countrywide
Farmers plc

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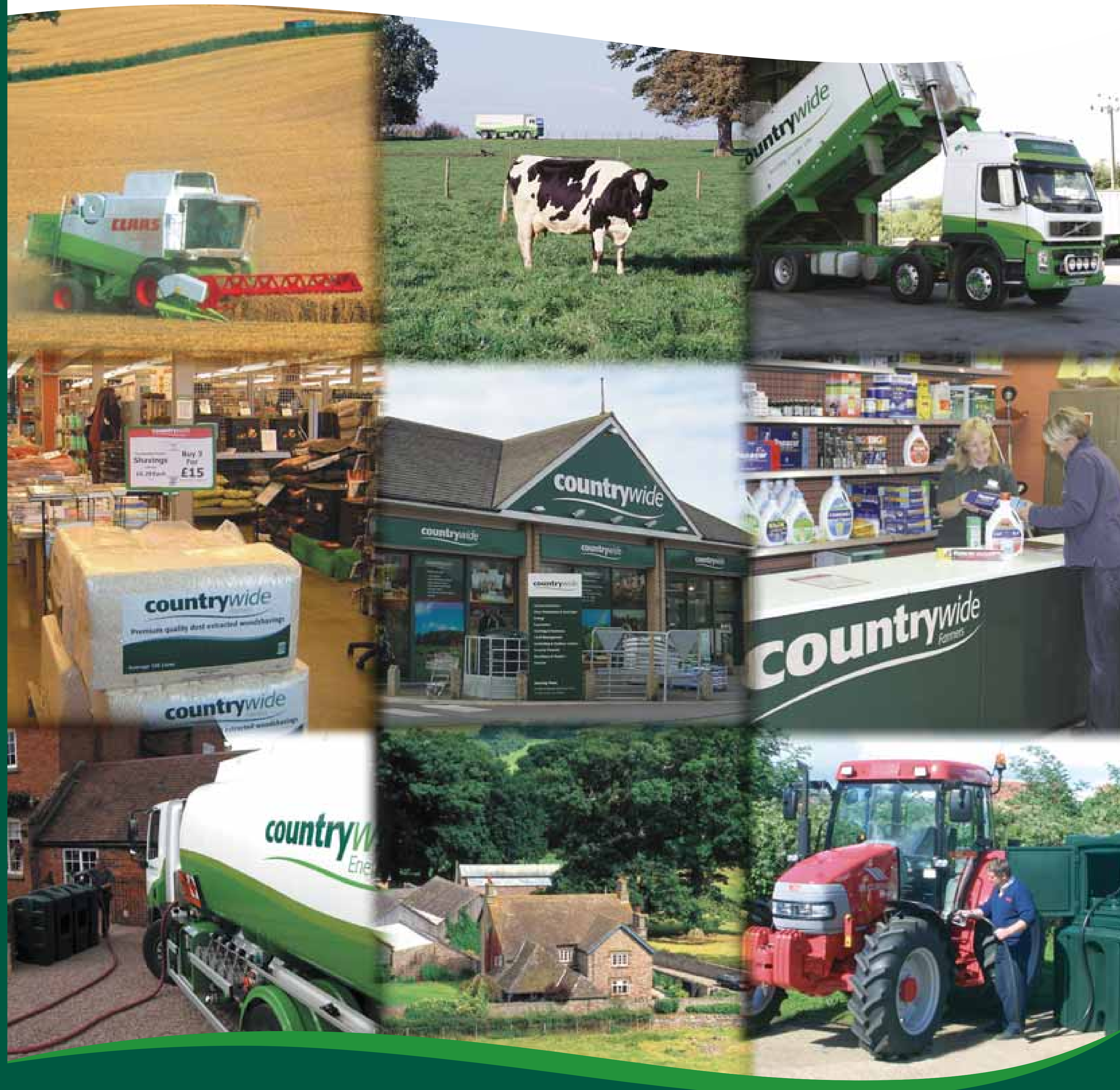
Farmers plc

Annual Report & Accounts

Year Ended 31 May 2005



Serving the rural community

Everything you need in the country

Agriculture

Countrywide Farmers sells a full range of feeds and blends, straights, seeds, fertilisers, and agri chemicals and offers grain procurement and marketing for farmers. We provide expert services to help farmers tackle problems, improve yields and increase profits. Our experienced sales specialists and qualified agronomists visit our farming customers and are available on the telephone to give advice and ensure orders are delivered on time. Our drivers are experienced too and know just where orders need to be delivered.
Countrywide Farmers also has a Turf & Amenity business supplying commercial gardeners, sports grounds and golf courses with a dedicated team offering expert advice and supplying a full range of specialist seeds and fertilisers along with many other products. Call 01225 701333.

Energy

Countrywide Farmers has a large and growing business in fuels and utilities. We've been supplying energy products for 50 years. Today, we deliver LP Gas, Heating Oil, Gas Oil and Derv and all the hardware that goes with them. We also supply mains gas, electricity and, most recently, telephone services.
All of these are available to domestic and commercial customers at very competitive prices.
Because we're Countrywide Farmers we have a particular understanding of the needs of our customers in rural communities. We make customer service a priority, which means fast and reliable delivery wherever you are, expert advice and a human voice on the end of the telephone. Call 0800 3280011.

Country Stores

Countrywide Farmers has over 39 Country Stores. We aim to supply the everyday needs of the rural community, from a huge range of livestock, pet and equestrian feeds, bedding and wormers, country clothing and footwear, composts, garden furniture and machinery, fencing, gates, stoves, household supplies and seasonal products such as barbeques.
The majority of stores are open 7 days a week offering services such as garden machinery repairs, equestrian rug cleaning and horse rider hat fitting. We invest heavily in staff training so we can serve our customers better. Each store has equestrian, agriculture, gardening, clothing and pet specialists offering advice and information on products and help tackle our customers problems. For your local Country Store call 08708 352352.

Countrywide Farmers Sites

Contents

Chairman's Statement

In this, my first Chairman's Statement since appointment, I report significant change in the strategy and structure of Countrywide Farmers. This change has resulted in the profit on a continuing operations basis of £0.7 million being impacted by significant restructuring costs of £2.2 million resulting in an operating loss for the year of £1.5 million.

In the autumn of 2004 the Board took the decision to carry out a strategic review of the Group. This review has focussed on the very significant changes imposed on the trading arenas of Countrywide Farmers by the introduction of Single Farm Payments and its impact on the composition of the rural community. Board level working parties were established to consider both the strategies of the Group and those of the underlying trading operations.

The Agricultural compound feed sector, which has long been a corner stone of Countrywide Farmers, was the first to come under scrutiny. The losses sustained in 2004 were continuing and appearing to deepen, driven by the reducing market for compound ruminant feed, particularly in the Dairy Sector.

The review identified the urgent need to address one particular, over-riding dilemma. Countrywide Farmers, in its traditional position as an agricultural feed manufacturer, was operating from fixed cost mills which had become uneconomic as a result of the ever shifting location of livestock units, diminishing demand and increasing fuel and distribution costs. We also anticipated that significant capital expenditure would be required at the Melksham mill in the near future. Without a change of strategy the Board concluded that we would not be able to maintain the supply of all our current range of products and services to our customers.

It was concluded that Countrywide Farmers should cease compound feed manufacture, thereby reducing the production, distribution and volume concerns, and, that instead, it should draw its own specification feed from a partner and continue to serve its customers as before.

We are pleased to report that, to date, this strategy has proved successful and we are happy with the service and cooperation received so far from our chosen supplier, BOCM Pauls, the compound feed market leader. We have continued to supply our full range of agricultural inputs to our farmer customers, but can now benefit from having enabled the Group to meet the demands of the changing shape of the agricultural sector.

This major change in the way the Group operates has led to the closure of the Melksham mill thus freeing the site for alternative uses, the leasing of the Presteigne mill to our new supplier and the opportunity to centralise the Group's head office and accounting functions on one site at Defford, which, in turn, will lead to organisational and financial benefits.

Whilst this major change to our Agricultural business is very important, it is also critical that Countrywide's Retail and Energy businesses continue to progress. It is extremely pleasing to report that such progress has been and is being made.

The Retail business has built on its improvement of the previous year and results show an increasingly profitable operation that now consists of 37 stores, including the five stores in the north of our trading area which were purchased from NWF Group plc in November 2004. We believe that there is considerable growth potential in our "Country Store" model, where we can produce a good return on capital employed. It is intended to further increase the number of stores in the coming year.

The Energy business, the most consistently profitable part of the Group, produced record profits and it is our intention to increase our focus on the growth and development of this activity.

During 2004 the Defined Benefit Pension Fund Scheme was an important issue that had to be addressed. In December 2004 changes were effected to the Scheme that further reduced the Group's exposure to future liabilities arising from the scheme, and funding arrangements were agreed to the mutual satisfaction of the Group and the Trustees of the Scheme.

The Group has now fully adopted FRS17 in accounting for the costs of the pension scheme and since this represented a change in accounting policy, the comparatives for 2004 have been restated. This adoption has resulted in a prior year adjustment of £12.0 million to the Group's reserves and a net pension deficit of £11.9 million has been recognised in the Balance Sheet at 31 May 2005.

Notice of Annual General Meeting

Countrywide Farmers plc

(the "Company")
(registered in England No. 3776711)

Notice is hereby given that the Annual General Meeting of the Company will be held at 2.30 p.m. on 27 October 2005 at The Gloucestershire Club, Agricultural House, Greville Close, Sandhurst Road, Gloucester, GL2 9RJ for the following purposes:

ORDINARY RESOLUTIONS

1. To receive, consider and adopt the Company's annual accounts and the report of the directors and auditors for the year ended 31 May 2005.
2. To re-elect Mr. Timothy David Holderness-Roddam who retires pursuant to article 90 of the Company's Articles of Association and who, being eligible, offers himself for re-election as a director.
3. To re-elect Mr. Michael Francis Price who retires pursuant to article 90 of the Company's Articles of Association and who, being eligible, offers himself for re-election as a director.
4. To re-elect Mr. David John Lenham who retires pursuant to Article 90 of the Company's Articles of Association and who, being eligible, offers himself for re-election as a director.
5. To re-elect Sir Arthur Benjamin Norman Gill who retires pursuant to Article 84 of the Company's Articles of Association and who, being eligible, offers himself for re-election as a director.
6. To re-elect Mr. Nigel Patrick Hall who retires pursuant to Article 84 of the Company's Articles of Association and who, being eligible, offers himself for re-election as a director.
7. To re-appoint PricewaterhouseCoopers LLP as auditors to the Company and to authorise the directors to fix their remuneration.

