Annual Report & Accounts

Year Ended 31 May 2014



countrywide
Farmers plc

About Countrywide

Countrywide Farmers

Countrywide Farmers is the UK's leading multichannel supplier of products, services and advice to the rural community. With our 100 year heritage, we are at the heart of the countryside, appreciate the rural way of life and understand the challenges faced by all those who live and work in rural communities.

Focussing intently on the needs of our customers, our aim is always to meet and exceed their expectations. In the past 12 months we have continued to deliver growth across key product categories and laid the foundations for future development.

What we do

From agriculture, equine and rural business to pet, gardening, clothing and LPG, we reach our customers via our multichannel offer, with our 53 country stores, an ecommerce website that continues to go from strength to strength and a market leading equestrian catalogue backed by up by our customer service centre, a team of telephone traders and our team of agricultural and arable specialists.

Countrywide Farmers has a unique and unrivalled position in the rural community, our specialisms, services and comprehensive range of products across multiple sectors, underpinned by added value for money, local relationships and a national retail presence. We are proud to play a key role in the UK food supply chain by supporting the country's farmers to run progressive, productive and profitable businesses.

Our People

The true value of Countrywide Farmers resides in the skills, knowledge and expertise of our experienced and fully qualified staff numbering over 1,000; including over 200 AMTRA qualified animal health specialists, pet and equine experts, in store Sales Managers and on-farm Agronomists and Nutritionists.

More importantly our people are passionate about what they do and are chosen because of their empathy and understanding of the rural way of life. Most are also smallholders, riders or pet owners and live within rural communities. We are proud that our people often go the 'extra mile' for our customers, earning their trust and respect.

What we have achieved

Responding decisively to current economic and industry challenges, and meeting core customer requirements, Countrywide Farmers has invested in strengthening our core agricultural, equine and retail operations, with outstanding results:

- Over 1,000 people with wide ranging skills and relevant industry qualifications.
- 53 Retail Stores offering a refreshed look, layout and wider range of products.
- A successful and expanding commodity trading office in Wetherby, West Yorkshire.
- 'The Growing Alternative' Arable Team with an increased geographical coverage, following the acquisitions of Heart of England Grain and agricultural merchants SM Hackett & Son in recent years.
- A growing livestock team of ruminant specialists.
- The launch of 'ClubLPG' to our existing LPG customer base of 8,000 customers giving them the benefits of the Countrywide Farmers "Countryclub" along with added rewards for their LPG purchases. Our reward card now has over 145,000 members and includes a unique partnership with NFU Countryside "Countryclub Plus" and is fast becoming the largest loyalty scheme within our marketplace.
- An industry leading equestrian catalogue offering over 7,500 products

With quality products, a personal service and sound advice remaining at the heart of all that we do, Countrywide Farmers remains committed to promoting the interests and abilities of our staff and delivering a strong, competitive advantage to all our customers.

Contents

Strategic Report
Chairman's Report 2014

Introduction
As anticipated in the Group's interim statement, 2014 trading performance turned out to be disappointing and fell some way behind that achieved in 2013. Challenging trading conditions across the business combined with the impact of the mild winter on our bulk LPG and compound feeds businesses were the major factors. The LPG business was particularly impacted with volumes down in excess of 20%. Retail like for like (LFL) sales were up 0.5% but a margin decline and an increase in marketing costs led to a reduction in profitability year on year.

Despite the disappointing result, we are confident in an improvement in 2015. We believe progress can be made across all areas of the business but will be particularly focussing on the development of our retail arm and its evolution in to a full multi-channel offering. Whilst we would not rely on a repeat of the exceptionally harsh winter of 2012/13, a normal climate this winter would have a significantly positive impact on profit.

The Customer Relationship Management (CRM) system continues to evolve and is increasingly providing a platform which the sales teams can use to win new business and sell more to existing customers. The encouraging trend in our Countryclub loyalty card continues with membership now exceeding 145,000, the largest of its kind in our sector

Financial Results
Group turnover in the year of £298.2m (2013: £306.0m) and operating profit before exceptional costs of £1.9m (2013:£4.3m) were below expectations. A full review of the factors causing this decline is included in the Chief Executive's report.

Net debt at the end of the year fell to £9.7m (2013: £10.3m). Working capital decreased slightly to £16.6m (2013: £16.9m). Interest costs of £0.6m (2013: £0.6m) reflected an unchanged average level of borrowings.

Shareholder funds decreased to £21.8m (2013: £22.8m). Gearing at 31 May 2014 stands at 45% of shareholder funds (2013: 45%).

Strategy
Our vision remains for Countrywide to be the leading business in the supply of products, advice and services to the rural community through offering quality and value for money, supported by expert knowledge and a personal service.

Our growth strategy remains focussed on developing a true multi-channel approach to win both new customers and sell more to existing customers. During the year we have launched Project Fusion, a significant investment in changing most of our existing processes and procedures and the implementation of a single company wide IT platform using Microsoft Dynamics AS. The initial analysis and design phase of this was approved by the Board and it is anticipated this will then lead to a full implementation by 2016.

As I wrote last year, the Board intended to review options regarding moving the Company on to the Alternative Investment Market (AIM) at some point in the future. The goal would be to enable the achievement of a more appropriate market value and greater liquidity for the benefit of all shareholders. All of the advice received in the year reinforces this as an objective for the medium term. I will update further as plans on timescale evolve.

Long Term Incentive Plan (LTIP)
The 2013 LTIP approved by the Board on 30 May 2013 has set performance targets linked to the market value of the business rather than profit and cash targets that were previously used. This change was made to more fully align the interests of participants with those of the shareholders by focussing on long term value creation. Full details of the LTIP are included in Note 22 of the accounts.

Board
Following a strategic Board review earlier in the year, Les Collins, Finance Director, left the business in February 2014. Les made a significant contribution to improving the Countrywide business over the last 7 years. I wish him well for the future. An Interim Chief Financial Officer, Steve Payne, was appointed in March who will remain with the business into 2015 while a permanent replacement is recruited.

Strategic Report
Chairman's Report 2014 *(Continued)*

On 8 May 2014 Sir Ben Gill, who had served as a non-executive director of the company for more than nine years, passed away. Sir Ben made a tremendous contribution to the development of Countrywide during his time on the Board and is sorely missed by all of his colleagues and friends.

We do not intend to recruit a new non-Executive Director at this point but may review again in the future.

People

Through the recent challenging times, I would like to acknowledge the contribution of all staff. I am confident we have the team to deliver an improved trading performance in 2015.

Future Prospects

Whilst trading conditions will remain challenging in 2015, comfort can be gained from the recovery of the UK economy and that the expectation that the Company will not be as adversely affected by the weather in the coming winter. We expect there to be underlying growth in our agriculture business in 2015. Our LPG business is in a strong position to benefit from increased demand this season. We have recently engaged an external consultancy to work with us in developing and delivering our future retail strategy which we are confident will deliver an improved, robust and sustainable return.

Finally, I look forward to meeting all shareholders attending our Annual General Meeting which is being held at our Evesham head office at 2.00 p.m. on Tuesday September 23rd.

Nigel Hall
Chairman
27 August 2014

Strategic Report
Chief Executive's Review

Overview
Last year I reported on a very strong set of results and am disappointed to say that 2014 has not repeated that performance. The markets that Countrywide operate in are cyclical and dependent on both commodity price movements and, critically in 2014, the weather. I believe the underlying business is strong and a sound base remains for us to build on.

Group turnover in the year was £298.2m (2013: £306.0m) and operating profit before exceptional costs was £1.9m (2013:£4.3m) Net debt at the end of the year fell to £9.7m (2013: £10.3m). Working capital decreased slightly to £16.6m (2013: £16.9m). Interest costs of £0.6m (2013: £0.6m) reflected an unchanged average level of borrowings. More detailed financial highlights are covered in the Chief Financial Officer's report on pages 5 to 6.

