CASH EQUIVALENTS, BORROWINGS AND LEASE LIABILITIES

	Group		Company	
	2021 £000	2020 £000	**2021 £000**	2020 £000
Current				
Cash and cash equivalents per balance sheet	**19,641**	19,980	**7**	7
Cash and cash equivalents per cash flow statement	**19,641**	19,980	**7**	7
Bank loans and overdrafts due within one year or on demand:				
Secured loans	**-**	(897)	**-**	(897)
Loan stock (unsecured)	**(672)**	(675)	**(672)**	(675)
Borrowings	**(672)**	(1,572)	**(672)**	(1,572)
Non-property leases	**(1,626)**	(1,473)	**-**	-
Property leases	**(2,369)**	(2,010)	**-**	-
Lease liabilities	**(3,995)**	(3,483)	**-**	-
Total current net cash/(debt) and lease liabilities	**14,974**	14,925	**(665)**	(1,565)
Non-current				
Bank loans	**-**	-	**-**	-
Loan stock (unsecured)	**-**	-	**-**	-
Borrowings				
Non-property leases	**(1,881)**	(2,228)	**-**	-
Property leases	**(3,850)**	(4,281)	**-**	-
Lease liabilities	**(5,731)**	(6,509)	**-**	-
Total non-current net (debt) and lease liabilities	**(5,731)**	(6,509)	**-**	-
Total net cash/(debt) and lease liabilities	**9,243**	8,416	**(665)**	(1,565)
Total net cash/(debt) and lease liabilities, excluding property leases	**15,462**	14,707	**(665)**	(1,565)

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are all non-restricted balances and are all cash at bank and held with HSBC UK Bank Plc, except for £585,000 (2020: £311,000) which is held at International FC Stones for wheat futures hedging. HSBC UK Bank Plc's credit rating per Moody's is A1 (2020: A2).

£412,000 of the cash and cash equivalent balance is denominated in EUR (99%) and USD (1%) (2020: £38,000, in EUR (90%) and USD (10%)). All other amounts are denominated in GBP and are at booked fair value.

BORROWINGS

Bank loans and overdrafts are secured by an unlimited composite guarantee of all the trading entities within the Group. Outstanding bank borrowings as at October 2020 were repaid during the year and the rate of interest on this loan was 0.85% over base rate up to the point of repayment.

Loan stock is redeemable at par at the option of the Company or the holder. Interest of 0.5% (2020: 0.5%) per annum is payable to the holders.

24. 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 2021.

Group	Number of lease contracts at November 2020	Additions	Expired	Disposal	Number of lease contracts as at 31 October 2021	Fixed payments %
Property leases	52	-	(1)	(1)	50	28%
Plant and equipment leases	9	14	-	(2)	21	11%
Vehicle leases	108	4	(2)	-	110	61%
Total	**169**	**18**	**(3)**	**(3)**	**181**	**100%**

Group	Land and buildings £000	Plant, machinery and motor vehicles £000	Total £000
Right-of-use assets			
At November 2020	6,266	4,974	11,240
Additions	**2,661**	**1,630**	**4,291**
Amortisation	**(2,377)**	**(1,597)**	**(3,974)**
Disposal	**(437)**	**(77)**	**(514)**
At 31 October 2021	**6,113**	**4,930**	**11,043**

Group	Land and buildings £000	Plant, machinery and motor vehicles £000	Total £000
Lease liabilities			
At 1 November 2020	6,291	3,701	9,992
Additions	**2,661**	**1,630**	**4,291**
Interest expense	**133**	**148**	**281**
Lease payments	**(2,419)**	**(1,973)**	**(4,392)**
Disposal	**(446)**	**-**	**(446)**
At 31 October 2021	**6,220**	**3,506**	**9,726**

Group	2021 £000	2020 £000
Short-term lease expense	**180**	117
Low value lease expense	**25**	127
	205	244

2021 Group	Within one year £000	One to two years £000	Two to five years £000	Over five years £000	Total £000
Lease liabilities	**3,995**	**2,821**	**2,910**	**-**	**9,726**

2020 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

25. FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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.

The Group's principal financial instruments (other than derivatives) comprise loans, cash and short-term deposits; the main purpose of these instruments is to raise finance for the Group's operations; and additionally include trade and other receivables, trade and other payables and lease liabilities.

The Group also enters derivative transactions, principally foreign exchange contracts and wheat futures to manage commodity price and currency risks arising from the Group's operations.

The Group's policy does not permit use of derivatives for speculative purposes. However, some derivatives do not qualify for hedge accounting, or are specifically not designated as a hedge where gains and losses on the hedging instrument and the hedged item naturally offset in the Group's income statement. Treasury operates on a centralised basis, where Derivatives are only used for economic hedging purposes and not as speculative investments and are classified as 'held for trading', other than designated and effective hedging instruments and are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period, otherwise they are classified as non-current.