SPECIAL RESOLUTION

8. THAT, the directors be and they are hereby empowered pursuant to Section 95(1) of the Act and in substitution for all existing powers, to allot for cash equity securities (within the meaning of Section 94 of the Act) as if Section 89(1) of the Act did not apply to any such allotment provided that this power is limited to:

   (i) the allotment of equity securities in connection with an offer (whether by way of rights, open offer or otherwise) of securities, open for acceptance for a period fixed by the directors to the holders of ordinary shares and such other equity securities of the Company as the directors may determine on the register on a fixed record date in proportion (as nearly as may be) to their respective holdings of such securities or in accordance with the rights attached thereto subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements that would otherwise arise or with legal or practical problems under the laws, or the requirement of any recognised regulatory body or any stock exchange, in any territory; and

   (ii) any other allotment of equity securities up to an aggregate nominal amount of five per cent of the issued share capital of the Company;

and shall expire fifteen months after the passing of this resolution, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and not withstanding such expiry the directors may allot equity securities in pursuance of such offers or agreements. (See note 4 for an explanation of this resolution).

By Order of the Board	Registered Office
P.A. Marfell	Upton House
Company Secretary	3 Hanley Road
29 September 2005	Upton upon Severn
	Worcestershire
	WR8 0HU

NOTES:

1. A Member of the Company who is entitled to attend and vote at the above-mentioned meeting is entitled to appoint a proxy, who need not be a Member of the Company, to attend and vote instead of him.

2. A form of proxy is enclosed. The appointment of the proxy will not prevent a shareholder from subsequently attending and voting at the meeting in person.

3. To be effective the instrument appointing a proxy, and a power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be deposited at the Company's registered office, Upton House, 3 Hanley Road, Upton upon Severn, WR8 0HU not less than 48 hours before the time for holding the meeting.

4. Resolution 8 gives the directors the power to issue shares for cash, without first offering the shares to existing shareholders by way of rights. Such power is limited to a quantity of shares not exceeding 5% of the current issued share capital. Such a power could be useful in many situations including the admission of new members. The wording in sub paragraph (i) of the resolution addresses the technicalities of company law which may arise if the directors were to propose a rights issue.

For the year ended 31 May 2005

31) RELATED PARTY TRANSACTIONS

Non Executive Directors in the normal course of business enter into transactions with the Group which are at arms length and on the same terms as are available to other customers with a similar size of enterprise.

No Directors have any contracts with the Company, other than Directors' service contracts and trading transactions are on identical terms to other customers.

During the year the Group undertook the following material transactions with related parties:-

Related party	Relationship to Group	Transactions 2005 £000s	Transactions 2004 £000s	Debt at 31 May 2005 £000s	Debt at 31 May 2004 £000s
R.C. Beldam	Non Executive Director	231	279	10	26
R.A. Godwin	Non Executive Director	10	59	-	23
T.D. Holderness-Roddam	Non Executive Director	58	31	5	1
M.F. Price	Non Executive Director	131	143	22	19

The Group has taken advantage available to it under FRS8 'Related Party Disclosures' to not disclose transactions or balances between Group entities that have been eliminated on consolidation.

32) CONTINGENT LIABILITIES

Countrywide Farmers plc is a participant in a Group banking arrangement under which cash balances are offset with borrowings, and has given a guarantee in respect of the net bank borrowings within the Group under this arrangement amounting at 31 May 2005 to £14,667,000 (2004: £13,106,000).

During the year the Group entered into new gas supply agreements in the normal course of business. At the year end the Group was committed to minimum payments of £26,000 in relation to contracts for the supply of gas for resale (2004: £44,000).

33) ULTIMATE CONTROLLING PARTY

The Company does not have a known ultimate controlling party, as the current share distribution gives no individual overall control over the Company.

The Board are continuing to explore options to enhance ease of share trading. Shares can currently be traded on a matched bargain basis where by the Group facilitates trade by introducing willing buyers to willing sellers. The shares are not quoted on a recognised stock exchange and the Group's constitution is currently not conducive to the introduction of the shares to such a facility. The Group's Strategy working party has been instructed to fully review options that may be available and the constitutional implications thereof. Shareholder value is very important to the Board and we are determined that sustainable, tangible reward will be forthcoming at the earliest opportunity.

There have been several changes in membership of the Board during the past year.

John Bush, who I thank for his invaluable leadership as Chairman of Countrywide Farmers, since its formation in 1999, and his sterling service to West Midland Farmers, as Chairman and a director for many years before that, retired from the Board on 8 December 2004. I was appointed Chairman upon John's retirement. I come to the position after some 40 years as a farmer in South Herefordshire and also as a director of a number of agricultural companies and cooperatives, including that of the Chairmanship of Midland Shires Farmers, since when I have served as a director of Countrywide Farmers.

Denis Gamberoni, who, over recent years, brought his considerable knowledge of corporate life to the Group, has retired and we thank him for his contribution, whilst Jim Lowe also came to the end of his term as a director and we are very grateful to him for his significant input into the much-improved fortunes of our retail business.

It is vitally important that the non-executive membership of the Board reflects the focus of the Group's sphere of operations and, to that end, we are pleased to report that the Board has been joined by Nigel Hall, who has had substantial retail and finance experience with Arcadia Group plc, and by Sir Ben Gill, who is well known to many of us as a past N.F.U. President and current Chairman of Westbury Dairies Ltd.

In conclusion, I thank the Board, Executives and Employees for their hard work this year. Significant changes have been embarked upon which considerably de-risk the business and will, I believe, enable the Group to become profitable and successful and the Shareholders to benefit from that success.

John Pugh
Chairman
29 September 2005

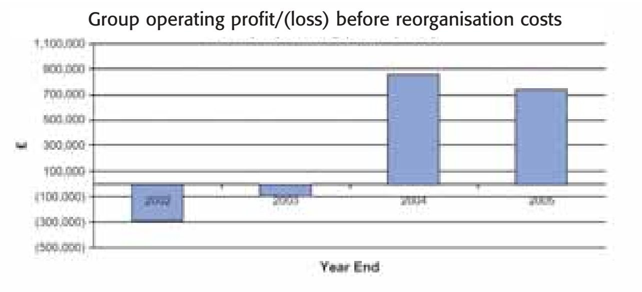
Managing Director’s Review

Overview

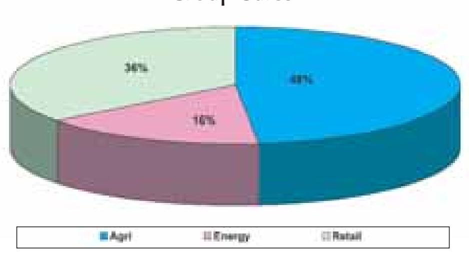
Sales increased by 6.5% to £151.4 million (2004: £142.2 million) and generated a Group operating profit, before reorganisation costs, of £0.7 million (2004 restated: £0.9 million). This downturn, which masks the excellent results achieved by the Retail and Energy businesses, was directly attributable to further contraction of the Agricultural compound feed sector market.

The further deterioration in Agri trading led, in early Autumn 2004, to us deciding to fundamentally change the way in which we operate our Agri compound feed business. The new strategy, as described in the Chairman’s Statement, was implemented in the summer of 2005 and has incurred restructuring and reorganisation costs of £2.2 million. These costs, which have been provided for in these accounts, include £1.2 million which relates to the write off of assets used in the manufacturing process, and, as such, has not depleted our cash facilities. Furthermore, in the fullness of time, the Group will benefit from the disposal and or redeployment of property vacated as a result of the cessation of manufacturing activities.

The Group in total reported a loss before taxation for the year of £3.1 million (2004 restated: profit £0.2 million).

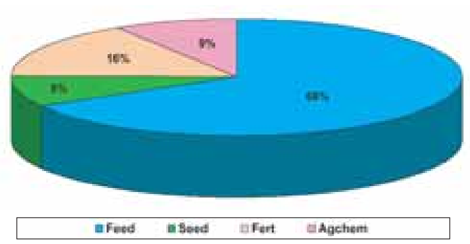


Group Sales



Agriculture

Agri Sales



Agri reported losses excluding reorganisation costs of £0.9 million (2004 restated: profit £0.1 million).

Total Agri sales fell by 2.4% to £73.1 million (2004: £74.9 million) driven by lower volumes of sales of compound feed.

The UK feed market volume was reported by DEFRA to have contracted by 10% during the period and our compound feed sales reflected a similar downturn. This, combined with increased costs of compound feed production and distribution, had a significant impact on Agri’s profitability and resulted in the reported operating loss of £0.9 million (2004 restated: profit £0.1 million).

The new compound feed production and distribution arrangement with BOCM Pauls is designed to improve our competitive advantage in an enlarged trading area whilst, at the same time, securing a long term, cost effective supply chain for our existing customers. We continue to track the movement of Milk quota to the west and can now competitively supply this growing milk producing area. Furthermore, the new arrangements will enable us to significantly reduce the fixed and working capital employed in our Agri business thus making it more able to compete effectively. In summary, we remain committed to our Agri customer base, which we regard as being the core of the rural community we supply, and the measures taken will enable us to better serve its needs.

Within the total Agri activity total feed sales were £46.9 million (2004: £47.5 million). Whilst compound feed sales decreased it is pleasing to report that our embryonic alternative feed business increased its sales by 25% and substantially increased its market share. Our strategic commitment to this sector will increase to reflect the growing demand for its products, as livestock farmers continue to seek the lowest cost of producing milk and meat.