Project Fusion
As I reported last year, we had recognised the key part technology must play in helping us fully develop our multi-channel strategy to enhance and exploit our existing store network, in-field sales team, on-line, E-commerce and telephone traders. A recent independent survey showed that 36% of consumers now start their shopping journey on a retailer's website and 29% describe that shopping journey as starting mainly online. I am pleased to report that we have commenced Project Fusion which will implement Microsoft Dynamics AS and overhaul all processes across the business. The analysis and design stage completes in September, at which point we intend to commit to the full implementation of the project which will complete at the end of 2015.The project is supported by K3 our implementation partner who have considerable experience delivering the solution in both retail and other sectors. PwC will be providing assurance over the implementation of the system. We see this as vital to the future of the business and will put us at the forefront of the market in delivering a true multi-channel customer experience and drive internal efficiency.

Operational Review – Direct
Our Direct business services the needs of directly supplied customers across a number of product categories. Whilst encouragement can be taken from underlying performance, a year on year decline in our LPG and compound feeds businesses saw a decline in turnover to £201.8m (2013: £214.4m) and operating profit before exceptional costs to £3.1m (2013: £4.7m).

At a high level, it was a disappointing year for our LPG business that, due to the mild weather, saw volumes decline by over 20% versus the previous year. The previous year itself was an exaggerated performance with the longest cold period for 50 years, thus highlighting the impact of the extremes in winter weather. This volume decline is consistent with that experienced by competitors in the energy sector. Underlying performance, however, was positive with the number of LPG bulk tank customer accounts increasing and margins in line with the previous year. As I wrote last year, lessons have been learnt from servicing the high volume experienced in the winter of 2012/13 and the business is in good shape to cope with any unexpected upturn in demand as a result of severe winter weather.

Within our agriculture business our alternative feeds business continued its growth in line with our strategic plan, showing a significant increase in both sales and operating profit. The arable business also showed increases in both turnover and operating profit. The arable business includes a grain business into which we have recruited a number of traders whose full potential is yet to be realised.

The decline in the agriculture business came in the compound feeds business where volumes declined by 15%. The mild winter and early Spring weather meant that farmers were able to keep livestock outside feeding on good quality forage for longer with the inevitable reduction in demand for compound feed, none more so than the sheep sector. The year on year profit decline was exacerbated by not repeating the procurement benefits achieved in the rising commodity market of 2013.

Operational Review – Retail
In common with the majority of retailers, our retail business had a challenging year. Like for like (LFL) sales were up 0.5% in the year (2013: +7.0%). The mild winter affected some categories, in particular clothing and footwear, animal and wild bird feed. Margins fell largely as a result of product mix and an initiative to clear terminal stock for working capital purposes. We invested an additional £0.6m in marketing, in particular the launch of our first ever equine catalogue in the autumn of 2013 with a follow up version in Spring 2014, which we expect to continue to show returns in 2015. These catalogues are a key part of a strategic move to be the leading multichannel supplier in our sector. Operating costs were reduced but operating profit before exceptional costs decreased to £1.3m (2013: £2.3m).

Strategic Report
Chief Executive's Review *(Continued)*

A recent independent survey suggested that 35% of people say that loyalty cards keep them more loyal than anything else. We continue to develop our Countryclub loyalty card with the intention of creating the largest rural club in the UK. During 2014, more than 23,000 new customers joined the programme with total membership now exceeding 145,000 with significant further growth anticipated in the next year. The number of transactions per card per year continues to grow. We are able to use that data to tailor marketing and special offers.

During the year we opened new smaller format stores in Marlborough and Glastonbury which have shown very strong early trading performance. We also relocated our Ashbourne store to a secondary retail park on the outside of the town. This has been a resounding success with sales now having almost doubled.

We have invested in capacity and specialised racking at our Defford distribution centre to support future multichannel growth plans. We have enhanced our click and collect capability through all of our current store portfolio.

I believe a significant opportunity exists to further develop our retail business. We have recently concluded a full strategy review in conjunction with an external consultancy and I am confident that the implementation of that strategy, in conjunction with Project Fusion, will show positive results.

Suppliers
We continue to forge strong relationships with our suppliers. Our third annual supplier conference and charity golf day was held in May 2014 and was well received. At that event we introduced our new chosen charity – Dogs for the Disabled. This is a life transforming charity, creating exceptional partnerships between people living with disability and specially trained assistance dogs and we are proud to be supporting it.

Outlook
After a period of disappointing growth in 2011 and 2012, the UK economy showed clear signs of recovery in 2013 and early 2014 and confidence is increasing that this will continue. Encouragingly, that recovery has started earlier than other European countries so the outlook for the UK is positive.

Against that backdrop, we anticipate a stronger business performance in 2015 and have set internal budgets to reflect that. In taking that view, we have not assumed any upside from a return to a more normal winter climate. A number of lessons have been learned over the last couple of years and I am confident that we are strongly placed to deliver the plans in place.

People
To achieve the vision laid out in the Chairman's report, our people are hugely important to us. We now have over 200 AMTRA qualified staff in the business and will continue to see that number growing. Over 170 staff have qualified or are in the process of qualifying within our specialist training programme – this covers pet, equine and agriculture. Our employee survey carried out in the year achieved an 82% response rate. Whilst the results were encouraging I have followed up with a series of focus group led by myself and supported by my senior team. Externally 6 Countrywide employees were finalists in the Retail Week Rising Stars Award and Melton Mowbray won "Store of the Year" at the OvertheCounter Awards. Looking forward, we intend to further increase our training and development across the Group and will soon be launching a retail management development programme.

I would like to thank all our employees for their dedication, commitment and support through a difficult year and look forward to working with them in all of the challenges facing us in future.

John Hardman
Chief Executive
27 August 2014

Strategic Report
Chief Financial Officer's Review

Trading Results
Group turnover reduced by 2.6% to £298.2m (2013:£306.0m). Group Operating Profit before exceptional costs reduced to £1.9m (2013: £4.3m). This was largely driven by the abnormally mild winter weather adversely impacting our LPG and compound feed businesses. Total administrative expenses at £39.7m (2013: £39.7m) were unchanged. Exceptional costs were incurred during the year of £0.2m which related largely to severance payments.

Balance Sheet and Cash Flow
The Group had a net cash flow from operating activities of £2.7m (2013: £4.0m) reflecting a reduction in operating profit offset by improved working capital management. After capital expenditure and business acquisition costs of £2.6m (2013: £2.5m) and asset and business sale proceeds of £1.5m (2013: £0.4m), net debt at 31 May 2014 decreased by £0.6m to £9.7m (2013: £10.3m).

Shareholder funds decreased to £21.8m (2013: £22.8m) due to the reduced level of retained profit being insufficient to cover the change in the actuarial valuation of the pension deficit.

Gearing at 31 May 2013 stands at 45% of shareholder funds (2013: 45%) which is at a manageable level, comfortably within existing facilities and allows plenty of headroom to absorb future working capital needs.

Fixed asset purchases in the year totalled £2.3m and included £0.8m for new tanks and cylinders to support our LPG business. A further £0.2m was invested in new stores at Marlborough and Glastonbury and £0.1m in store relocations at Wardle and Ashbourne. Further details are provided in Note 8. The Group acquired the trade and assets of Abergavenny Farm Supplies in 2013 for a consideration of £0.4m, of which £0.3m is deferred and dependant on the performance of the business. Further details are provided in Note 9. During the year, the non-core wet fuels business was sold for proceeds of £1.2m realising a net profit on disposal of £0.4m.

Net current assets increased to £16.9m (2013: £16.3m). Stock increased to £20.4m (2013: £20.1m) partly driven by an increase to support the launch of the equine catalogue in the Spring.