(i) Principal financial instruments

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

- Cash and cash equivalents
- Trade receivables
- Trade and other payables
- Borrowings
- Forward foreign currency contracts
- Wheat futures contracts

(ii) Financial instruments by category

	Group		Company	
Financial Assets	**2021 £000**	2020 £000	**2021 £000**	2020 £000
Cash and cash equivalents	**19,641**	19,980	**7**	7
Amounts owed by subsidiary undertakings	**-**	-	**1,127**	-
Trade receivables, net of loss allowance	**70,320**	53,465	**-**	-
Loan to joint venture	**3,319**	3,889	**3,319**	3,889
Derivative financial instruments	**325**	49	**-**	-
	93,605	77,383	**4,453**	3,896

	Group		Company	
Financial Liabilities	**2021 £000**	2020 £000	**2021 £000**	2020 £000
Bank loans and other borrowings	**672**	1,572	**672**	1,572
Finance lease liabilities	**9,726**	9,992	**-**	-
Amounts owed to Group undertakings	**-**	-	**-**	589
Trade payables and other payables	**69,868**	46,901	**294**	249
Accruals and deferred income	**5,518**	4,253	**-**	-
Deferred and contingent consideration	**197**	229	**-**	-
Derivative financial instruments	**193**	219	**-**	-
	86,174	63,166	**966**	2,410

Notes to the Financial Statements continued

25. FINANCIAL INSTRUMENTS continued

(iii) Financial instruments carrying value

Financial instruments not measured at fair value includes trade and other receivables, trade and other payables and loans and borrowings.

Group financial assets	Fair Value 2021 £000	Fair Value 2020 £000	Amortised cost 2021 £000	Amortised cost 2020 £000
Trade receivables, net of loss allowance	-	-	70,320	53,465
Loan to joint venture	-	-	3,319	3,889
Derivative financial instruments	325	49	-	-
	325	49	73,639	57,345

Group financial liabilities	Fair Value 2021 £000	Fair Value 2020 £000	Amortised cost 2021 £000	Amortised cost 2020 £000
Bank loans and other borrowings	-	-	672	1,572
Lease liabilities	-	-	9,726	9,992
Trade payables and other payables	-	-	69,868	46,901
Accruals and deferred income	-	-	5,518	4,253
Deferred and contingent consideration	197	229	-	-
Derivative financial instruments	193	219	-	-
	390	448	85,784	62,718

Company financial assets	Fair Value 2021 £000	Fair Value 2020 £000	Amortised cost 2021 £000	Amortised cost 2020 £000
Amounts owed by subsidiary undertakings	-	-	1,127	-
Loan to joint venture	-	-	3,319	3,889
	-	-	4,446	3,889

Company financial liabilities	Fair Value 2021 £000	Fair Value 2020 £000	Amortised cost 2021 £000	Amortised cost 2020 £000
Bank loans and other borrowings	-	-	672	1,572
Amounts owed by Group undertakings	-	-	-	589
Other payables	-	-	294	249
	-	-	966	2,410

(iv) Derivative Financial instruments classification by type, level and non-current and current split

Derivative financial instruments specifically have been broken into their current and non-current component and by derivative instrument type under hedge accounting and fair value through profit and loss.

Asset derivative financial instruments:	Fair Value 2021 £000	Fair Value 2020 £000	Current 2021 £000	Non-Current 2020 £000	Current 2021 £000	Non-Current 2020 £000
Forward FX contracts- designated cash flow hedge instruments	206	-	206	-	-	-
Wheat futures contracts- designated cash flow hedge instruments	119	-	114	5	-	-
Forward FX contracts- fair value through profit or loss	-	49	-	-	49	-
	325	49	320	5	49	-
Liability derivative financial instruments:	£000	£000	£000	£000	£000	£000
Wheat futures contracts- fair value through profit or loss	193	219	193	-	219	-
	193	219	193	-	219	-

25. FINANCIAL INSTRUMENTS continued

The valuation techniques and significant unobservable inputs related to determining the fair value of derivatives (level 1) and deferred and contingent consideration which is classified at level 3 in the fair value hierarchy, where the valuation techniques are explained 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)
Forward foreign exchange contracts	Spot price at reporting date including forward swap points based off the appropriate interest rate curve over 12 months	Not applicable	Not applicable
Wheat Futures Contracts	Market prices published by ICE Futures Europe, MIC Code: IFLX	Not applicable	Not applicable
Deferred and contingent consideration	Realisation of net assets on completion and target earnings	Management accounts information	Any adjustments to net assets or profitability of management accounts

The fair value hierarchy of financial instruments measured at fair value is provided below. There were no transfers between levels during the period.