Total Arable sales were £26.2 million (2004: £27.4 million), generated a profit contribution to the Agri business and, going forward, we will enhance our resources in this important agricultural sector.

Turf and Amenity continued to improve its market share with sales of £0.7 million (2004: £0.4 million) and moved into profit in only its second year of operation.

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2005

28) LEASE COMMITMENTS

Annual operating costs of leases expiring in the following periods are:

	Land and Buildings 2005 £000s	Other Plant and Machinery 2005 £000s	Group Total 2005 £000s	Company 2005 £000s
Within one year	14	999	1,013	1,005
Within two to five years inclusive	246	2,160	2,406	2,319
Over five years	680	-	680	680
	940	3,159	4,099	4,004

	Land and Buildings 2004 £000s	Other Plant and Machinery 2004 £000s	Group Total 2004 £000s	Company 2004 £000s
Within one year	3	995	998	998
Within two to five years inclusive	137	2,235	2,372	2,332
Over five years	634	-	634	634
	774	3,230	4,004	3,964

29) CAPITAL COMMITMENTS

	Group Total 2005 £000s	Group Total 2004 £000s	Company 2005 £000s	Company 2004 £000s
Capital expenditure contracted but not provided for	40	416	40	416

30) PRINCIPAL SUBSIDIARIES

Subsidiary undertakings	Nature of business	Type of shares	% Share holding	Country of registration	Reporting date
Advanced Retail Technologies Limited	Non-trading	£1 ordinary	100%	England	30 April
Chepstow Farmers Limited	Non-trading	£1 ordinary	100%	England	31 May
Countrywide Farmers Retail Limited	Non-trading	£1 ordinary	100%	England	31 May
Countrywide Farmers Stores Limited	Non-trading	£1 ordinary	100%	England	31 May
Countrywide LP Gas Limited	LPG Supplier	£1 ordinary	100%	England	31 May
Lidstone Midwinter Holdings Limited	Non-trading	£1 ordinary	100%	England	31 May
Midland Shires Farmers Limited	Investment	50p ordinary	100%	England	31 May
MSF (Property) Limited	Non-trading	£1 ordinary	100%	England	31 May
MSF (Welland Valley Feeds) Limited	Inputs to farming trade	£1 ordinary	56%	England	31 May
Neway Datacare Limited	Non-trading	£1 ordinary	100%	England	31 May
Passey Nott & Company Limited	Non-trading	£1 ordinary	100%	England	31 May
Porthouse Farms Limited	Non-trading	£1 ordinary	100%	England	31 May
South West Blends Limited	Non-trading	£1 ordinary	100%	England	31 May
MB 2000 Limited	Non-trading	£1 ordinary	91%	England	30 June
West Midland Farmers Limited	Non-trading	£1 ordinary	100%	England	31 May
Wiltshire Farmers Limited	Non-trading	£1 ordinary	100%	England	31 May
WMF Limited	Investment	£1 ordinary	100%	England	31 May

During the year the Group’s investment in MSF (Welland Valley feeds) Limited was increased from 51% to 56%.

Subsidiary with a joint venture interest

Countrywide LP Gas Limited operates its business under a Joint Venture agreement with Esso Petroleum Company Limited dated 8 November 1994. Under this agreement 50% of the assets, liabilities, income and expenditure of the joint venture are attributable to each party.

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2005

Analysis of the amount charged to operating profit in respect of defined benefit scheme.

	At 31 May 2005 £000s	At 31 May 2004 £000s
Current service cost	470	715
Past service cost	291	-
Curtailment Gain	(638)	-
Total operating charge	123	715

Analysis of the amount charged to other finance expense:

	At 31 May 2005 £000s	At 31 May 2004 £000s
Expected return on pension scheme assets	(3,300)	(2,477)
Interest on pension liabilities	3,590	3,092
Net expense	290	615

Analysis of amount recognised in statement of total recognised gains and losses (STRGL):

	At 31 May 2005 £000s	At 31 May 2004 £000s
Actual return less expected return on assets	3,999	1,375
Experience gains and losses on liabilities	-	(2,749)
Changes in assumptions	(4,092)	2,483
Net (loss)/gain recognised	(93)	1,109

Movement in deficit during the year:

	At 31 May 2005 £000s	At 31 May 2004 £000s
Deficit in scheme at beginning of year	(17,546)	(17,842)
Movement in year:		
Current service costs	(470)	(715)
Contributions	1,045	517
Past service costs	(291)	-
Curtailment Gain	638	-
Net finance expense	(290)	(615)
Actuarial (loss)/gain	(93)	1,109
Deficit in scheme at end of year	(17,007)	(17,546)

History of experience gains and losses:

	At 31 May 2005	At 31 May 2004
Difference between expected and actual return on scheme assets:		
Amount (£'000s)	3,999	1,375
Percentage of scheme assets	7.66%	3.01%
Experience gains and losses on scheme liabilities:		
Amount (£'000s)	-	(2,749)
Percentage of scheme liabilities	-	(4.30%)
Total amount recognised in statement of total recognised gains and losses:		
Amount (£'000s)	(93)	1,109
Percentage of scheme liabilities	(0.13%)	1.75%

Managing Director's Review *(Continued)*

Retail

Retail made a much improved profit of £0.8 million an improvement of £0.6 million having made £0.2 million last year and substantial losses prior to that.

Sales increased by 6.9% to £53.9 million and like for like sales increased by 1.8% which, given trading conditions claimed as the worst for ten years, was a creditable performance. Gross margin improvements were generated by favourable product mix, leverage of buying benefits from increased scale and further efficiencies in the supply chain. Reduced operating costs also contributed to the improved result.

In accordance with our strategic aspirations, we have increased our Retail stores portfolio via the acquisition, in November 2004, of NWF Group plc's five stores, which are principally located in Cheshire. By February 2005 all five had been rebranded, remerchandised and successfully integrated within our Retail business.

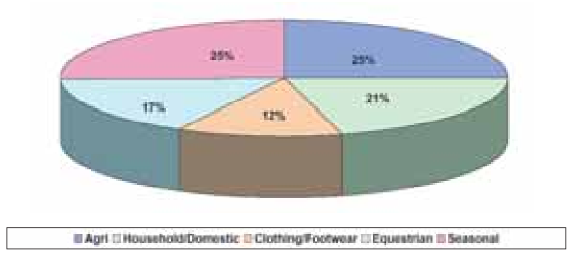
The speed at which these significant improvements have been achieved justifies our investment in professional retail management and operating systems.

Key growth areas were equestrian, pet food, clothing, footwear and household domestic.

The search continues to enhance our customer offer with the introduction of new product ranges consistent with our customer base.

During the year we have spent much time studying the demographic profile and location of our customer prospect base and the results of this research are now being used to target the identification of new store placements that will optimise our Retail expansion.

Retail Sales



Energy

Energy continued to be the most consistent performer within the Group and excelled itself by generating record operating profits of £0.8 million (2004 restated: £0.6 million).

Turnover increased by 45% driven by impressive volume increases and substantial product price inflation.

Fuel sales volumes increased by 10% to over 41 million litres that included profitable expansion of our trading area and the introduction of our own fuel product card.

LP Gas volumes increased by 6% with most growth coming from new customers attracted by the Countrywide Energy offer being rolled out to a wider geographic area.

The Utility business, which comprised our electricity and natural gas offer, increased sales volumes by an encouraging 12%.

Within the Group, Energy generates our best returns on capital and this has encouraged us to extensively research expansion and acquisition opportunities in this sector.

Outlook

Despite the Agri driven reduction in Operating Profit, I am confident that the Group's trading operations are in a much healthier position than a year ago. We remain committed to Agri and our new supply arrangement gives us an opportunity to generate sustainable profits. The cost structure of this part of the business has now shifted to a variable, rather than fixed, cost basis that will stand it in good stead as the compound feed industry contracts, costs continue to rise and supply competition increases.

Managing Director's Review *(Continued)*

Our biggest assets in the restructured business are our people and the Countrywide brand. We will continue to invest in both in order to support and advise our customers in these challenging times.

Retail is now in a much stronger position than previously, having progressively and consistently improved its performance over the last three years. We plan to continue this trend. Whilst reports from the High Street are not encouraging, we believe our product offering and customer profile differentiates us sufficiently to provide the opportunity to perform better than average.

The Countrywide country store model works well, we have competitive advantage in this market and we are a market leader in performance and operation. We are now focused on rolling the model out selectively across the country, whilst continuing to increase sales and operational efficiencies within the existing business.

We will invest further in Energy in order to profitably grow sales within our existing trading area and will also seek opportunities for inorganic growth. The volatility of the crude oil price is unlikely to change, but that is a challenge that we have successfully overcome in the past.

The consolidation of our head office at Defford will significantly improve the operational efficiency of the Group and contribute meaningfully to our on-going cost reduction ambition.

I firmly believe that we now have the platform to develop the Group's unrealised potential for generating rewards for shareholders and employees alike.

John Hardman
Managing Director
29 September 2005

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2005

27) PENSION OBLIGATIONS

During the year the Group has operated two pension schemes.

Countrywide Farmers Money Purchase Pension Scheme
The assets of this money purchase scheme are held in a separate trustee administered fund. The charge to the profit and loss account for this scheme for the year ended 31 May 2005 was £166,000 (2004: £142,000).

Countrywide Farmers Retirement Benefits Scheme
The fund was closed to new members on 31 December 1999 and to the accrual of future defined benefits on 31 December 2004. From 1 January 2005 benefits in this scheme have accrued on a defined contribution basis. The charge to the profit and loss account for this scheme for the year ended 31 May 2005 was £413,000 (2004 restated: £1,330,000).

Contributions paid during the year amounted to £923,000 relating to the final salary section and £122,000 relating to the money purchase section of the scheme (2004: £517,000).

A formal valuation of the scheme was carried out as at 30 November 2003 and the Company agreed to pay an additional £900,000 per anum from October 2004 to reduce the deficit identified in the final salary section of the scheme.