Financial Key Performance Indicators

	2010	2011	2012	2013	2014
Turnover (£'000)	205,754	226,290	266,721	306,013	298,172
Turnover (% change)	(4.6%)	10.0%	17.9%	14.7%	(-2.6%)
Operating profit (£'000)	3,621	4,021	1,319	4,300	1,907
Operating profit (% of turnover)	1.8%	1.8%	0.5%	1.4%	0.6%
Net debt (£'000)	9,847	8,967	11,809	10,303	9,718

Non-Financial Key Performance Indicators
The company uses a number of non-financial key performance indicators particularly those pertaining to customers and employees. The Directors believe that the disclosure of these KPI's would be commercially sensitive and not necessary to understand the results and operations of the business

Pensions
The Company continues to operate a defined contribution scheme for its employees. The charge to the profit and loss account for the scheme was £0.3m (2013: £0.2m). The Company implemented pensions auto-enrolment in the year. The company took advantage of available transitional arrangements that allow employees and employers contributions to build up over a number of years. This will have the benefit of making the transition more affordable for those employees who are keen to commence saving for a pension but would not be able or prepared to save at higher levels.

The Company also supports a closed defined benefit scheme and additional contributions paid by the Company in to this scheme totalled £2.1m (2013: £2.1m). The last valuation of these scheme was at 5 April 2012 and the Company has agreed with the pension trustees to maintain its annual contribution indexed annually by inflation with effect from 1 July 2013. The planned date of the next triennial valuation is 5 April 2015 after which a review of ongoing contributions will be made with the pension trustees.

Strategic Report
Chief Financial Officer's Review *(Continued)*

The valuation of the scheme under FRS 17 at 31 May 2014 gave rise to a decrease in the pension deficit to £21.5m (2013: £22.3m) or £17.2m (2013: £17.2m) after deferred tax. Scheme assets are substantially invested in equities and there has been an increase in asset values with the rise in equity markets over the year. The increase in scheme assets and the additional £2.1m Company contribution has been offset by the impact an increase in scheme liabilities caused by a change in the actuarial assumption regarding the discount rate applied to those liabilities to 4.4% (2013: 4.5%).

Full details of all of the other assumptions underlying the actuarial valuation are included in Note 23.

Distributable Reserves and Tax

Distributable reserves for the Company finished the year £3.4m in deficit (2013: £2.6m) with movements summarised in Note 19. Retained profits in the year at £0.8m (2013: £2.0m) were a reflection of the poorer trading performance in the year. A consequence of the deficit on distributable reserves is the Company is not in a position to pay a dividend to shareholders. Tax on profit on ordinary activities shows a net charge of £0.5m (2013:£1.0m). The tax charge on current year profits is £0.1m (2013: £0.2m) and is detailed in Note 5. The deferred tax current year charge to the profit and loss account of £0.4m (2013: £0.9m) is detailed in Note 5 and related mainly to the utilisation of tax losses.

The corporation tax rate was from 1 April 2015 reduced to 20% in July 2013. This change has led to a £0.7m reduction in the deferred tax asset previously recognised in the accounts particularly in the STRGL.

The business enjoys brought forward tax losses that will shelter the majority of its tax liability on any trading profits until 2015.

Banking Facilities

The Group's banking facilities are detailed in Note 13 to the accounts. The core facilities total £26.5m and include a £14m revolving credit facility committed until September 2015, a £12m invoice discounting facility and a £0.5m overdraft facility. These facilities continue to provide sufficient headroom to implement the business strategy and are secured at competitive rates. The Directors are satisfied that the business operates comfortably within the covenants that apply to these facilities. Early discussions have commenced regarding the renewal of these facilities. We have a strong relationship with our bankers and are confident that this renewal will be achieved on acceptable terms.

Key Business Risks

Key business risks include movements in global commodity markets, UK climate and the advancement of technology. The company mitigates these risks by forward buying of raw materials within agreed Board limits and maintaining a spread of business activities within both the direct and retail sectors. The company is also investing in the implementation of a new ERP platform across the business to ensure that we will be at the forefront of technology.

Steve Payne
Interim CFO
27 August 2014

Directors' Profiles

NIGEL HALL (Chairman) Age 59

Qualified as a Chartered Accountant in 1980 with Price Waterhouse before joining the Burton Group plc (subsequently Arcadia Group plc) in 1984. Was Group Finance Director from 1997 until 2003. Serves as Chairman of Michelmores LLP, Non-Exectutive Director of C&J Clark Limited and Exeter Rugby Group Limited and Governor of Blundell's School, Tiverton. Owns a small farm in mid-Devon near Tiverton. Chairman of the Nomination Committee.

JOHN HARDMAN (Chief Executive) Age 52

Joined West of England Farmers in 1985 and subsequently became Agri Director of WMF Limited in 1997. Holds a degree in Agriculture and an MBA. Following the formation of Countrywide Farmers in 1999 became Director of Agri Sales before becoming Deputy Managing Director in 2003 and Managing Director in June 2004. Serves as Trustee of both of the Company's pension schemes. Serves as Non-Executive Director of Pilon Ltd, a building subcontractor operating in the UK private and commercial housing sector.

STUART CREBO Age 60

Has held a number of senior positions in Corporate Banking, both in the UK and USA. Currently a Partner in Isca Ventures LLP, Non-Executive Director of Cornish Farm Dairy Ltd and Devon Waste Management Ltd. From 1996 to 2009 was Director of Ernst & Young specialising in advising on corporate finance mergers and acquisitions as well as assisting various enterprises develop their commercial strategy and generate value for shareholders. Chairman of the Remuneration Committee.

JOHN ELLIOT Age 62

Qualified as an accountant before joining the family farming business. Has experience of running a range of farming businesses and now manages a number of Estates, including livestock, arable and a commercial shoot. Currently the Chairman of United Oilseeds Limited and Non-Executive Director of NFU Mutual where he is Chairman of the Audit Committee. Chairman of the Audit Committee.

PAUL FREESTON Age 54

Chairman and CEO of Apetito UK, an award winning organisation providing frozen food and catering solutions to care homes, local authorities and hospitals as well as providing a frozen meal delivery service to the public via Wiltshire Farm Foods. Also President of Apetito Canada. Has over 25 years' experience in the food and food manufacturing industry and is Vice President and Treasurer of the Food and Drink Federation. A Fellow of the Institute of Directors.

Registered Office and Advisers

Registered Number	3776711
Registered Office	Countrywide House Asparagus Way Vale Park Evesham Worcestershire United Kingdom WR11 1GN
Independent Auditors	PricewaterhouseCoopers LLP 1 Kingsway Cardiff CF10 3PW
Bankers	HSBC Bank Plc 62 George White Street Cabot Circus Bristol BS1 3BA
Solicitors	Bond Dickinson LLP 3 Temple Quay Temple Back East Bristol BS1 6DZ

Directors' Report

The Directors present their report and the audited consolidated Financial Statements for the year ended 31 May 2014.

Countrywide Farmers plc is not listed on a recognised investment exchange, however, shares may be traded on Asset Match which is administered by The Share Centre. If you wish to trade Countrywide Farmers plc shares or require further information, please contact: The Share Centre on 01296 414141.

Principal Activities

The principal activities of the Group during the year are the supply of animal feeds, seeds, fertilisers and agrochemicals, the marketing of fuel, liquid petroleum gas, grain trading and the sale of a range of farm sundries and retail products to the rural community.

Results and Dividends

The Profit and Loss Account for the year is set out on page 17. The Directors recommend that no dividend be paid (2013: £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 seek 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. During 2014 the average payment period was 45 days (2013: 51 days).

Financial Instruments

As part of its overall financing strategy, the Group has entered into swap transactions to fix the interest rate on part of the Group's borrowings. These transactions are described in note 13 to the financial statements. As at 31 May 2014, the market value of these swaps was a £6,565 loss (2013: £46,356 loss).