Group	Level 1		Level 2		Level 3	
Financial assets	**2021 £000**	2020 £000	**2021 £000**	2020 £000	**2021 £000**	2020 £000
Derivative financial assets (designated hedging instruments)	**325**	-	**-**	-	**-**	-
Derivative financial assets (fair value through profit or loss)	**-**	49	**-**	-	**-**	-
	325	49	**-**	-	**-**	-

	Level 1		Level 2		Level 3	
Financial liabilities	**2021 £000**	2020 £000	**2021 £000**	2020 £000	**2021 £000**	2020 £000
Derivative financial liabilities (fair value through profit or loss)	**193**	219	**-**	-	**-**	-
Deferred and contingent consideration	**-**	-	**-**	-	**197**	229
	193	219	**-**	-	**197**	229

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 2019	**336**
Payments out of deferred and contingent consideration in year	**(107)**
New deferred and contingent consideration in year	**-**
As at 31 October 2020	**229**
Payments out of deferred and contingent consideration in year	**(82)**
New deferred and contingent consideration in year	**50**
As at 31 October 2021	**197**

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

Notes to the Financial Statements continued

25. FINANCIAL INSTRUMENTS continued

Hedging strategy

The objective of Wynnstay's Treasury activity is to minimise the post-tax net cost of financial operations and reduce its volatility to benefit earnings and cash flows. Wynnstay uses only a few financial instruments to finance its operations and derivative financial instruments to manage market risks from these operations. Derivatives principally comprise of foreign exchange forward contracts and wheat futures contracts. These financial instruments reduce the uncertainty of foreign currency transactions and wheat prices.

Derivatives are used exclusively for hedging purposes in relation to underlying business activities and not as trading or speculative instruments.

Hedge ratios are monitored on a monthly basis at Board level in line with the Group's risk management policies and procedures where the hedged item exposure is hedged with derivatives within an 90% to 100% range.

The main source of hedge ineffectiveness in these hedging relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the foreign exchange forward contracts, which is not reflected in the fair value of the hedged item attributable to changes in foreign exchange rates and ineffectiveness, including timing differences between the cash flows of the hedged item and the hedging instruments.

Foreign Exchange Contracts and Wheat Futures designated under cash flow hedges

During 2021, the Group entered into forward foreign exchange contracts which have been designated as cash flow hedges. These were entered into to hedge the foreign exchange exposure arising on cash flows from Euro and USD denominated wheat physical purchase transactions. The Group manages its cash flow wheat price risk by entering into offsetting futures contracts on ICE Futures Europe.

The notional value of foreign exchange forward contracts and wheat futures is the absolute total of outstanding positions at the balance sheet date. Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

During the year total hedge ineffectiveness arising from forward foreign exchange contracts amounted to £114,000 (2020: £ nil), consisting of realised swap cost of £68,000 (2020 £ nil) and unrealised swap cost of £46,000 (2020: £ nil) at the balance sheet date.

Hedge Type	Hedging Instrument	Hedged Item	Nominal Value	Average contracted	Maturing
			£000	Derivatives prices	
Cash flow hedge	Forward FX GBP/EUR	Physical Wheat Grain & Fertiliser	**18,076**	GBP/EUR 1.174	Group Qrt 1, 2021-2022 to Group Qrt 4, 2022
Cash flow hedge	Forward FX GBP/USD	Physical Wheat Grain & Fertiliser	**7,028**	GBP/USD 1.364	Group Qrt 1, 2021-2022 to Group Qrt 2, 2022
Cash flow hedge	UK Feed Wheat futures contract- IFLX	Physical Wheat Grain	**769**	£187.63	Group Qrt 3, 2022 to Group Qrt 1, 2022- 2023
			25,873		

Set-off of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position is shown when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. According to the enforceable master netting agreements with the financial counterparties, in the event of default, derivative financial instruments with the same counterparty can be net settled. In the event of default, subject to payment enforcements £108,000 (2020: £44,000) of assets and liabilities, respectively of the derivative financial instruments are subject to right for offsetting, under ISDA (International Swaps and Derivatives Association) agreements.

There were no other material amounts offset in the consolidated statement of financial position or associated with enforceable master netting agreements.