The latest valuation of the scheme was determined by a professionally qualified actuary using the Projected Unit Method. The most significant assumptions made by the actuary for the purpose of determining the charge were that prior to retirement, investment earnings would exceed salary growth by 5.0% per annum and that after retirement, investment earnings would exceed pension increases by 2.5% per annum. The market value of the assets at 31 May 2005 was £52.2 million, which represented 75% of the value of the liabilities assessed on these assumptions.

A full actuarial valuation was carried out at 30 November 2003 and has been updated to 31 May 2005 by a qualified independent actuary. The major assumptions used by the actuary in the valuation of the scheme under FRS17 are:

	At 31 May 2005	At 31 May 2004	At 31 May 2003
Rate of increase in salaries	-	3.50%	3.00%
Rate of increase of pensions in payment	2.25%	2.75%	2.50%
Rate of increase in deferred pensions	2.25%	2.75%	2.50%
Discount rate	5.20%	5.75%	5.10%
Inflation assumption	2.50%	3.00%	2.50%

The assets in the scheme and the expected rate of return were:

	Expected rate of return	Value at 31 May 2005 £000s	Expected rate of return	Value at 31 May 2004 £000s	Expected rate of return	Value at 31 May 2003 £000s
Equities/property	7.00%	39,369	8.00%	33,743	6.50%	27,352
Government bonds/cash	4.50%	666	5.00%	5,917	4.50%	11,539
Corporate bonds	5.10%	12,180	5.75%	6,056	5.00%	4,379
Total market value of assets		52,215		45,716		43,270
Actuarial value of liability		(69,222)		(63,262)		(61,112)
Deficit in the scheme		(17,007)		(17,546)		(17,842)
Related deferred tax asset		5,102		5,264		5,353
Net pension liability		(11,905)		(12,282)		(12,489)

For the year ended 31 May 2005

24) RECONCILIATION OF MOVEMENTS IN TOTAL EQUITY SHAREHOLDERS' FUNDS

	2005 £000s	2004 £000s
At 1 June	40,156	30,218
Prior year adjustment - FRS17	(12,039)	(12,932)
At 1 June as restated	28,117	17,286
Retained (loss)/profit for the year	(3,060)	197
Revaluation in the year	-	9,858
Actuarial (loss)/gain on pension scheme	(93)	1,109
Movement on deferred tax relating to pension asset	28	(333)
At 31 May	24,992	28,117

25) MINORITY INTEREST

The minority interest is the minority's share of the net assets of MSF (Welland Valley Feeds) Limited.

26) EMPLOYEES' AND DIRECTORS' REMUNERATION

Staff costs

	2005 £000s	2004 £000s Restated
Wages and salaries	15,840	15,170
Social security costs	1,494	1,308
Other pension costs	579	1,472
	17,913	17,950

The average number of persons employed by the Group during the year was:

	Full Time Equivalent 2005 Number	Full Time Equivalent 2004 Number	Headcount 2005 Number	Headcount 2004 Number
Agriculture	290	284	301	295
Retail	424	418	528	506
Energy	50	50	59	60
	764	752	888	861

Remuneration of Directors	2005 £000s	2004 £000s
Aggregate emoluments (including benefits in kind)	446	511

Retirement benefits are accruing to one Director under a defined benefit scheme until 31 December 2004 and thereafter under a defined contribution scheme, and to one Director under a defined contribution scheme for the whole year. Contributions to the defined contribution schemes in the year totalled £15,642 (2004: £10,730 for one Director).

Aggregate emoluments (excluding pension contributions) include amounts paid to:

	2005 £000s	2004 £000s
Highest paid Director		
Emoluments:	129	114
Defined benefit pension scheme:		
Accrued pension as at 31 May	35	23

Registered Office and Advisers

Registered Number	3776711
Registered Office	Upton House 3 Hanley Road Upton upon Severn WR8 0HU
Auditors	PricewaterhouseCoopers LLP 31 Great George Street Bristol BS1 5QD
Bankers	Barclays Bank PLC Liverpool City Business Centre 4 Water Street Liverpool L69 2DU

Directors' Report

The Directors present their report and the audited Financial Statements for the year ended 31 May 2005.

Countrywide Farmers plc is not listed on a recognised stock exchange.

Principal Activities

The principal activities of the Group during the year were the manufacture and supply of animal feeds, the processing and supply of seeds, the supply of fertilisers and agrochemicals, the marketing of fuel, natural gas, liquid petroleum gas and the sale of a range of farm sundries and retail products to the general public.

Results and Dividends

The Profit and Loss Account for the year is set out on page 13. The Directors recommend that no dividend be paid (2004: £Nil).

Creditor Payment Policy

Whilst no formal code or standard of payment practice is followed, the Group policy is to settle terms of payment with creditors when agreeing the terms of each transaction and to abide by the agreed terms of payment. There are no creditors subject to special arrangements outside of suppliers' terms and conditions. The Group has complied with this policy during the year.

Business Review and Future Developments

The review of operations of the Group is covered in the attached Managing Director's Review.

Directors and Directors' Interests

The Directors of the Company during the year ended 31 May 2005 and their beneficial interests in the share capital of the Company are listed below:

	Shares 2005	Shares 2004
J.B. Bush (Chairman) (retired 08.12.04)	73,215	73,215
J.W. Pugh (Chairman)	50,876	41,808
J.H. Hardman (Managing Director)	9,623	9,623
D.J. Lenham (Finance)	7,200	7,200
R.C. Beldam	16,107	16,107
D.C.P. Gamberoni (retired 31.05.05)	4,938	4,938
R.A. Godwin (retired 28.10.04)	14,888	14,888
T.D. Holderness-Roddam (Deputy Chairman)	37,410	26,768
J.M. Lowe (retired 20.06.05)	Nil	Nil
M.F. Price	4,982	4,982
Sir A.B.N. Gill (appointed 01.11.04)	6,852	Nil
N.P. Hall (appointed 01.01.05)	Nil	Nil

For the year ended 31 May 2005

21) MERGER RESERVE

	Group Total 2005 £000s	Group Total 2004 £000s	Company 2005 £000s	Company 2004 £000s
Merger reserve	(7,343)	(7,343)	(7,343)	(7,343)

Merger reserve represents the difference between the nominal value of the share capital issued by Countrywide Farmers Holdings plc and the nominal value of the interests transferred to it in the share capital of Midland Shires Farmers Limited of £6,080,568 and in WMF Limited of £2,989,187 consequent to the merger of those entities under the Schemes of Arrangement effected in July 1999 under Section 425, Companies Act 1985.

22) REVALUATION RESERVE

	Group Total 2005 £000s	Group Total 2004 £000s	Company 2005 £000s	Company 2004 £000s
At 1 June 2004	21,281	11,423	-	-
Revaluation in year	-	9,858	-	-
Transfer to profit and loss account on disposal	38	-	-	-
At 31 May 2005	21,319	21,281	-	-

23) PROFIT AND LOSS ACCOUNT

	Group Total £000s	Company £000s
At 1 June 2004	9,805	(7,139)
Prior year adjustment - FRS17	(12,039)	(12,039)
At 1 June 2004 as restated	(2,234)	(19,178)
Retained loss for the year	(3,060)	(5,399)
Transfer from revaluation reserve	(38)	-
Actuarial loss on pension scheme	(93)	(93)
Movement on deferred tax relating to pension asset	28	28
At 31 May 2005	(5,397)	(24,642)

Prior year adjustment

The prior year adjustment relates to the adoption of FRS17. FRS17 requires the assets of defined benefit schemes to be measured at market value at each balance sheet date and the liabilities to be measured using a specific valuation method and to be discounted using a corporate bond rate, with any resulting pension scheme surplus or deficit to be recognised immediately on the balance sheet with the corresponding gain or loss immediately recognised in the statement of total recognised gains and losses.

The adoption of FRS17 has resulted in the following impact on the profit and loss account and statement of total recognised gains and losses for the year ended 31 May:

	2005 £000s	2004 £000s
Profit and loss account		
Operating profit	1,019	488
Other finance expense	(290)	(615)
Taxation	-	244
Total	729	117
Total recognised gains and losses		
Actuarial assumptions	(93)	1,109
Tax effect	28	(333)
Total	(65)	776

Analysis of prior year adjustment	**£000s**
Adjustment to opening reserves at 1 June 2003	(12,932)
Adjustment to profit and loss account for year ended 31 May 2004	117
Adjustment to statement of total recognised gains and losses for year ended 31 May 2004	776
Total	(12,039)

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2005

18) PROVISIONS FOR LIABILITIES AND CHARGES

Pension obligations Group Total and Company

	£000s
At 1 June 2004	655
Prior year adjustment - FRS17	(655)
At 1 June 2004 restated and 31 May 2005	-

In 2004, pension charges in excess of the contributions paid in the year amounted to £655,000 which arose as a result of the recent valuation of the Group's defined benefit scheme. This provision has been eliminated as a result of the adoption of FRS17.

Members' Retirement Scheme Group Total and Company

	£000s
At 1 June 2004	-
Prior year adjustment	1,442
At 1 June 2004 restated	1,442
Paid in year	(63)
At 31 May 2005	1,379

The Members' Retirement Scheme is a closed non-interest bearing fund, made up of 60% of members trading bonuses paid to former Midland Shires Farmers Limited members. Funds are paid to individual members upon request, gross of any tax after they reach the age of 65 or to the estate of deceased members.

During the year this has been restated from creditors to provisions given the uncertainty as to the timing of the repayment.

19) DEFERRED TAX

	Group Total 2005 £000s	Group Total 2004 £000s Restated	Company 2005 £000s	Company 2004 £000s Restated
Accelerated Capital Allowances	(362)	739	(419)	581
Short term timing differences	(110)	(161)	(105)	(158)
Losses	-	(860)	-	(860)
	(472)	(282)	(524)	(437)
Deferred tax asset on pension liability	(5,102)	(5,264)	(5,102)	(5,264)
	(5,574)	(5,546)	(5,626)	(5,701)

Movement in Deferred Tax

	Group Total 2005 £000s
Deferred tax asset at 1 June 2004 restated	(5,546)
Deferred tax charge to the statement of total recognised gains and losses	(28)
Deferred tax asset at 31 May 2005	(5,574)

In accordance with the provisions of FRS19 'Deferred Tax', deferred tax assets have been recognised to the extent that it is more likely than not that they are recoverable on the basis of current forecast and uncertainties. The total asset not recognised for the Group is £2,613,000 (2004: £1,498,000) and for the Company is £2,613,000 (2004: £1,498,000) of which £2,358,000 (2004: £1,498,000) relates to trading losses. In addition to this there is an unprovided deferred tax liability of £921,000 (2004: £921,000) in respect of gains rolled into assets which are not going to be sold in the foreseeable future.