Business Review and Future Developments

The review of operations of the Group is covered in the attached Strategic Report

Directors and Directors' Interests

The Directors of the Company who were in office during the year and up to the date of signing the financial statements and their beneficial interests in the share capital of the Company are listed below:

	Shares 2014	Shares 2013
N.P. Hall (Chairman)	330,831	330,831
J.H. Hardman (Chief Executive)	160,155	160,155
S. Crebo	10,034	10,034
J.A. Elliot	101,740	101,740
P. Freeston	-	-
Sir Ben Gill (deceased 8 May 2014)	12,180	12,180
L.J. Collins (Finance Director - resigned 18 February 2014)	156,539	156,539

Directors' Report *(Continued)*

Financial Risk Management

The Group's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk and interest rate risk. Given the size of the Group, the Directors have not established a sub-committee of the Board to monitor financial risk management, but have established policies that are implemented and continuously monitored by Executive Directors.

Price Risk

The Group is exposed to commodity price risk, principally for raw materials in its Agriculture Feeds business which enters in to forward supply contracts to manage the impacts of price movements on its gross margin. The use of these contracts is not speculative and is governed by a trading policy agreed by the Board and monitored by Executive Directors. This policy was reviewed during the year in the context of a growing grain trading business. The control environment is considered to be effective given the size and nature of the risks involved, but will be subject to ongoing review as that area of the business developments.

The Directors estimate the value of open contracts as at 31 May 2014 to be £20.0m (2013: £20.5m). The majority of these are covered by back to back arrangements.

Credit Risk

Relevant credit checks are performed on potential customers before any sale is committed. The amount of exposure to any individual customer is controlled by means of a credit limit that is set and monitored by the business operating within a Board approved credit policy. The business does not maintain credit insurance on its customers. This is considered appropriate given the size and nature of risk involved, but will be reviewed in the future if circumstances change.

Liquidity Risk

The Group actively maintains a mixture of long term and short term debt finance, which is designed to ensure that the business has access to sufficient available funds for ongoing working capital needs as well as planned capital investment and expansion. The amount of debt finance is reviewed at least annually by the Directors. Early discussions have commenced over a new facility to be effective from September 2015.

Interest Rate Risk

The Group has interest bearing debt liabilities which are full detailed in Note 13 to these accounts. The Group has an outstanding interest swap transaction used to fix the interest on part of the Group's borrowings.

Employees

Training and development of staff is seen as fundamental to the long term growth and prosperity of the Group. Communication procedures have been established for informing all employees about the progress of the Group and the active feedback now provided from these procedures is welcomed. Further details of how employee involvement in the Group is encouraged is set out in the Chief Executive's review.

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 Chief Executive 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.

Directors' Report *(Continued)*

Donations

During the year, the Group and staff donated £18,422 to the Prince's Countryside Fund (2013: £24,622 Riding for the Disabled Association), which is a registered charity. In the coming year, the Group and staff have chosen to support the Dogs for the Disabled.

Corporate Social Responsibility

The Board is committed to ensuring Countrywide is a responsible company ensuring business operations are environmentally, socially and ethically sustainable for the long term. In doing so the Board aim to demonstrate clear leadership by supporting our customers and our staff, and by remaining focussed on dealing with the key issues that matter to the rural communities we live and work in.

Full details of the Corporate Social Responsibility statement can be found on the company website.

Independent Auditors

As part of the audit process each Director has confirmed, as at the date of the financial statements, that as far as he is aware (a) there is no relevant audit information of which the Group's auditors are unaware, and (b) he has taken steps to make himself aware of any relevant audit information and to establish that the Group's auditors are also aware of that information.

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

By order of the Board
SJ Francis
Company Secretary
27 August 2014

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 one executive Director and four non-executive Directors. The roles of the Chairman, who is non-executive and elected by the Board, and the Chief Executive, are separated. 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 Stuart Crebo (Chairman), Paul Freeston and Nigel Hall.

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

Audit Committee

The Audit Committee comprises Messrs John Elliot (Chairman), Paul Freeston and Stuart Crebo.

The Committee 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 Nigel Hall (Chairman), John Elliot and Stuart Crebo.

The Committee establishes the criteria for appointment to the Board and identifies suitable candidates. It seeks to achieve a balance between executive and non-executive Directors. It also reviews and considers wider Company succession plans. 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.

Corporate Governance Statement *(Continued)*

Board and Committee Attendance of Directors

	Board	Remuneration Committee	Audit Committee	Nomination Committee
Number of Meetings in year ended 31 May 2014	11	5	2	2
Attendance of Directors:				
N.P. Hall	10	4	-	2
J.H. Hardman	11	-	-	-
S. Crebo	11	5	2	2
J.A. Elliot	11	-	2	2
P. Freeston	10	4	2	-
Sir Ben Gill	9	-	2	1
L.J. Collins (resigned 18 February 2014)	7	-	-	-

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 continued to adopt the going concern basis in preparing the financial statements.

By order of the Board
SJ Francis
Company Secretary
27 August 2014

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

By order of the Board
SJ Francis
Company Secretary
27 August 2014

Independent Auditors' Report to the Members of Countrywide Farmers plc

Report on the financial statements

Our opinion
In our opinion the financial statements, defined below:
- give a true and fair view of the state of the group's and of the company's affairs as at 31 May 2014 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited
The group financial statements and company financial statements (the "financial statements"), which are prepared by Countrywide Farmers plc, comprise:
- Consolidated Profit and Loss account
- Consolidated Balance Sheet as at 31 May 2014;
- Parent company Balance Sheet at 31 May 2014;
- Statement of Group Total Consolidated Recognised Gains and Losses for the year then ended;
- Consolidated Cash Flow Statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:
- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion 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.

Other matters on which we are required to report by exception
Adequacy of accounting records and information and explanations received
Under the Companies Act 2006 we are required to report to you if, in our opinion:
- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Independent Auditors' Report to the Members of Countrywide Farmers plc *(Continued)*

Directors' remuneration
Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors
As explained more fully in the Statement of Directors' Responsibilities set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Mark Ellis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

27 August 2014

(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.

Consolidated Profit and Loss Account

For the year ended 31 May 2014

	Note	Group 2014 £000s	Group 2013 £000s
Group Turnover			
Continuing Operations		290,379	306,013
Discontinued Operations		7,793	-
		298,172	306,013
Cost of Sales		(256,852)	(262,243)
Gross Profit		41,320	43,770
Other operating income		285	227
Administrative expenses		(39,698)	(39,697)
Continuing operations		1,992	4,300
Discontinued operations		(85)	-
Group Operating profit before exceptional items		1,907	4,300
Exceptional items	4b	(225)	-
Profit before interest and taxation		1,682	4,300
Interest payable and similar charges	3a	(637)	(613)
Other finance income/(expense)	3b	18	(396)
Profit on ordinary activities before taxation	4a	1,063	3,291
Taxation on profit on ordinary activities	5	(497)	(1,044)
Profit on ordinary activities after taxation		566	2,247
Minority Interests in profit for the year		(59)	(50)
Profit for the financial year	19	507	2,197

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

Statement of Group Total Consolidated Recognised Gains and Losses

For the year ended 31 May 2014

	Note	Group 2014 £000s	Group 2013 £000s
Profit for the financial year		507	2,197
Actuarial loss recognised in the pension scheme	23	(1,332)	(1,397)
Movement on deferred tax asset relating to pension scheme	16	267	321
Impact of tax rate change recognised in reserves	16	(669)	(226)
Total recognised (losses)/gains for the year		(1,227)	895