Gross and net presentation of derivatives	Gross Position	Right of offset to net settle	Balance Sheet Net Position	Gross Position	Right of offset to net settle	Balance Sheet Net Position
	2021 £000	2021 £000	2021 £000	2020 £000	2020 £000	2020 £000
Asset derivative financial instruments:	**433**	**(108)**	**325**	93	(44)	49
Liability derivative financial instruments:	**301**	**(108)**	**193**	263	(44)	219

25. FINANCIAL INSTRUMENTS continued

RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCESSES

The main risks arising for the Group are credit risk, foreign currency, commodity price risk, intertest rate risk, liquidity risk and capital management risk. The Board approves prudent treasury policies for managing each of the risks which are summarised 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 potentially always present.

Detailed credit approval before initial supply, the operation of credit limits and active credit control monitoring and policy, help to minimise the incidence of bad debt risk. The Group's grain trading activities is exposed to substantial customer credit limits and to assist in mitigating such riskier limits, a credit insurance policy is put in place to provide partial cover against default by 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 diverse customer base being large and unrelated.

ii) Foreign currency risk

The main currency related risk to the Group comes from the forward purchasing of imported raw materials for our Grain business. This risk is managed by entering into forward foreign exchange contracts to coincide at the same time as when the underlying transaction is priced and agreed for future delivery. The fair value of the contracts was £206,000 (2020: £49,000) with the principal nominal amounts of the forward purchased currency, based in sterling of £25,104,000 (2020: £8,733,000).

The Group is primarily exposed to foreign exchange risk in relation to Sterling against movements in US Dollar and Eur. Foreign exchange risk arises from the translation of financial assets and liabilities that are not in the functional currency of the entity that holds them. Based upon the carrying value of the Group's net financial assets and liabilities denominated in a foreign currency as at 31 October 2021 and 31 October 2020, the exposure is minimal.

iii) Commodity market risk

Whilst the Group does not speculative in commodity trading, it does have to make significant forward purchases of certain raw materials, particularly for use within its animal feed manufacturing operations. Position reporting systems and controls are in place to ensure the Board is informed of exposure level via the Treasury Management Committee on a regular basis, where the hedging of wheat contracts via a commodities broker is transacted on the Inter-Continental Exchange (ICE) futures market to manage commercial pricing decisions and prevent margin erosion.

If the ICE futures price quoted in sterling pound was to increase or decrease by £1, with all other variables held constant this would result in a £4,000 gain or loss, respectively which would feature in other comprehensive income.

iv) Interest rate risk

The Group's debt terms, historically have generally been floating rate interest. The Treasury Committee presents to the Board their view and option to fix interest rates attached to such variable rate debt through utilising interest rate swaps. However, where possible fixed rate term asset finance is used for the acquisition of property, plant and equipment.

The Group raises borrowings in sterling only. During the year the Company repaid its debt borrowing of £900,000. The group has been largely unaffected by phase 1 of the Interest rate benchmark reform, under IFRS9.

At 31 October 2021, if interest rates had been 100 basis points higher or lower with all variables held constant, profit after tax and net assets would have been £34,000 (2020: £27,000) lower or higher, respectively mainly as a result of higher/ lower interest expense on sterling floating rate borrowings. The directors consider that 100 basis points is the maximum likely change in sterling interest rates over the next year, being the period up to the next point at which the Group expects to make these disclosures.

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 overdraft and revolving credit facilities in place of £10.5m and £7.5m respectively (2020: £10.5m and £7.5m) to manage liquidity needs. The overdraft facility is renewable in April 2022, priced at 1.4% over base rate and the revolving credit facility is committed to June 2023, priced at 1.6% over Sonia, and the Board believes these are adequate to provide prudent liquidity management.

The Board regularly receives monthly cash flow projections as well as information regarding net cash/(debt), where these monthly projections have indicated that the Group is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances. Refer to note 23 on net cash position.

The following table analyses the Group and Company's financial liabilities that will be settled on a net basis, where there is legal and constructive obligation to do so, based on agreed contractual settlement dates, as shown within time buckets in the table below. All amounts disclosed are undiscounted cash flows.

Notes to the Financial Statements continued

25. FINANCIAL INSTRUMENTS continued

RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCESSES continued

Group	2021 Total £000	2021 Within one year £000	2021 One to two years £000	2021 Two to five years £000	2021 Over five years £000	2020 Total £000	2020 Within one year £000	2020 One to two years £000	2020 Two to five years £000	2020 Over five years £000
Bank loans and other borrowings	672	672	-	-	-	1,572	1,572	-	-	-
Finance lease liabilities	9,726	3,995	2,821	2,910	-	9,992	3,483	2,743	3,194	572
Derivatives	193	53	140	-	-	219	219	-	-	-
Trade payables and other payables	69,868	69,868	-	-	-	46,901	46,901	-	-	-
Accruals and deferred income	5,518	5,518	-	-	-	4,253	4,253	-	-	-
Deferred and contingent consideration	197	172	25	-	-	229	82	122	25	-
	86,174	80,278	2,986	2,910	-	63,166	56,510	2,865	3,219	572