20) SHARE CAPITAL

	2005 £000s	2004 £000s
Authorised		
100,000,000 Ordinary shares of 50p each	50,000	50,000
Allotted, called up and fully paid		
32,825,267 Ordinary shares of 50p each	16,413	16,413

Directors' Report *(Continued)*

Employees

Training and development of human resources is seen as fundamental to the long term growth and prosperity of the Group. Communication procedures have been established for informing all staff about the progress of the Group and the active feedback now provided from these procedures is welcomed.

Employment of Disabled Persons

It is Group policy that disabled people, whether registered or not, should receive full and fair consideration for all job vacancies for which they are suitable applicants. Employees who become disabled during their working life will be retained in employment wherever possible and will be given help with any necessary rehabilitation and retraining. The Group is prepared to modify procedures or equipment, wherever this is possible, so that full use can be made of an individual's abilities.

Health and Safety at Work

The Board has appointed the Managing Director as the Director responsible for Health and Safety and, through him, operates a system of policies, procedures, and audits to ensure that employees work in a healthy and safe environment.

Environmental Policies

Recognising the environmental impact of our operations, the Group, amongst other things, seeks to:

- Minimise fuel consumption and CO_2 emissions by transport.
- Reduce energy usage in our mills and offices.
- Recycle packaging waste.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Group will be proposed at the Annual General Meeting.

By order of the Board
P.A. Marfell
Secretary
29 September 2005

Corporate Governance Statement

Countrywide Farmers plc is not a listed company and, as such, is not required to comply with the Combined Code on Corporate Governance. The Board has, however, chosen to present this voluntary statement giving details of the principal features of the Group's corporate governance arrangements.

Board of Directors

The Board currently comprises two executive Directors, five non-executive farmer Directors and one independent non-executive Director. The roles of the Chairman, who is non-executive and elected by the Board on an annual basis, and the Managing Director, are separated. The Managing Director, supported by the other executive Director, is responsible for the operating performance of the Company. A formal schedule of matters requiring Board approval is maintained covering such areas as future strategy, approval of budgets, financial results, Board appointments and dividend policy. The Board normally meets once a month and additional meetings are called when required. Adequate information is provided by management to allow Directors to discharge their duties. In addition Directors are able, if necessary, to take independent professional advice, in the furtherance of their duties, at the Company's expense. They seek to understand the views of shareholders about the Company.

All Directors are subject to retirement by rotation and their re-election is a matter for the shareholders.

Remuneration Committee

The Remuneration Committee comprises Messrs Beldam (Chairman), Hall, Holderness-Roddam, and Price.

Its remit is to determine appropriate short and long-term total reward packages for the executive Directors of the Company. The Remuneration Committee also satisfies itself that good practices apply to all Company employees through the relevant management structures.

Audit Committee

The Audit Committee comprises Messrs Holderness-Roddam (Chairman), Beldam, Hall and Price.

It identifies and establishes the Group's requirements regarding risk management, internal control, financial reporting, and accounting policies. Meetings are attended, by invitation, by appropriate executive Directors and the internal and external auditors.

Risk management techniques are continually evaluated and refined to match the ever-changing circumstances of the Group's operations.

Nomination Committee

The Nomination Committee comprises Messrs Pugh (Chairman), Hall and Holderness-Roddam.

It establishes the criteria for appointment to the Board and identifies suitable candidates. The Committee seeks to achieve a balance between executive and non-executive Directors. Details of Directors' service contracts are available for inspection at the Company's registered office during normal business hours and at the Annual General Meeting.

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2005

17) CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group Total 2005 £000s	Group Total 2004 £000s Restated	Company 2005 £000s	Company 2004 £000s Restated
Bank loans	5,950	4,515	5,950	4,515
Finance loan	6	18	6	18
Finance lease obligations	516	780	511	770
Other creditors	592	-	592	-
	7,064	5,313	7,059	5,303

Maturity Statement

Group Total	Bank 2005 £000s	Finance Leases 2005 £000s	Other Financial Liabilities 2005 £000s	Total 2005 £000s
In one year or less, or on demand	7,454	254	101	7,809
In more than one year, but not more than two years	700	284	598	1,582
In more than two years, but not more than five years	2,100	232	-	2,332
In more than five years	3,150	-	-	3,150
	13,404	770	699	14,873

	Bank 2004 £000s	Finance Leases 2004 £000s	Other Financial Liabilities 2004 £000s Restated	Total 2004 £000s Restated
In one year or less, or on demand	8,591	259	147	8,997
In more than one year, but not more than two years	1,457	270	18	1,745
In more than two years, but not more than five years	3,058	510	-	3,568
In more than five years	-	-	-	-
	13,106	1,039	165	14,310

Company	Bank 2005 £000s	Finance Leases 2005 £000s	Other Financial Liabilities 2005 £000s	Total 2005 £000s
In one year or less, or on demand	8,990	250	101	9,341
In more than one year, but not more than two years	700	279	598	1,577
In more than two years, but not more than five years	2,100	232	-	2,332
In more than five years	3,150	-	-	3,150
	14,940	761	699	16,400

	Bank 2004 £000s	Finance Leases 2004 £000s	Other Financial Liabilities 2004 £000s Restated	Total 2004 £000s Restated
In one year or less, or on demand	10,075	253	147	10,475
In more than one year, but not more than two years	1,457	260	18	1,735
In more than two years, but not more than five years	3,058	510	-	3,568
In more than five years	-	-	-	-
	14,590	1,023	165	15,778

16) CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group Total 2005 £000s	Group Total 2004 £000s Restated	Company 2005 £000s	Company 2004 £000s Restated
Bank loans, advances and overdrafts	3,752	1,409	8,990	2,893
Amounts due in respect of invoice discounting	3,702	7,182	-	7,182
Members' loans:				
Midland Shires Farmers Limited	65	111	65	111
WMF Limited	29	36	29	36
Finance loan	7	-	7	-
Trade creditors	20,067	15,710	19,533	15,403
Amounts owed to subsidiary companies	-	-	20,667	18,642
Finance lease obligations	254	259	250	253
Corporation tax	20	105	4	(45)
Other taxation and social security	735	987	771	981
Other creditors	601	612	1,062	285
Accruals and deferred income	3,131	1,978	3,032	1,952
	32,363	28,389	54,410	47,693

Banking facilities

The Group's principal bankers at 31 May 2005 and 29 September 2005 were Barclays Bank PLC.

On 3 September 2004 the Group entered into a Rate Swap Transaction, effective from 30 September 2004, in respect of interest on £7,000,000. This Rate Swap Transaction terminates on 30 September 2014 and includes an Option Early Termination Date of 30 September 2009. This transaction was entered into for the purpose of hedging the Group's future interest liability in respect of £7,000,000 for the periods detailed immediately above by replacing floating rate interest risk with fixed interest commitments.

On 7 September 2004 the following banking facilities were put in place:
(1) Term loan facility of £7,000,000 repayable over10 years bearing interest at 1.85% above LIBOR.
(2) Revolving credit facility of £4,000,000.
(3) Invoice discounting facilities between £5,500,000 and £8,500,000 bearing a discount charge of 1.25% above the higher of Barclays Bank PLC's Base Rate or 4.00%.
(4) An overdraft facility of between £1,000,000 and £4,000,000 bearing interest at Barclays Bank PLC's Base Rate plus 1.25%.
(5) The invoice discounting facility together with the overdraft have a maximum combined facility of £9,500,000.

These facilities were secured by a first debenture over the assets of Countrywide Farmers plc and a first legal charge over Countrywide Farmers plc's freehold and leasehold properties. The amounts extant against these facilities are reflected in the Group's Financial Statements at 31 May 2005.

These facilities were still in place at 29 September 2005.

Interest charges and fees are charged to the profit and loss account as they arise.

Board and Committee Attendance of Directors

	Board	Remuneration Committee	Audit Committee	Nomination Committee
Number of Meetings in year ended 31 May 2005	11	2	3	1
Attendance of Directors:				
J.B. Bush (retired 08.12.04)	6			1
J.W. Pugh	11			1
J.H. Hardman	11			
D.J. Lenham	11			
R.C. Beldam	11	2	3	
D.C.P. Gamberoni (retired 31.05.05)	11	2	3	1
R.A. Godwin (retired 28.10.04)	4	None	None	
T.D. Holderness-Roddam	11	2	3	
J.M. Lowe (retired 20.06.05)	10			1
M.F. Price	11	2	3	
Sir A.B.N. Gill (appointed 01.11.04)	6			
N.P. Hall (appointed 01.01.05)	4		2	
Average attendance	98%	89%	93%	100%

Going Concern

The Directors confirm that they have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors have adopted the going concern basis in preparing the financial statements.

By order of the Board
P.A. Marfell
Secretary
29 September 2005

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In addition, they are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors confirm that suitable accounting policies have been used and applied. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 May 2005 and that applicable accounting standards have been followed.

The Directors confirm that proper accounting records have been kept which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors confirm that they have taken reasonable steps to safeguard the assets of the Company and of the Group and to prevent and detect fraud and other irregularities. They also confirm that they have identified, evaluated, and sought to manage the significant risks faced by the Company, and that these are regularly reviewed. An internal audit function is in place and the Board receives regular reports from it.

By order of the Board
P.A. Marfell
Secretary
29 September 2005

(a) The maintenance and integrity of the Countrywide Farmers plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

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

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2005

Own shares
At 31 May 2005, 247,665 ordinary shares of 50p each in Countrywide Farmers plc were held, at a cost of £51,000 by the Employee Share Option Plan Trust. These are being held in respect of future employee incentive schemes.