Consolidated Balance Sheet *(Registered no. 3776711)*

At 31 May 2014

	Note	Group 2014 £000s	Group 2013 £000s
Fixed Assets			
Intangible assets			
Goodwill	7	1,978	2,267
Negative Goodwill	7	(353)	(459)
		1,625	1,808
Tangible assets	8	35,737	37,288
Investments	10	123	133
		37,485	39,229
Current Assets			
Stocks	11	20,404	20,081
Debtors	12	35,147	36,932
Cash at bank and in hand		5,196	5,001
		60,747	62,014
Creditors - amounts falling due within one year	13	(43,856)	(45,631)
Net Current Assets		16,891	16,383
Total Assets less Current Liabilities		54,376	55,612
Creditors - amounts falling due after more than one year	14	(14,228)	(14,410)
Provisions for liabilities	15	(1,162)	(1,195)
Net assets excluding Pension Liability		38,986	40,007
Net Pension Liability	23	(17,181)	(17,165)
Net assets including Pension Liability		21,805	22,842
Capital and Reserves			
Called up share capital	17	16,413	16,413
Revaluation reserve	18	9,701	9,701
Profit and loss account	19	(4,584)	(3,509)
Total shareholders' funds	20	21,530	22,605
Minority interests		275	237
Capital employed		21,805	22,842

Advantage has been taken of the audit exemption conferred by section 479A of the Companies Act 2006 for the year ended 31 May 2014 in relation to SM Hackett & Son Ltd

The financial statements on pages 17 to 44 were approved by the Board of Directors on 27 August 2014 and were signed on its behalf by:

NP Hall
JH Hardman } Directors

Parent Company Balance Sheet *(Registered no. 3776711)*

At 31 May 2014

	Note	2014 £000s	2013 £000s
Fixed Assets			
Intangible assets			
Goodwill	7	1,978	1,996
Negative Goodwill	7	(353)	(459)
		1,625	1,537
Tangible assets	8	35,602	37,087
Investments	10	813	813
		38,040	39,437
Current Assets			
Stocks	11	20,131	19,790
Debtors	12	36,591	36,409
Cash at bank and in hand		4,019	3,852
		60,741	60,051
Creditors - amounts falling due within one year	13	(43,546)	(43,230)
Net Current Assets		17,195	16,821
Total Assets less Current Liabilities		55,235	56,258
Creditors - amounts falling due after more than one year	14	(14,228)	(14,410)
Provisions for liabilities	15	(1,155)	(1,195)
Net assets excluding Pension Liability		39,852	40,653
Net Pension Liability	23	(17,181)	(17,165)
Net assets including Pension Liability		22,671	23,488
Capital and Reserves			
Called up share capital	17	16,413	16,413
Revaluation reserve	18	9,701	9,701
Profit and loss account	19	(3,443)	(2,626)
Total shareholders' funds		22,671	23,488

The financial statements on pages 17 to 44 were approved by the Board of Directors on 27 August 2014 and were signed on its behalf by:

NP Hall
JH Hardman
} Directors

Consolidated Cash Flow Statement

For the year ended 31 May 2014

	Note	Group 2014 £000s	Group 2013 £000s
Net cash inflow from operating activities	(a)	2,690	3,976
Returns on investments and servicing of finance			
Interest paid		(625)	(633)
Interest element of finance lease payments		(8)	(9)
Dividend paid to minority interests		(19)	(17)
Net cash outflow from returns on investments and servicing of finance		(652)	(659)
Taxation			
Corporation tax (paid)/received		(182)	214
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(2,349)	(1,840)
Sale of tangible fixed assets		257	489
Net cash outflow for capital expenditure and financial investment		(2,092)	(1,351)
Acquisitions			
Payments to acquire trade and businesses		(390)	(595)
Payment to acquire other investment		-	(80)
Cash acquired with business		-	(109)
Receipt from sale of business		1,200	-
Net cash inflow/(outflow) for acquisitions		810	(784)
Net cash inflow before financing		574	1,396
Financing			
Decrease in Members' Retirement Scheme		(17)	(7)
Capital element of finance lease payments		(62)	(58)
Issue of own shares by EBT		11	110
Net cash (outflow)/inflow from financing		(68)	45
Increase in cash for the year	(b)	506	1,441

Consolidated Cash Flow Statement Notes

For year ended 31 May 2014

(a) Reconciliation of Operating Profit to Net Cash flow from Operating Activities

	Group 2014 £000s	Group 2013 £000s
Operating profit	1,682	4,300
Depreciation charge	2,936	3,729
Net Goodwill amortisation	453	647
Net Loss/(Profit) on disposal of fixed assets	233	(64)
Profit on disposal of business	(415)	-
(Increase)/Decrease in stock	(545)	106
Decrease/(Increase) in debtors	1,785	(5,092)
(Decrease)/Increase in creditors	(1,449)	2,492
Excess of pension contributions over charge	(2,131)	(2,102)
Share option Credit/(Charge)	141	(40)
Net cash inflow from operating activities	2,690	3,976

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

	Group 2014 £000s	Group 2013 £000s
Increase in cash at bank	506	1,441
Decrease in lease financing	62	58
Decrease in Members' Retirement Scheme	17	7
Movement in net debt for the year	585	1,506
Opening net debt	(10,303)	(11,809)
Closing net debt	(9,718)	(10,303)

(c) Analysis of Net Debt

Group	At 1 June 2013 £000s	Cash Flow £000s	At 31 May 2014 £000s
Cash at bank	5,001	195	5,196
Due within one year:			
Cash in hand and at bank, advances and overdrafts	(311)	311	-
Finance leases	(62)	-	(62)
Due after one year:			
Bank loans	(14,000)	-	(14,000)
Members' Retirement Scheme	(821)	17	(804)
Finance leases	(110)	62	(48)
	(10,303)	585	(9,718)

Notes to the Financial Statements

For the year ended 31 May 2014

1) ACCOUNTING POLICIES

Basis of accounting

These financial statements are prepared on a going concern basis under the historical cost convention, as modified by the revaluation of certain tangible fixed assets and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The principal accounting policies are set out below and have been applied consistently throughout the year.

Basis of consolidation

The financial statements of the Group represent the consolidation of Countrywide Farmers plc and its subsidiary undertakings. All material inter-company transactions and balances are eliminated. In the case of acquisitions and disposals of businesses, the results of trading are consolidated from or to the date upon which control passes.

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. Turnover is recognised on delivery of goods or their collection by the customer in store. Turnover from the sale of services is recognised when the services have been supplied.

Intangible fixed assets

Intangible fixed assets comprise goodwill which represents the excess or deficit of the fair value of the consideration paid over the fair value of the identifiable net assets acquired. Goodwill is carried within 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	2.5% - 10% p.a. straight line
Plant and machinery	5% - 33.3% p.a. straight line
Vehicles	20% - 25% p.a. straight line

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2014

1) ACCOUNTING POLICIES *(Continued)*

Impairment of fixed assets

Fixed assets are reviewed to determine whether their value appears to be impaired. Where a fixed asset held at historical cost has been impaired, the impairment is charged to the profit and loss account and the asset is carried at its recoverable amount. Where impairment losses are recognised on revalued assets and the loss is not caused by a consumption of the economic benefits of the asset, they are charged to the statement of Group total consolidated recognised gains and losses.

Stocks

Stocks 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, that give rise to an obligation to pay more taxation or a right to pay less taxation in the future. Deferred tax assets have 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 difference can be deducted. Provision is made for deferred tax liabilities, using the liability method, on all material timing differences. 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.

Derivative financial instruments

The group has in place interest rate swaps, the details of which are fully disclosed in note 13. Such derivative instruments are used for hedging purposes to alter the risk profile of existing underlying exposures within the group. Interest differentials, under swap arrangments used to manage interest rate exposure on borrowings and current asset investments, are recognised by adjusting interest payable or receivable as appropriate.

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. These assets are included in fixed assets and the capital element of the leasing commitments is disclosed within 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.