Company	2021 Total £000	2021 Within one year £000	2021 One to two years £000	2021 Two to five years £000	2021 Over five years £000	2020 Total £000	2020 Within one year £000	2020 One to two years £000	2020 Two to five years £000	2020 Over five years £000
Bank loans and other borrowings	672	672	-	-	-	1,572	1,572	-	-	-
Amounts due from Group undertakings	-	-	-	-	-	589	589	-	-	-
Other payables	294	294	-	-	-	249	249	-	-	-
	966	966	-	-	-	2,410	2,410	-	-	-

vi) Capital management risk

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 and benefits to shareholders' whilst principally maintaining an efficient capital structure to optimise the cost of capital. In order to maintain or adjust the capital structure, the Group adjusts the amount of dividends to, or to be paid to shareholders', the return of equity capital to shareholders', the issuance of new shares (that could also possibly take the form of bonus script ordinary shares), the disposal of cash generative assets to settle the group's debt exposure.

Group monitors its gearing ratio for the purpose of capital management. 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 (both current and non-current borrowings) and lease liabilities. Total equity is as shown in the consolidated balance sheet.

	2021 £000	2020 £000
Cash and cash equivalents	19,641	19,980
Loans and borrowings	(672)	(1,572)
Lease liabilities	(9,726)	(9,992)
Net cash	9,243	8,416
Total equity	105,722	98,178
Net cash to equity ratio (%)	8.74%	8.57%
Net cash to equity ratio, excluding property leases (%)	14.63%	14.98%

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, where relevant.

26. DEFERRED TAXATION

	Group		Company	
	2021 £000	2020 £000	**2021 £000**	2020 £000
At 1 November	**276**	227	**-**	-
Tax equalisation	**(24)**	24	**-**	**-**
Charge for the year in Statement of Income	**160**	25	**-**	**-**
Charge for the year in Statement of Changes in Equity	**62**	-	**-**	**-**
At 31 October	**474**	276	**-**	**-**

The provision for deferred taxation is made up as follows:

	Group		Company	
	2021 £000	2020 £000	**2021 £000**	2020 £000
Accelerated capital allowances	**449**	392	**-**	-
Other temporary and deductible differences	**25**	(116)	**-**	**-**
	474	276	**-**	**-**

27. SHARE CAPITAL

	2021 No. of shares 000	2021 Nominal Value £000	**2020 No. of shares 000**	2020 Nominal Value £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	**20,299**	5,075	**20,051**	5,013

During the year 89,687 shares (2020: 155,035) were issued with an aggregate nominal value of £22,421 (2020: £38,759) and were fully paid up for equivalent cash of £439,095 (2020: £392,135) to shareholders exercising their right to receive dividends under the Company's dividend scrip scheme. A further 158,138 shares were issued with a nominal value of £39,534 and equivalent cash value of £586,310 (2020: Nil) to satisfy the exercise of employee options.

28. SHARE-BASED PAYMENTS

The Group has three share-based payment schemes in operation at 31 October 2021. The executive directors and certain employees participate in a performance share plan (PSP) under which the vesting of all awards made under the PSP is subject to an earnings per share ("EPS") and Return on Capital Employed ("ROCE") growth target measured against average annual increases over a three-year period.

The executive directors and certain employees participate in the discretionary Approved Company Share Option Plan (CSOP). Such schemes have no performance criteria attached to their operation.

All employees, subject to eligibility criteria, may participate in the Save As You Earn plan. The scheme does not have any performance criteria attached to its operation.

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

	Exercise Price per share £	Exercisable by	As at 01 November 2020	(Exercised)/ Issued in year	Lapsed in year	As at 31 October 2021
Discretionary Share Option Schemes						
CSOP Granted April 2012	3.7500	Apr 2015 - Mar 2022	24,000	**(24,000)**	**-**	**-**
CSOP Granted October 2014	5.4750	Oct 2017 - Oct 2024	151,000	**-**	**-**	**151,000**
PSP Granted January 2020	Nil cost	Oct 2022 - Mar 2023	146,647	**-**	**-**	**146,647**
PSP Granted April 2021	Nil cost	Oct 2023 - Mar 2024	-	**84,728**	**-**	**84,728**
CSOP Granted April 2021	4.6250	Apr 2024 - Apr 2031	-	**186,000**	**(12,000)**	**174,000**
			321,647	**246,728**	**(12,000)**	**556,375**
Savings Related Option Schemes						
Granted July 2016	3.7000	Aug 2021 - Jan 2022	161,209	**(134,138)**	**(1,458)**	**25,613**
Granted September 2018	4.0000	Oct 2023 - Mar 2024	135,495	**-**	**(6,975)**	**128,520**
Granted August 2020	2.7500	Sep 2023 - Feb 2024	456,978	**-**	**(23,791)**	**433,187**
			753,682	**(134,138)**	**(32,224)**	**587,320**
			1,075,329	**112,590**	**(44,224)**	**1,143,695**