Investments in subsidiary companies
The original investments in subsidiary companies of £9,287,000 represents the amounts of the share capital in Midland Shires Farmers Limited and WMF Limited at the time of the merger of those entities of £6,081,000 and £2,989,000 respectively, which interests were transferred to Countrywide Farmers Holdings plc consequent upon the merger arrangements. The balance represents investments formerly held by Midland Shires Farmers Limited and WMF Limited which were transferred to Countrywide Farmers plc with effect from 29 February 2000.

14) STOCK

	Group Total 2005 £000s	Group Total 2004 £000s	Company 2005 £000s	Company 2004 £000s
Raw materials and consumables	948	1,155	948	1,155
Finished goods	11,763	11,300	11,569	11,153
	12,711	12,455	12,517	12,308

15) DEBTORS

	Group Total 2005 £000s	Group Total 2004 £000s Restated	Company 2005 £000s	Company 2004 £000s Restated
Trade debtors	16,805	15,671	16,193	15,264
Amounts owed by subsidiary companies	-	-	5,188	4,477
Other debtors	560	1,508	484	1,435
Prepayments and accrued income	2,296	1,833	2,277	1,789
Deferred taxation	472	282	524	437
	20,133	19,294	24,666	23,402

The Group's financing arrangements include the use of invoice discounting as explained in note 16. Included in trade debtors for the Group of £16,805,000 (2004: £15,671,000) and for the Company of £16,193,000 (2004: £15,264,000) are amounts of £6,500,000 (2004: £11,049,000) on which finance has been raised.

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2005

TANGIBLE FIXED ASSETS

Company	Land and Buildings £000s	Plant and Machinery £000s	Vehicles £000s	Total £000s
Cost				
At 1 June 2004	-	26,708	2,637	29,345
Additions	1,370	3,144	309	4,823
Disposals	-	(8,049)	(421)	(8,470)
At 31 May 2005	1,370	21,803	2,525	25,698
Depreciation				
At 1 June 2004	-	16,911	2,037	18,948
Charge for the year	18	3,280	223	3,521
Disposals	-	(8,048)	(221)	(8,269)
At 31 May 2005	18	12,143	2,039	14,200
Net book value at 31 May 2005	1,352	9,660	486	11,498
Net book value at 31 May 2004	-	9,797	600	10,397

Impairment provision included in depreciation:

At 31 May 2005	-	2,064	-	2,064
At 31 May 2004	-	2,064	-	2,064

Tangible assets held under finance leases, capitalised and included in Fixed Assets above:

	2005 £000s	2004 £000s
Cost	1,697	2,679
Aggregate Depreciation	(550)	(750)
Net book value at 31 May	1,147	1,929

13) FIXED ASSET INVESTMENTS

Group Total	Own shares £000s	Other investments £000s	Associate Companies £000s	Total £000s
Cost at 1 June 2004	51	93	8	152
Disposals	-	(28)	-	(28)
At 31 May 2005	51	65	8	124

Company	Investments in subsidiary companies £000s	Own shares £000s	Other investments £000s	Associate Companies £000s	Total £000s
Cost at 1 June 2004	9,078	51	93	8	9,230
Additions	40	-	-	-	40
Disposals	-	-	(28)	-	(28)
At 31 May 2005	9,118	51	65	8	9,242

Independent Auditors' Report to the Members of Countrywide Farmers plc

We have audited the financial statements, which comprise the Consolidated Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes, which have been prepared under the historical cost convention (as modified by the revaluation of fixed assets) and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Chairman's Statement, the Managing Director's Review, the Corporate Governance Statement and the Directors' Report.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31 May 2005, and of the loss and cash flows of the Group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Bristol
29 September 2005

Consolidated Profit and Loss Account

For the year ended 31 May 2005

	Note	Group 2005 £000s	Interest in Joint Venture 2005 £000s	Group Total 2005 £000s	Group 2004 £000s Restated (Note 1)	Interest in Joint Venture 2004 £000s	Group Total 2004 £000s Restated (Note 1)
Turnover: continuing operations	2	147,822	3,601	151,423	138,966	3,210	142,176
Cost of Sales		(112,650)	(1,856)	(114,506)	(105,724)	(1,436)	(107,160)
Gross Profit		35,172	1,745	36,917	33,242	1,774	35,016
Other operating income		147	-	147	127	-	127
Net operating expenses	3	(37,180)	(1,403)	(38,583)	(33,169)	(1,403)	(34,572)
Operating Profit/(Loss)							
Continuing operations before reorganisation		398	342	740	489	371	860
Reorganisation costs	4	(2,259)	-	(2,259)	(289)	-	(289)
Total Operating (Loss)/Profit: continuing	8	(1,861)	342	(1,519)	200	371	571
Non-operating items:							
Profit on sale of Tangible Fixed Assets	5	74	-	74	250	-	250
Profit on sale of Investments	6	-	-	-	517	-	517
(Loss)/Profit before interest and taxation		(1,787)	342	(1,445)	967	371	1,338
Interest receivable	7a	-	78	78	-	59	59
Interest payable	7a	(1,386)	-	(1,386)	(930)	-	(930)
Other finance expense	7b	(290)	-	(290)	(615)	-	(615)
(Loss)/Profit on ordinary activities before taxation		(3,463)	420	(3,043)	(578)	430	(148)
Taxation	9	(127)	175	48	271	126	397
(Loss)/Profit after taxation		(3,590)	595	(2,995)	(307)	556	249
Minority Interests in profit for the year		(65)	-	(65)	(52)	-	(52)
(Loss)/Profit for the year		(3,655)	595	(3,060)	(359)	556	197

There is no difference between the (loss)/profit on ordinary activities before taxation and the retained loss for the year and their historical cost equivalents.

Statement of Total Recognised Gains and Losses

For the year ended 31 May 2005

	Note	Group 2005 £000s	Interest in Joint Venture 2005 £000s	Group Total 2005 £000s	Group 2004 £000s Restated	Interest in Joint Venture 2004 £000s	Group Total 2004 £000s Restated
(Loss)/Profit for the financial year		(3,655)	595	(3,060)	(359)	556	197
Unrealised surplus on revaluation of properties		-	-	-	9,858	-	9,858
Actuarial (loss)/gain recognised in the pension scheme		(93)	-	(93)	1,109	-	1,109
Movement on deferred tax asset relating to pension scheme		28	-	28	(333)	-	(333)
Total recognised (losses)/gains for the year		(3,720)	595	(3,125)	10,275	556	10,831
Prior year adjustment - FRS17	23	(12,039)	-	(12,039)	-	-	-
Total gains recognised since last annual report		(15,759)	595	(15,164)	10,275	556	10,831

The notes on pages 20 to 37 form part of these financial statements.

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2005

Tangible assets held under finance leases, capitalised and included in Fixed Assets above:

	2005 £000s	2004 £000s
Cost	1,697	2,706
Aggregate Depreciation	(550)	(760)
Net book value at 31 May	1,147	1,946

Analysis of Land and Buildings

	Group Total 2005 £000s	Group Total 2004 £000s	Company 2004 £000s	Company 2004 £000s
Analysis of land and buildings at cost or valuation				
At cost	10,436	9,406	-	-
At valuation	21,319	21,281	-	-
	31,755	30,687	-	-

The Group's freehold properties were revalued at 31 May 2004 on the basis of existing use value by independent qualified valuers. The valuations were undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors in the United Kingdom by King Sturge, a firm of independent Chartered Surveyors.

These valuations have been incorporated into the Financial Statements at 31 May 2004 and the resulting revaluation adjustments have been taken to the revaluation reserve.

No deferred tax is provided on timing differences arising from the revaluation of fixed assets unless, by the Balance Sheet date, a binding commitment to sell the asset has been entered into and it is likely that any gain will be rolled over.

	Group Total 2005 £000s	Group Total 2004 £000s	Company 2004 £000s	Company 2004 £000s
Analysis of net book value of land and buildings				
Freehold	31,755	30,687	-	-
	31,755	30,687	-	-

If the revalued assets were stated on the historical cost basis, the amounts would be:

	Group Total 2005 £000s	Group Total 2004 £000s	Company 2004 £000s	Company 2004 £000s
Freehold and long leasehold land and buildings				
At cost	13,918	12,661	-	-
Aggregate depreciation	(3,482)	(3,255)	-	-
	10,436	9,406	-	-

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2005

10) LOSSES OF HOLDING COMPANY

The Parent Company has not presented its own profit and loss account as permitted by Section 230 (1), of the Companies Act 1985. The amount of the loss for the period attributable to the Company is £5,399,000 (2004 Restated: loss £290,000). The subsidiary companies generated a profit of £2,339,000 (2004 restated: £487,000).

11) INTANGIBLE FIXED ASSETS

	Group Total £000s	Company £000s
Cost		
At 1 June 2004	390	390
Additions	366	341
At 31 May 2005	756	731
Depreciation		
At 1 June 2004	246	246
Charge for the year	108	108
At 31 May 2005	354	354
Net book value at 31 May 2005	402	377
Net book value at 31 May 2004	144	144

Goodwill which arose on the acquisitions of businesses, including that arising on the current year's acquisition of NWF Groups plc's retail stores, is being amortised on a straight line basis over periods of between 3 and 5 years. The periods chosen, are the periods over which the Directors estimate that the values of the underlying businesses acquired are expected to exceed the values of the underlying assets.