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2014

1) ACCOUNTING POLICIES *(Continued)*

Pension scheme arrangements

The Group operates two pension schemes, a defined contribution and a hybrid scheme containing both deferred 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 Defined Accrued Benefits 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 schemes liabilities, arising from the passage of time, are included as an interest expense. Actuarial gains and losses are recognised in the statement of Group total consolidated 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.

Employee Benefit Trust

The group operates an Employee Benefit Trust (EBT) which is used to hold shares in the company in advance of their distribution under employee incentive schemes. The trust is consolidated into these financial statements with the holdings in the company's own shares being treated as a deduction from shareholders' funds.

Share based payments

As set out in note 22, the group operates a Long Term Incentive Plan for certain key executives who are eligible to receive nil cost share awards at the end of the 3 and 4 year vesting periods subject to certain performance conditions.

In addition, the group has set up a Savings Related Share Option Scheme that was made available to all employees which allows members to purchase shares in the company at a discounted price at the end of the 3 year vesting period.

The fair value of all the options issued are recognised as an expense in the profit and loss account over the vesting period of the option.

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2014

2) SEGMENTAL REPORTING

	Turnover 2014 £000s	Operating Profit/(Loss) 2014 £000s	Net Operating Assets 2014 £000s
Continuing operations			
Direct Sales	201,787	3,135	19,082
Retail	88,592	1,297	26,862
Corporate	-	(2,440)	3,070
	290,379	1,992	49,014
Discontinued Operations	7,793	(85)	-
	298,172	1,907	49,014
Exceptional items	-	(225)	-
Group Total	298,172	1,682	49,014

Reconciliation of Net Operating Assets to the Balance Sheet	£000s
Net Operating Assets	49,014
Less Bank Balance and Loans	(8,804)
Add Corporation and Deferred Tax	(420)
Less Members Retirement Scheme (Note 15)	(804)
Less Net Pension Liability	(17,181)
Net Assets as at 31 May 2014	21,805

	Turnover 2013 £000s	Operating Profit/(Loss) 2013 £000s	Net Operating Assets 2013 £000s
Continuing operations	214,431	4,654	17,363
Direct Sales	91,582	2,262	30,248
Retail	-	(2,616)	3,062
Corporate			
Group Total	306,013	4,300	50,673

Reconciliation of Net Operating Assets to the Balance Sheet	£000s
Net Operating Assets	50,673
Less Bank Advance and Loans	(9,310)
Less Corporation and Deferred tax	(535)
Less Members Retirement Scheme (Note 15)	(821)
Less Net Pension Liability	(17,165)
Net Assets as at 31 May 2013	22,842

The Group operates and trades only in the United Kingdom.

Segmental Reporting allows visibility of the two core trading operations recognising separate lines for restructuring and corporate costs. The principal operating assets comprising property, plant and equipment have been allocated to the businesses in line with use.

Discontinued operations relate to the sale of the fuel business.

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2014

3a) INTEREST PAYABLE AND SIMILAR CHARGES

	Group 2014 £000s	Group 2013 £000s
Interest payable and similar charges		
Interest payable on bank loans and overdrafts	390	434
Interest on invoice discounting finance	239	171
Interest payable on finance leases	8	8
	637	613

3b) OTHER FINANCE (INCOME)/EXPENSE

	Group 2014 £000s	Group 2013 £000s
Other finance (income)/expense - pension scheme (Note 23)	(18)	396

4a) OPERATING PROFIT

	Group 2014 £000s	Group 2013 £000s
Operating Profit is stated after charging/(crediting):		
Staff costs (note 22)	23,928	22,134
Depreciation		
Tangible owned fixed assets	2,859	3,661
Tangible fixed assets held under finance leases	77	68
Goodwill amortisation	559	564
Negative goodwill amortisation	(106)	(106)
Operating lease charges		
Plant and machinery	1,734	1,971
Other	2,806	2,761
Loss on sale of fixed assets	(233)	(64)
Profit on disposal of business	415	-
Auditors' remuneration in respect of:		
Audit of the parent company and consolidated financial statements	61	60
Other services:		
Subsidiary company audit services	6	6
Tax advisory services	57	50
Other	19	14

4b) EXCEPTIONAL ITEMS

	Group 2014 £000s	Group 2013 £000s
Exceptional items	225	-

Exceptional items during the year relate to severance payments.

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2014

5) TAX ON PROFIT ON ORDINARY ACTIVITIES

	Group 2014 £000s	Group 2013 £000s
Current tax		
United Kingdom corporation tax at 22.67% (2013: 23.83%%)	62	160
Adjustments in respect of previous years	23	(10)
Current tax charge	85	150
Deferred tax: (note 16)		
Current year charge	464	890
Effect of decrease in tax rate	(52)	4
Tax on profit on ordinary activities	497	1,044

Factors affecting tax charge for the year

The tax for the year is lower (2013: lower) than the effective rate of Corporation tax in the UK For the year ended 31 May 2014 of 22.67% (2013: 23.83%). The differences are explained below:

	Group 2014 £000s	Group 2013 £000s
Profit on ordinary activities before taxation	1,063	3,291
Profit on ordinary activities at the standard rate in the UK of 22.67% (2013: 23.83%)	241	784
Effects of:		
Expenses not deductible for tax purposes	294	259
Depreciation allowances in excess of capital for year	(29)	88
Other timing differences	(443)	(408)
Differences between book gains and taxable gains	-	(3)
Losses utilised	-	(556)
Tax of group company at marginal rates	(1)	(4)
Adjustments to tax charge in respect of previous year	23	(10)
Current tax charge for the year	85	150

Factors that may affect future tax charges

Based on its current plans the company expects the factors affecting future tax charges to be broadly similar to those affecting the charge in the current year. Certain of the Group's fixed assets have base costs below their carrying value due to revaluations and rollover relief claims in prior years. Were these properties to be sold without it being possible to claim rollover relief additional tax would become payable. No provision has been made in relation to these potential gains as there were no unconditional obligations to sell such properties at the balance sheet date.

In July 2013, the corporation tax rate was reduced to 20% with effect from April 2015. This change has therefore been included in these financial statements.

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2014

6) PROFITS OF THE PARENT COMPANY

The Parent Company has not presented its own profit and loss account as permitted by Section 408, of the Companies Act 2006.
The amount of profit for the year attributable to the Company is £776,000 (2013: £2,086,000).

7) INTANGIBLE FIXED ASSETS

Goodwill

	Group £000s	Company £000s
Cost		
At 1 June 2013	4,382	3,935
Additions (note 9)	280	576
Disposals	(167)	(167)
At 31 May 2014	4,495	4,344
Accumulated Amortisation		
At 1 June 2013	2,115	1,939
Charge for the year	559	584
Disposals	(157)	(157)
At 31 May 2014	2,517	2,366
Net book value at 31 May 2014	1,978	1,978
Net book value at 31 May 2013	2,267	1,996

Goodwill that arose on the acquisition of businesses is being amortised on a straight line basis over the period which the Directors estimate that the values of the underlying businesses acquired are expected to exceed the values of the underlying assets.

Negative goodwill

	Group £000s	Company £000s
Cost		
At 1 June 2013 and 31 May 2014	(1,059)	(1,059)
Accumulated Amortisation		
At 1 June 2013	600	600
Credit for the year	106	106
At 31 May 2014	706	706
Net book value at 31 May 2014	(353)	(353)
Net book value at 31 May 2013	(459)	(459)

Negative goodwill is being written back on a straight line basis over a period of 10 years.