During the year 24,000 (2020: Nil) Discretionary Share Options and 134,138 (2020: Nil) Savings Related Options were exercised and satisfied by the allotment of 158,138 (2020: 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 84,728 new nil cost options were granted to certain executives under the terms of the Performance Share Plan approved by shareholders in March 2019, and 186,000 options were granted under the Company's approved CSOP scheme at an exercise price of £4.625.

Fair Value of Options

During the year, the Group charged £343,000 (2020: £96,000) of share based remuneration cost to its Consolidated Statement of Comprehensive Income based on a movement in the fair value of outstanding options granted after November 2002. The fair value of these options were estimated by using the Black Scholes option pricing model and the following assumptions:

Weighted average assumptions	2021	2020
Share price at year end	**£4.90**	£2.85
Average share price	**£4.58**	£2.93
Exercise price	**£2.60**	£2.66
Expected volatility	**33.20%**	42.69%
Weighted average remaining contractual life	**1.83 years**	2.29 years
Number of options	**963,977**	900,329
Risk free interest rate at inception	**0.10% - 0.75%**	0.10% - 0.75%
Number of options exercisable - CSOP options	**151,000**	175,000
- SAYE options	**25,613**	-

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.

29. CAPITAL COMMITMENTS

At 31 October 2021 the Group and Company had capital commitments as follows:

	Group		Company	
	2021 £000	2020 £000	**2021 £000**	2020 £000
Contracts placed for future capital expenditure not provided in the financial statements	**263**	264	**-**	-

30. 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 £1,084,000 (2020: £1,109,000). The liability owed to the pension schemes at 31 October 2021 was £147,000 (2020: £147,000).

31. EMPLOYEE SHARE OWNERSHIP TRUST

The Company operates an employee share ownership trust (ESOP). As at 31 October 2021, 16,834 ordinary 25p shares (2020: 16,834 ordinary 25p shares) were held by the trust with an aggregate market value at the year end of £82,486 (2020: £47,977). The assets, liabilities, income and costs of the ESOP are incorporated into the financial statements of the Group.

32. RELATED PARTY TRANSACTIONS

The Board confirms that they consider the Directors of the Company to be the only key management personnel. 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	
	2021 £000	2020 £000	**2021 £000**	2020 £000
Gareth Davies	**5**	2	**-**	-
Steve Ellwood	**-**	-	**-**	-
Andrew Evans (retired 1 December 2020)	**21**	297	**n/a**	84
Philip Kirkham as a director of M&R Kirkham & Sons Ltd	**383**	352	**114**	37
Jim McCarthy (retired 31 July 2021)	**-**	-	**-**	-
Howell Richards as a director of Cwrtmalle Ltd	**3,248**	3,382	**1,124**	1,316
Paul Roberts	**1**	1	**-**	-
Catherine Bradshaw	**-**	n/a	**-**	n/a
	3,658	4,034	**1,238**	1,437

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	**2021 £000**	2020 £000	**2021 £000**	2020 £000
Purchases from NIAB, a company whose Directors include S J Ellwood	**62**	119	**-**	-

Notes to the Financial Statements continued

33. CASH GENERATED FROM OPERATIONS

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Profit for the year from operations	**8,934**	5,533	**3,670**	2,325
Adjustments for:				
Tax	**2,057**	1,448	**69**	82
Dividend received from subsidiaries	**-**	-	**(3,150)**	(2,900)
Dividends from Joint ventures and associates	**-**	-	**(753)**	(2)
Depreciation of tangible fixed assets	**2,165**	2,290	**444**	424
Investment and goodwill impairment	**95**	601	**-**	601
Amortisation of right-of-use assets	**3,974**	3,888	**-**	-
Equity investment revaluation	**2**	-	**-**	-
Amortisation of other intangible fixed assets	**39**	36	**-**	-
(Profit) on disposal of property, plant and equipment	**(86)**	(142)	**-**	-
(Profit) / Loss on disposal of right of use asset	**(14)**	25	**-**	-
Loss on relinquishment of property lease	**26**	-	**-**	-
Derivative held as FVPL	**23**	395	**-**	-
Government grant	**(2)**	-	**-**	-
Movement in provisions made	**193**	156	**-**	-
Interest on right-of-use liabilities	**281**	295	**-**	-
Net Interest expense	**(91)**	(23)	**(51)**	(66)
Share of post-tax results of joint ventures	**(572)**	(438)	**-**	-
Share-based payments	**343**	96	**343**	96
Changes in working capital (excluding effects of acquisitions and disposals of subsidiaries):				
(Increase) / decrease in inventories	**(14,583)**	8,049	**-**	-
(Increase) / decrease in trade and other receivables	**(16,753)**	8,055	**(1,127)**	-
(Decrease) / increase in payables	**24,523**	(10,431)	**(543)**	180
Cash generated from / (used in) operations	**10,554**	19,833	**(1,098)**	740