12) TANGIBLE FIXED ASSETS

Group Total	Freehold Land and Buildings £000s	Leasehold Property £000s	Plant and Machinery £000s	Vehicles £000s	Total £000s
Cost					
At 1 June 2004	30,687	27	31,581	3,183	65,478
Additions	1,535	-	3,515	438	5,488
Disposals	(229)	-	(8,048)	(612)	(8,889)
At 31 May 2005	31,993	27	27,048	3,009	62,077
Depreciation					
At 1 June 2004	-	27	19,453	2,394	21,874
Charge for the year	278	-	3,551	307	4,136
Disposals	(40)	-	(8,048)	(309)	(8,397)
At 31 May 2005	238	27	14,956	2,392	17,613
Net book value at 31 May 2005	31,755	-	12,092	617	44,464
Net book value at 31 May 2004	30,687	-	12,128	789	43,604
Impairment provision included in depreciation:					
At 31 May 2005	-	-	2,064	-	2,064
At 31 May 2004	-	-	2,064	-	2,064

Consolidated Balance Sheets

At 31 May 2005	Note	Group 2005 £000s	Interest in Joint Venture 2005 £000s	Group Total 2005 £000s	Group 2004 £000s Restated (Note 1)	Interest in Joint Venture 2004 £000s	Group Total 2004 £000s Restated (Note 1)
Fixed Assets							
Intangible assets	11	402	-	402	144	-	144
Tangible assets	12	41,943	2,521	44,464	41,112	2,492	43,604
Investments	13	124	-	124	152	-	152
Investment in Joint Venture		881	(881)	-	1,131	(1,131)	-
		43,350	1,640	44,990	42,539	1,361	43,900
Current Assets							
Stock	14	12,649	62	12,711	12,409	46	12,455
Debtors	15	18,166	1,967	20,133	18,834	460	19,294
		30,815	2,029	32,844	31,243	506	31,749
Creditors - amounts falling due within one year	16	(31,757)	(606)	(32,363)	(29,041)	652	(28,389)
Net Current (Liabilities)/Assets		(942)	1,423	481	2,202	1,158	3,360
Total Assets less Current Liabilities		42,408	3,063	45,471	44,741	2,519	47,260
Creditors - amounts falling due after more than one year	17	(7,064)	-	(7,064)	(5,313)	-	(5,313)
Provisions for liabilities and charges	18	(1,614)	235	(1,379)	(1,625)	183	(1,442)
Net assets excluding Pension Liability		33,730	3,298	37,028	37,803	2,702	40,505
Net Pension Liability	27	(11,905)	-	(11,905)	(12,282)	-	(12,282)
Net assets		21,825	3,298	25,123	25,521	2,702	28,223
Capital and Reserves							
Called up share capital	20	16,413	-	16,413	16,413	-	16,413
Merger reserve	21	(7,343)	-	(7,343)	(7,343)	-	(7,343)
Revaluation reserve	22	21,319	-	21,319	21,281	-	21,281
Profit and loss account	23	(8,695)	3,298	(5,397)	(4,936)	2,702	(2,234)
Equity shareholders' funds	24	21,694	3,298	24,992	25,415	2,702	28,117
Equity minority interests	25	131	-	131	106	-	106
Total equity shareholders' funds		21,825	3,298	25,123	25,521	2,702	28,223

The financial statements on pages 13 to 37 were approved by the Board of Directors on 29 September 2005 and were signed on its behalf by:

J. W. Pugh
J. H. Hardman
} Directors

The notes on pages 20 to 37 form part of these financial statements.

Parent Company Balance Sheets

At 31 May 2005

	Note	2005 £000s	2004 £000s Restated (Note 1)
Fixed Assets			
Intangible assets	11	377	144
Tangible assets	12	11,498	10,397
Investments	13	9,242	9,230
Investment in Joint Venture		881	1,131
		21,998	20,902
Current Assets			
Stock	14	12,517	12,308
Debtors	15	24,666	23,402
		37,183	35,710
Creditors - amounts falling due within one year	16	(54,410)	(47,693)
Net Current Liabilities		(17,227)	(11,983)
Total Assets less Current Liabilities		4,771	8,919
Creditors - amounts falling due after more than one year	17	(7,059)	(5,303)
Provisions for liabilities and charges	18	(1,379)	(1,442)
Net (liabilities)/assets excluding Pension Liability		(3,667)	2,174
Net Pension Liability	27	(11,905)	(12,282)
Net liabilities		(15,572)	(10,108)
Capital and Reserves			
Called up share capital	20	16,413	16,413
Merger reserve	21	(7,343)	(7,343)
Profit and loss account	23	(24,642)	(19,178)
Total equity shareholders' funds		(15,572)	(10,108)

The financial statements on pages 13 to 37 were approved by the Board of Directors on 29 September 2005 and were signed on its behalf by:

J. W. Pugh
J. H. Hardman } Directors

The notes on pages 20 to 37 form part of these financial statements.

For the year ended 31 May 2005

8) TOTAL OPERATING (LOSS)/PROFIT

	Group Total 2005 £000s	Group Total 2004 £000s Restated
Total Operating (Loss)/Profit is stated after crediting:		
Profit on disposal of operating tangible fixed assets	27	208
and after charging:		
Staff costs (note 26)	17,913	17,950
Depreciation		
Tangible owned fixed assets	2,881	2,535
Tangible fixed assets held under finance leases	39	39
Depreciation element of restructuring costs	1,216	-
Goodwill amortisation	108	74
Operating lease charges		
Plant and machinery	895	984
Other	1,275	634
Auditors' remuneration for:		
Audit fees (Company £61,000; 2004: £78,000)	77	85
Non-audit fees	84	54

9) TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	Group Total 2005 £000s	Group Total 2004 £000s Restated
Current tax		
United Kingdom corporation tax at 30% (2004: 30%) on losses for the year	39	128
(Over)/Under provision in respect of previous periods	(87)	1
Current tax (credit)/charge on (loss)/profit on ordinary activities	(48)	129
Deferred tax	-	(526)
Tax on (loss)/profit on ordinary activities	(48)	(397)

Factors affecting tax charge for the period

The tax assessed for the period differs from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	Group Total 2005 £000s	Group Total 2004 £000s Restated
Loss on ordinary activities before tax	(3,043)	(148)
Loss on ordinary activities at the standard rate in the UK, 30%	(913)	(44)
Effects of:		
Expenses not deductible for tax purposes	227	(10)
Capital allowances for period in excess of depreciation	1,036	84
Other timing differences	(241)	184
Permanent difference between book gains and taxable capital gains	(65)	(75)
Tax of group company at marginal rates	(5)	(11)
Adjustments to tax charge in respect of previous period	(87)	1
Current tax (credit)/charge for the period	(48)	129

Factors that may affect future tax charges

As Countrywide Farmers plc makes trading profits, losses not yet utilised may result in reduced tax charges until they have been exhausted (see note 18).

For the year ended 31 May 2005

3) NET OPERATING EXPENSES

	Group Total 2005 £000s	Group Total 2004 £000s Restated
Distribution costs	6,686	6,565
Administration costs	31,897	28,007
	38,583	34,572

4) REORGANISATION COSTS

The principal components of business reorganisation costs during the period were:

	Group Total 2005 £000s	Group Total 2004 £000s
Redundancy and other personnel related costs	887	240
Losses incurred in Mail Order closure	-	49
I.T. Restructuring costs	64	-
Cost of rationalising Feed operation	1,308	-
	2,259	289

5) PROFIT ON SALE OF TANGIBLE FIXED ASSETS

The profit on sale of tangible fixed assets of £74,000 (2004: £250,000) arose from the disposal of properties that were surplus to the Group's operational requirements.

6) PROFIT ON SALE OF INVESTMENTS

There was no profit or loss during the year. (2004: The profit on sale of investments arose from the disposal of the shares in DLF-Perryfields).

7a) INTEREST

	Group Total 2005 £000s	Group Total 2004 £000s Restated
Interest receivable		
Other than Joint Venture	-	-
Joint Venture	78	59
	78	59
Interest payable		
Bank loans and overdrafts	892	614
Invoice discounting finance	374	306
Other loans	2	-
Finance leases	118	10
Other than Joint Venture	1,386	930
Joint Venture	-	-
	1,386	930

7b) OTHER FINANCE EXPENSE

	Group Total 2005 £000s	Group Total 2004 £000s
Other finance expense - pension scheme	290	615
	290	615

Consolidated Cash Flow Statement

For the year ended 31 May 2005

	Note	Group 2005 £000s	Interest in Joint Venture 2005 £000s	Group Total 2005 £000s	Group 2004 £000s	Interest in Joint Venture 2004 £000s	Group Total 2004 £000s
Net cash inflow from operating activities	(a)	5,590	218	5,808	786	706	1,492
Returns on investments and servicing of finance							
Interest received		-	78	78	126	59	185
Interest paid		(1,080)	-	(1,080)	(1,046)	-	(1,046)
Interest element of finance lease payments		(118)	-	(118)	(10)	-	(10)
Dividend paid to minority interests		(25)	-	(25)	(21)	-	(21)
		(1,223)	78	(1,145)	(951)	59	(892)
Taxation							
Corporation tax (paid)/received		(41)	-	(41)	(200)	126	(74)
Capital expenditure and financial investment							
Purchase of tangible fixed assets		(4,761)	(286)	(5,047)	(2,780)	(500)	(3,280)
Sale of tangible fixed assets		529	-	529	726	-	726
		(4,232)	(286)	(4,518)	(2,054)	(500)	(2,554)
Acquisitions and disposals							
Purchase of investments		(40)	-	(40)	-	-	-
Sale of investments		28	-	28	653	-	653
		(12)	-	(12)	653	-	653
Net cash flow before use of liquid resources and financing		82	10	92	(1,766)	391	(1,375)
Financing							
Decrease in Members' loans		(53)	-	(53)	(20)	-	(20)
Decrease in Members' Retirement Scheme		(63)	-	(63)	(44)	-	(44)
(Decrease) /Increase in finance loans		(5)	-	(5)	18	-	18
Repayment of loans		(6,322)	-	(6,322)	(1,457)	-	(1,457)
Cash inflow from loans		10,400	-	10,400	-	-	-
Capital element of finance lease payments		(269)	-	(269)	(362)	-	(362)
Net cash inflow/(outflow) from financing		3,688	-	3,688	(1,865)	-	(1,865)
Increase/(Decrease) in cash for the period	(b)	3,770	10	3,780	(3,631)	391	(3,240)

The notes on pages 20 to 37 form part of these financial statements.