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2014

8) TANGIBLE FIXED ASSETS

Group	Freehold Land and Buildings £000s	Leasehold Property £000s	Plant and Machinery £000s	Vehicles £000s	Total £000s
Cost/Valuation					
At 1 June 2013	28,266	1,844	44,352	1,375	75,837
Additions	-	89	2,025	235	2,349
Disposals	-	(28)	(2,547)	(210)	(2,785)
At 31 May 2014	28,266	1,905	43,830	1,400	75,401
Accumulated Depreciation					
At 1 June 2013	8,509	1,416	27,894	730	38,549
Charge for the year	444	77	2,194	172	2,936
Disposals	-	(18)	(1,706)	(97)	(1,821)
At 31 May 2014	8,953	1,475	28,382	854	39,664
Net book value at 31 May 2014	19,313	430	15,448	546	35,737
Net book value at 31 May 2013	19,757	428	16,458	645	37,288

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

	2014 £000s	2013 £000s
Net book value at 31 May	137	213

Analysis of Land and Buildings

	Group 2014 £000s	Group 2013 £000s	Company 2014 £000s	Company 2013 £000s
Analysis of land and buildings at cost or valuation				
At cost	18,565	18,565	18,534	18,534
At valuation	9,701	9,701	9,701	9,701
	28,266	28,266	28,235	28,235

The Group's freehold properties were revalued at 31 May 2012 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 DTZ Debenham Tie Leung, a firm of independent Chartered Surveyors.

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.

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

	Group 2014 £000s	Group 2013 £000s	Company 2014 £000s	Company 2013 £000s
Freehold and long leasehold land and buildings				
At cost	18,565	18,565	18,534	18,534
Aggregate depreciation	(8,953)	(8,509)	(8,939)	(8,499)
	9,612	10,056	9,595	10,035

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2014

8) TANGIBLE FIXED ASSETS *(Continued)*

Company	Freehold Land and Buildings £000s	Leasehold Property £000s	Plant and Machinery £000s	Vehicles £000s	Total £000s
Cost/Valuation					
At 1 June 2013	28,235	1,846	44,140	1,276	75,497
Additions	-	89	2,026	224	2,339
Disposals	-	(28)	(2,547)	(160)	(2,735)
At 31 May 2014	28,235	1,907	43,619	1,340	75,101
Accumulated Depreciation					
At 1 June 2013	8,499	1,415	27,806	690	38,410
Charge for the year	441	77	2,170	204	2,892
Disposals	-	(18)	(1,706)	(79)	(1,803)
At 31 May 2014	8,940	1,474	28,270	815	39,499
Net book value at 31 May 2014	19,295	433	15,349	525	35,602
Net book value at 31 May 2013	19,736	431	16,334	586	37,087

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

	2014 £000s	2013 £000s
Net book value at 31 May	137	213

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2014

9) ACQUISITIONS

On 27 November 2013, Countrywide Farmers plc completed the acquisition of the trade and assets of Abergavenny Farm Supplies for consideration of £350,000. An initial consideration of £80,000 was paid on completion with the deferred consideration dependant on the performance of the business being paid over 3 years from the acquisition date.

The assets acquired and the results of the business from their effective date have been consolidated into the financial statements at 31 May 2014 using the acquisition method of accounting.

Details of the asset value acquired and price paid are given below:

Assets acquired	
Stock	81
Satisfied by:	
Cash Consideration	80
Contingent Consideration	270
Acquisition Costs	11
Goodwill arising on acquisition	280

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2014

10) FIXED ASSET INVESTMENTS

Group	Other Investments £000s
Cost at 1 June 2013	133
Disposals	(10)
Cost at 31 May 2014	123

Company	Investments in subsidiary companies £000s	Other investments £000s	Total £000s
Cost at 1 June 2013 and 31 May 2014	690	123	813

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

Own shares
The group operates an Employee Benefit Trust to hold shares in the company prior to their issue under employee share incentive schemes.

At 1 June 2013, 5,291,805 ordinary shares of 50p each were held at a cost of £1,587,541. During the year, shares were issued to a number of employees on exercise of their options under the Long Term Incentive Plan and on maturity of the employee Save as you earn scheme. At 31 May 2014, 5,277,803 shares were held at a cost of £1,583,341

These investments in the shares of Countrywide Farmers plc have been shown as a deduction from shareholders' funds (note 20).

Participating interests
During the year, CWF1 Limited (a holding company in which Countrywide Farmers plc has a 26% interest) and its wholly owned trading subsidiary Lockes Animal Homes Limited were liquidated.

Audit Exemption
In accordance with the Companies Act 2006, the group has taken advantage of the exemption afforded to certain subsidiary companies to be audited. Countrywide Farmers plc has given a guarantee to its subsidiary S M Hackett & Son Limited under section 479A.

11) STOCKS

	Group 2014 £000s	Group 2013 £000s	Company 2014 £000s	Company 2013 £000s
Finished goods	20,404	20,081	20,131	19,790

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2014

12) DEBTORS

	Group 2014 £000s	Group 2013 £000s	Company 2014 £000s	Company 2013 £000s
Trade debtors	30,304	33,352	30,235	31,138
Amounts owed by group undertakings	-	-	1,557	1,784
Other debtors	675	464	651	397
Prepayments and accrued income	4,168	3,116	4,148	3,090
	35,147	36,932	36,591	36,409

The Group's financing arrangements include the use of invoice discounting as explained in note 13. Included in trade debtors for the Group of £30,304,000 (2013: £33,352,000) and for the Company of £30,235,000 (2013: £31,138,000) are amounts of £nil (2013: £444,000) on which finance has been raised.

13) CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2014 £000s	Group 2013 £000s	Company 2014 £000s	Company 2013 £000s
Trade creditors	34,124	36,563	33,959	34,446
Amounts due in respect of invoice discounting	-	311	-	311
Finance lease obligations	62	62	62	62
Corporation tax	62	161	-	75
Other taxation and social security	766	370	740	341
Accruals and deferred income	8,842	8,164	8,785	7,995
	43,856	45,631	43,546	43,230

Banking facilities

The Group's principal bankers are HSBC Bank plc and the following facilities are in place:

(1) Revolving credit facility of £14,000,000 repayable in full in September 2015 bearing interest at 1.7% above LIBOR.
(2) An invoice discounting facility up to £12,000,000 bearing a discount charge of 1.7% above HSBC Plc Bank base rate.
(3) An overdraft facility (unused at 31 May 2014) of £500,000 until 30 October 2014 bearing interest of 2.0% above the Bank base rate.

These facilities are secured by a first debenture over the assets of Countrywide Farmers plc and a first legal charge over a number of Countrywide Farmers plc's freehold properties.

In addition, the group has entered into an interest rate swap transaction to partially hedge the group's exposure to interest rate movements by replacing floating rates of interest with fixed commitments. This has a nominal value that reduces each year until its termination on 30 September 2014 and at 31 May 2014 was £350,000 (2013: £1,050,000). As at 31 May 2014, the market value of these swaps was £6,565 loss (2013: £46,356 loss).

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2014

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

	Group 2014 £000s	Group 2013 £000s	Company 2014 £000s	Company 2013 £000s
Bank loans	14,000	14,000	14,000	14,000
Finance lease obligations	48	110	48	110
Accruals and deferred income	180	300	180	300
	14,228	14,410	14,228	14,410

Maturity Statement

Group	Bank 2014 £000s	Finance Leases 2014 £000s	Total 2014 £000s
In one year or less, or on demand	-	62	62
In more than one year, but not more than two years	14,000	39	14,039
In more than two years, but not more than five years	-	9	9
	14,000	110	14,110

	Bank 2013 £000s	Finance Leases 2013 £000s	Total 2013 £000s
In one year or less, or on demand	-	62	62
In more than one year, but not more than two years	-	110	110
In more than two years, but not more than five years	14,000	-	14,000
	14,000	172	14,172

Company	Bank 2014 £000s	Finance Leases 2014 £000s	Total 2014 £000s
In one year or less, or on demand	-	62	62
In more than one year, but not more than two years	14,000	39	14,039
In more than two years, but not more than five years	-	9	9
	14,000	110	14,110

	Bank 2013 £000s	Finance Leases 2013 £000s	Total 2013 £000s
In one year or less, or on demand	-	62	62
In more than one year, but not more than two years	-	110	110
In more than two years, but not more than five years	14,000	-	14,000
	14,000	172	14,172

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2014

15) PROVISIONS FOR LIABILITIES AND CHARGES

	Group 2014 £000s	Group 2013 £000s	Company 2014 £000s	Company 2013 £000s
Members' Retirement Scheme	804	821	804	821
Deferred Tax (note 16)	358	374	351	374
	1,162	1,195	1,155	1,195

Members' Retirement Scheme	£000s
At 1 June 2013	821
Paid in Year	(17)
At 31 May 2014	804

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 or to the estate of deceased members.