34. RECONCILIATION OF LIABILITIES FROM FINANCING

	Group Non-Current £000	Group Current £000	Group Total £000	Company Non-Current £000	Company Current £000	Company Total £000
As at 1 November 2019	-	6,764	6,764	-	3,042	3,042
Cash-flows -Repayments of borrowings	-	(1,470)	(1,470)	-	(1,470)	(1,470)
-Payments of IFRS 16 lease liabilities	-	(4,632)	(4,632)	-	-	-
Non-cash flows						
- Lease movements: additions, disposals and interest, net	-	910	910			
- Finance Lease upon IFRS 16 adoption	6,509	3,483	9,992	-	-	-
As at 31 October 2020	**6,509**	**5,055**	**11,564**		**1,572**	**1,572**
Cash flows						
-Repayments of borrowings	**-**	**(900)**	**(900)**	**-**	**(900)**	**(900)**
-Payments of lease liabilities	**-**	**(4,392)**	**(4,392)**	**-**	**-**	**-**
Non-cash flows						
- Lease movements: additions, disposals and interest, net	**(778)**	**4,904**	**4,126**	**-**	**-**	**-**
As at 31 October 2021	**5,731**	**4,667**	**10,398**		**672**	**672**
2021						
Lease Liabilities	**5,731**	**3,995**	**9,726**	**-**	**-**	**-**
Borrowings	**-**	**672**	**672**	**-**	**672**	**672**
	5,731	**4,667**	**10,398**	**-**	**672**	**672**
2020						
Lease Liabilities	**6,509**	**3,483**	**9,992**	**-**	**-**	**-**
Borrowings	**-**	**1,572**	**1,572**	**-**	**1,572**	**1,572**
	6,509	**5,055**	**11,564**	**-**	**1,572**	**1,572**

35. BUSINESS COMBINATIONS

AGRICULTURAL DIVISION OF ARMSTRONG RICHARDSON & CO. LIMITED

On 12 February 2021, Wynnstay (Agricultural Supplies) Limited entered into a business combination and acquired 100% of the trade and some of the assets of the agricultural division of Armstrong Richardson & Co. Limited.

The provisional consideration is £548,000 which is represented by £154,000 paid on completion for certain assets, deferred consideration paid during the year of £344,000 for inventory and debtors, and contingent consideration of £50,000 relating to goodwill, which is expected to be paid by 12 February 2023. The consideration payable is dependent on employee retention and future product volume.

The fair value of the contingent consideration has been based on management expectation of future performance of the business and could range from £nil to £50,000.

Amounts included in the Consolidated Statement of Comprehensive Income period to 31 October 2021 extracted from management accounts are revenues of £4,761,000 and profit before tax of £3,000.

HELM GREAT BRITAIN LIMITED

On 3 March 2021, Glasson Grain Limited entered into a business combination and acquired 100% of the manufacturing activity and assets of the dry fertiliser blending business of HELM Great Britain Limited.

The provisional consideration is £1,658,000 which is represented by £1,658,000 paid during the year for certain assets and contingent and deferred consideration of £nil.

Amounts included in the Consolidated Statement of Comprehensive Income period to 31 October 2021 extracted from management accounts are revenues of £11,065,000 and profit before tax of £742,000.

	Fertiliser division of HELM Great Britain Limited	Agricultural division of Armstrong Richardson & Co. Limited	Total
	£000	£000	£000
Provision for fair value of asset acquired			
Goodwill	-	50	50
Intangible assets	-	50	50
Property, plant and equipment	225	16	241
Other debtors	-	88	88
Inventories	1,433	344	1,777
Provisional consideration	1,658	548	2,206
Contingent and deferred	-	(394)	(394)
Settled in cash at completion	1,658	154	1,812
Settled in cash post completion before year end	-	344	344
Total settled in cash during the year	1,658	498	2,156
Contingent consideration outstanding at year end	-	50	50

Acquisition costs of £17,000 arose as a result of the above transactions which have been recognised as part of administrative expenses.