Consolidated Cash Flow Statement Notes

For the year ended 31 May 2005

(a) Reconciliation of Operating (Loss)/Profit to Net Cash Flow from Operating Activities

	Group 2005 £000s	Interest in Joint Venture 2005 £000s	Group Total 2005 £000s
Operating (loss)/profit	(1,861)	342	(1,519)
Depreciation charge	3,791	345	4,136
Goodwill amortisation	108	-	108
Profit on sale of fixed assets	(27)	-	(27)
Increase in stock	(240)	(16)	(256)
Increase in debtors	(1,385)	(288)	(1,673)
Increase/(Decrease) in creditors	5,204	(165)	5,039
Net cash inflow from operating activities	5,590	218	5,808

	Group 2004 £000s Restated	Interest in Joint Venture 2004 £000s	Group Total 2004 £000s Restated
Operating profit	200	371	571
Depreciation charge	2,258	316	2,574
Goodwill amortisation	74	-	74
Non cash provisions	655	-	655
Profit on sale of fixed assets	(207)	(1)	(208)
Increase in stock	(868)	-	(868)
(Increase)/Decrease in debtors	(2,260)	75	(2,185)
Increase/(Decrease) in creditors	934	(55)	879
Net cash inflow from operating activities	786	706	1,492

(b) Reconciliation of Cash Flow to movement in Net Debt

	Group 2005 £000s	Interest in Joint Venture 2005 £000s	Group Total 2005 £000s
Decrease in net overdraft	3,770	10	3,780
Increase in loans	(4,078)	-	(4,078)
Decrease in Members' loans	53	-	53
Decrease in finance loans	5	-	5
Decrease in Members' Retirement Scheme	63	-	63
Decrease in finance leases	269	-	269
Movement in net debt for the year	82	10	92
Opening net debt	(17,005)	1,253	(15,752)
Closing net debt	(16,923)	1,263	(15,660)

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2005

2) SEGMENTAL REPORTING

	Turnover 2005 £000s	Operating Profit/(Loss) 2005 £000s	Net Operating Assets 2005 £000s
Continuing operations			
Agriculture	73,116	(865)	12,332
Retail	53,933	797	22,419
Energy	20,773	466	2,061
	147,822	398	36,812
Reorganisation costs (note 4)	-	(2,259)	-
Group	147,822	(1,861)	36,812
Energy Joint Venture activity	3,601	342	1,735
Group Total	151,423	(1,519)	38,547

Reconciliation of Net Operating Assets to the Balance Sheet	£000s
Net Operating Assets	38,547
Less Bank Advance and Loans	(13,404)
Less Corporation tax	(20)
Net Assets as at 31 May 2005	25,123

	Turnover 2004 £000s	Operating Profit/(Loss) 2004 £000s Restated	Net Operating Assets 2004 £000s Restated
Continuing operations			
Agriculture	74,946	69	11,491
Retail	50,470	163	27,861
Energy	13,550	257	881
	138,966	489	40,233
Reorganisation costs (note 4)	-	(289)	-
Group	138,966	200	40,233
Energy Joint Venture activity	3,210	371	1,201
Group Total	142,176	571	41,434

Reconciliation of Net Operating Assets to the Balance Sheet	£000s
Net Operating Assets	41,434
Less Bank Advance and Loans	(13,106)
Less Corporation tax	(105)
Net Assets as at 31 May 2004	28,223

The Group operates and trades only in the United Kingdom.

Segmental Reporting has been provided to allow visibility of the three core trading operations. The principal operating assets comprising property, plant and equipment have been allocated to the businesses in line with use. The main operating costs, comprising staff costs and related overheads have been allocated on the basis of staff employed.

Impairment of fixed assets

Fixed assets are reviewed to determine whether their value appears to be impaired. Where a fixed asset has been impaired, the impairment has been charged to the profit and loss account and the asset is carried at its recoverable amount.
Subsidiary companies' impairment losses in periods prior to 1 June 1999 are included within cumulative depreciation.

Stock

Stock and work in progress are stated at the lower of cost and net realisable value.

Taxation

Corporation tax is charged at current rates on profits arising in the year.

Deferred taxation

Full provision has been made for deferred tax on tax assets and liabilities arising on timing differences, except for a deferred tax asset on trading losses which has been recognised only to the extent that it is considered more likely than not that there will be future profits from which future reversal of the underlying timing differences can be deducted.
Provision is made for deferred tax liabilities, using the liability method, on all material timing differences except for trading losses, which are not expected to reverse in the near future. Deferred tax is calculated at the rates at which it is expected that the tax will arise. Deferred tax is recognised in the profit and loss account for the period, except to the extent that it is attributable to a gain or loss that is recognised directly in the statement of total recognised gains and losses. Deferred tax balances are not discounted.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Finance leases

Leasing agreements which transfer to the Group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Pension scheme arrangements

The Group operates two pension schemes, a defined contribution and a hybrid scheme containing both defined benefit and defined contribution sections. All schemes are funded with the assets being held by the Trustees separately from the assets of the Group.
In respect of the defined benefit section of the hybrid scheme, the fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. The assets of the defined section of the hybrid scheme are measured using closing market rates. Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on high quality corporate bonds of equivalent terms. The increase in the present value of the liability of the scheme expected to arise from employee service during the period is charged to operating profit. The expected return on scheme assets and the increase during the period in the present value of the scheme liabilities, arising from the passage of time, are included as an interest expense. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

In respect of the defined contribution scheme and the defined contribution section of the hybrid scheme, the amount charged to the profit and loss account represents contributions payable to the independent investment managers, who operate the schemes, in funds separate from those of the Group.

The Group provides no other post retirement benefits to its employees.

	Group 2004 £000s	Interest in Joint Venture 2004 £000s	Group Total 2004 £000s
Increase in net overdraft	(3,631)	391	(3,240)
Decrease in loans	1,457	-	1,457
Decrease in Members' loans	20	-	20
Increase in finance loans	(851)	-	(851)
Decrease in Members' Retirement Scheme	44	-	44
Increase in finance leases	(18)	-	(18)
Movement in net debt for the year	(2,979)	391	(2,588)
Opening net debt	(14,026)	862	(13,164)
Closing net debt	(17,005)	1,253	(15,752)

(c) Analysis of Net Debt

Group	At 1 June 2004 £000s	Cash Flow £000s	At 31 May 2005 £000s
Due within one year:			
Cash in hand and at bank, advances and overdrafts	(8,387)	3,770	(4,617)
Bank loans	(1,457)	(2,643)	(4,100)
Members' loans	(147)	53	(94)
Finance loans	-	(7)	(7)
Finance leases	(259)	5	(254)
Due after one year:			
Bank loans	(4,515)	(1,435)	(5,950)
Members' Retirement Scheme	(1,442)	63	(1,379)
Finance loans	(18)	12	(6)
Finance leases	(780)	264	(516)
	(17,005)	82	(16,923)

Interest in Joint Venture	At 1 June 2004 £000s	Cash Flow £000s	At 31 May 2005 £000s
Due within one year:			
Cash in hand and at bank	1,253	10	1,263
	1,253	10	1,263

Consolidated Cash Flow Statement Notes *(Continued)*

For the year ended 31 May 2005

Group Total	At 1 June 2004 £000s	Cash Flow £000s	At 31 May 2005 £000s
Due within one year:			
Cash in hand and at bank, advances and overdrafts	(7,134)	3,780	(3,354)
Bank loans	(1,457)	(2,643)	(4,100)
Members' loans	(147)	53	(94)
Finance loans	-	(7)	(7)
Finance leases	(259)	5	(254)
Due after one year:			
Bank loans	(4,515)	(1,435)	(5,950)
Members' Retirement Scheme	(1,442)	63	(1,379)
Finance loans	(18)	12	(6)
Finance leases	(780)	264	(516)
	(15,752)	92	(15,660)

Notes to the Financial Statements

For the year ended 31 May 2005

1) ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and under the historical cost accounting rules, as adjusted for the revaluation of properties. A summary of the more important accounting policies is set out below.

Change in accounting policy

The Group has adopted FRS17 'Post Retirement Benefits' in these financial statements. The adoption of this standard represents a change in accounting policy and the comparative figures have been restated accordingly. Details of the effect of adopting FRS17 are given in note 23.

Basis of consolidation

The financial statements of the Group represent the consolidation of Countrywide Farmers plc and its subsidiary and associated undertakings. All material inter-company transactions and balances are eliminated. The accounts of subsidiary and associated undertakings which do not conform with Group policies are aligned on consolidation in order that the Group accounts may be presented on a consistent basis. In the case of acquisitions and disposals of businesses, the results of trading are consolidated from or to the date upon which control passes.

Joint Ventures

Group interests in Joint Ventures are shown on the face of the profit and loss account and balance sheet in accordance with FRS 9 'Associates and Joint Ventures' and are accounted for on the gross equity basis.

Investments

The Group's investments are stated at the lower of cost and net realisable value.

Income from investments

Income from investments is included in the financial statements when the amounts are received.

Turnover

Turnover represents the net amount received and receivable in respect of goods and services supplied to external customers in the normal course of business, excluding value added tax.

Intangible fixed assets

Intangible fixed assets comprises goodwill which represents the excess of the fair value of the consideration paid over the fair value of the identifiable net assets acquired. Goodwill is carried within the intangible assets on the balance sheet, and written off through the profit and loss account over its estimated economic life.

Tangible fixed assets

Tangible fixed assets other than land and buildings are stated at cost less depreciation and provision for any impairment. Land and buildings are shown at an independent valuation on an existing use basis for non specialised properties and at open market value where properties are surplus to requirements. The valuations are performed by a qualified external valuer every five years and updated every three years after the original valuation. Valuations are also updated in the intervening years if there are material changes in value. All other plant and equipment is stated at historical cost less depreciation.
Depreciation is provided to write off the cost or valuation, less estimated residual values of all tangible assets, (except for freehold land), evenly over their expected economic lives. The principal periods and annual rates used for this purpose are as follows:-

Freehold buildings	2.5% p.a. straight line
Leasehold property	In equal annual amounts over the remaining life of the lease
Plant and machinery	5% - 33.3% p.a. straight line
Vehicles	20% - 25% p.a. straight line