Both acquisitions were parts of larger legal entities and therefore the historic sales, gross profit and profit before tax in the period prior to the acquisition is not publicly available.

The business combination accounting will be finalised 12 months from the date of acquisition.

Contingent and deferred consideration of £82,000 was paid during the period to 31 October 2021 relating to prior period acquisitions. Resulting in a total outflow of £2,238,000 in the period to 31 October 2021.

Notice of Annual General Meeting

At the date of this Notice, the Government's guidance around limiting public gatherings has been relaxed and therefore the Board have decided to conduct the 2022 AGM in person with a physical meeting. However, it may be necessary to change arrangements at short notice and shareholders are encouraged to check ahead of the proposed date.

Notice is hereby given that the thirtieth Annual General Meeting (the "Meeting") of Wynnstay Group plc (the "Company") will be held at the Lion Quays Resort, Weston Rhyn, Oswestry, Shropshire, SY11 3EN on Tuesday 22 March 2022 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 31st October 2021 together with the Directors' Report and Auditors' Report on those accounts.
2. To declare a final dividend for the year ended 31 October 2021.
3. To re-appoint the following Director who retires by rotation under Article 91:
   Gareth Wyn Davies
4. To re-appoint the following Director who retires under Article 86:
   Catherine Bradshaw
5. To re-appoint RSM UK Audit LLP as auditors, to hold office from the conclusion of the Meeting to the conclusion of the next Meeting at which accounts are laid before the Company at a remuneration to be determined by the Directors.

SPECIAL BUSINESS

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

6. That, the Directors be and they are hereby generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot equity securities up to an aggregate nominal amount of £500,000 provided that this authority shall, unless renewed, varied or revoked by the Company in General Meeting, expire on the earlier of the next Annual General Meeting of the Company and 15 months from the date of this Resolution save that the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry, and the Directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this Resolution has expired. This authority is in substitution for all previous authorities conferred upon the Directors pursuant to Section 551 of the Companies Act 2006, but without prejudice to the allotment of any relevant securities already made or to be made pursuant to such authorities.
7. That, subject to passing Resolution 6 earlier, the Directors be and they are empowered pursuant to Section 570 of the Act to allot equity securities wholly for cash pursuant to the authority conferred by the previous Resolution as if Section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities: -
   a) in connection with an offer of such securities by way of rights to holders of Ordinary Shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and
   b) otherwise than pursuant to sub-paragraph (a) above up to an aggregate nominal amount of £500,000, and shall expire on the earlier of the next Annual General Meeting of the Company and 15 months from the date of this Resolution save that the Company many, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this Resolution has expired.
8. That, the Company be and is generally and unconditionally authorised for the purposes of Section 701 of the Act to make one or more market purchases (within the meaning of Section 693 of the Act) on the London Stock Exchange of Ordinary Shares of £0.25 each in the capital of the Company provided that:-
   a) the maximum aggregate number of Ordinary Shares authorised to be purchased is 500,000 (representing approximately 2.5% of the Company's issued ordinary share capital);
   b) the minimum price which may be paid for such shares is £0.25 per share;
   c) the maximum price which may be paid for an Ordinary Shares shall not be more than 5% above the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the ordinary share is purchased;
   d) unless previously renewed, varied or revoked, the authority conferred shall expire at the conclusion of the Company's next Annual General Meeting or 15 months from the date of passing this Resolution, if earlier; and
   e) the Company may make a contract or contracts to purchase Ordinary Shares under the authority conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of ordinary shares in pursuance of any such contract or contracts.

By Order of the Board

Paul Roberts
Acting Company Secretary
Wynnstay Group plc
Eagle House
Llansantffraid-ym-Mechain
Powys, SY22 6AQ

1 February 2022

Notes To The Notice Of Annual General Meeting

1.) Meeting format

As at the date of this Notice, the Government's guidance around limiting public gatherings has been relaxed and shareholders are therefore invited to attend a traditional meeting in person. However, it may be necessary to change arrangements at short notice and shareholders are encouraged to check prior to the meeting.

- All resolutions will be decided on a show of hands unless a poll of members is/has been requested.

- 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.

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.) Authority to allot shares

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

5.) Authority to purchase shares

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

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 Acting 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)

Notes to Notice of Annual General Meeting

SHAREHOLDER FRAUD WARNING

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

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

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

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

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

Financial Calendar

2 February 2022	Announcement of 2021 Results
22 March 2022	Annual General Meeting
01 April 2022	Dividend Record Date
29 April 2022	Payment of Final 2021 Dividends
June 2022	Announcement of 2022 Interim Results