16) DEFERRED TAX

	Group 2014 £000s	Group 2013 £000s	Company 2014 £000s	Company 2013 £000s
Accelerated Capital Allowances	760	819	753	819
Short term timing differences	(200)	(151)	(200)	(151)
Losses	(202)	(294)	(202)	(294)
	358	374	351	374
Deferred tax on pension liability	(4,294)	(5,126)	(4,294)	(5,126)
Total deferred tax asset	(3,936)	(4,752)	(3,943)	(4,752)

Movement in Deferred Tax

	Group Total 2014 £000s
Deferred tax asset at 1 June 2013	(4,752)
Deferred tax charge to the profit and loss account	414
Deferred tax charge to the statement of Group total consolidated recognised gains and losses	402
Deferred tax asset at 31 May 2014	(3,936)

In accordance with the provisions of FRS 19 '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. There is an unprovided deferred tax liability of £1,166,000 (2013: £1,341,000) in respect of gains rolled into assets which are not expected to be sold in the foreseeable future.

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2014

17) CALLED UP SHARE CAPITAL

	2014 £000s	2013 £000s
Authorised		
100,000,000 (2013: 100,000,000) Ordinary shares of 50p each	50,000	50,000
Allotted, called up and fully paid		
32,825,267 (2013: 32,825,267) Ordinary shares of 50p each	16,413	16,413

18) REVALUATION RESERVE

	Group 2014 £000s	Group 2013 £000s	Company 2014 £000s	Company 2013 £000s
At 1 June and 31 May	9,701	9,701	9,701	9,701

19) PROFIT AND LOSS ACCOUNT

	Group £000s	Company £000s
At 1 June 2013	(3,509)	(2,626)
Retained profit for the year	507	776
Actuarial loss on pension scheme	(1,332)	(1,332)
Movement on deferred tax relating to pension liability	(402)	(402)
Share option charge	141	141
Issue of shares by EBT	11	-
At 31 May 2014	(4,584)	(3,443)

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2014

20) RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Group 2014 £000s	Group 2013 £000s
At 1 June	22,605	21,640
Retained profit for the year	507	2,197
Actuarial loss on pension scheme	(1,332)	(1,397)
Movement on deferred tax relating to pension liability	(402)	95
Share option charge/(credit)	141	(40)
Issue of shares from EBT	11	110
At 31 May	21,530	22,605

21) MINORITY INTEREST

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

22) EMPLOYEES' AND DIRECTORS' REMUNERATION

Staff costs	2014 £000s	2013 £000s
Wages and salaries	21,633	19,993
Social security costs	1,900	1,789
Other pension costs	395	352
	23,928	22,134

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

	Full Time Equivalent 2014 Number	Full Time Equivalent 2013 Number	Headcount 2014 Number	Headcount 2013 Number
Direct	241	252	239	258
Retail	590	574	741	746
	831	826	980	1,004

Remuneration of Directors	2014 £000s	2013 £000s
Salary, fees and benefits in kind	572	556
Compensation for loss of office	181	-
Performance related bonuses	-	171
Contribution to defined contribution pension scheme	13	30
	766	757

Retirement benefits are accruing to one Director under the hybrid Countrywide Farmers Retirement Benefit Scheme (2013: one). Retirement benefits are accruing to one director under the Countrywide Farmers Money Purchase Scheme (2013: one).

Aggregate emoluments (excluding pension contributions) include the following amounts paid to the highest paid director:

	2014 £000s	2013 £000s
Emoluments (including performance related bonus)	151	304
Compensation for loss of office	181	-
Defined benefit pension scheme:		
Accrued pension as at 31 May	-	44
Employers pension contribution	12	16

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2014

22) EMPLOYEES' AND DIRECTORS' REMUNERATION *(Continued)*

Long Term Incentive Plan

Over the last seven years, Long Term Incentive Plans have been introduced for key executives. In accordance with the scheme rules, the following conditional nil cost share awards were made to the Directors and certain members of senior management.

	Options at 1 June 2013	Options lapsed at 27 May 2014	Options at 31 May 2014
	No of shares	No of shares	No of shares
Nigel Hall	120,000	-	120,000
Stuart Crebo	70,000	-	70,000
Ben Gill	70,000	(70,000)	-
John Elliot	70,000	-	70,000
Paul Freeston	70,000	-	70,000
John Hardman	1,964,007	(364,007)	1,600,000
Les Collins	1,040,649	(1,040,649)	-
Senior Management	2,189,987	(789,987)	1,400,000
Total	5,594,643	(2,264,643)	3,330,000

The shares involved in the LTIP award granted on 31 May 2013 will be released within four years of the date of the grant, subject to the occurrence of a company flotation or trade sale. The percentage of the award released will be dependent on the share price at flotation.

The shares required to satisfy the awards will be either existing shares held or acquired by the Company for the purpose of employee benefits.

The options which have lapsed during the year represent a combination of the options awarded prior to 31 May 2013 because the performance conditions cannot be met and the release of options awarded to employees who have subsequently left the company.

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2014

23) PENSION SCHEMES

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 2014 was £272,558 (2013: £209,960).

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 company's contributions to the defined contribution section of the scheme are recognised within operating profit and amount to £106,375 (2013: £128,090)

The disclosures given below relate to the defined benefit section of this scheme only.

Additional contributions paid by the company during the year totalled £2,131,000 (2013: £2,102,000)

A formal valuation of the scheme was carried out on 5 April 2009 and the company increased its contributions to £2million per annum to reduce the deficit identified in the final salary section of the scheme from July 2010.

The latest valuation of the scheme was determined by a professionally qualified actuary using the Defined Accrued Benefits 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 2.2% and 2.8% per annum, based on CPI and RPI respectively and that after retirement, investment earnings would exceed pension increases by 1.5% and 2.0% per annum, based on CPI and RPI respectively per annum. The market value of the assets at 5 April 2012 was £62.8million, which represented 71% of the value of the liabilities assessed on these assumptions.

A full actuarial valuation of the Countrywide Farmers Retirement Benefits Scheme was carried out at 5 April 2012 and has been updated to 31 May 2014 by a qualified independent actuary. The major assumptions used by the actuary in the valuation of the scheme under FRS17 are:

	At 31 May 2014	At 31 May 2013	At 31 May 2012
Rate of increase of pensions in payment	3.00%	3.00%	2.70%
Rate of increase in deferred pensions	3.00%	3.00%	2.70%
Discount rate	4.40%	4.50%	5.00%
Inflation assumption - RPI	3.20%	3.20%	2.70%
Inflation assumption - CPI	2.40%	2.40%	2.00%

Following agreement with the trustees, the deferred pension benefits are now indexed each year in line with CPI as an inflation measure.

Under the mortality tables adopted, the assumed life expectancy at age 65 is as follows:

Life expectancy aged 65	31 May 2014	31 May 2013	31 May 2012
Male currently aged 45	23.7	23.6	23.1
Female currently aged 45	26.3	26.2	25.9
Male currently aged 65	22.3	22.3	21.2
Female currently aged 65	24.7	24.6	24.0

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2014

23) PENSION SCHEMES *(Continued)*

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

	Expected rate of return	Value at 31 May 2014 £000s	Expected rate of return	Value at 31 May 2013 £000s	Expected rate of return	Value at 31 May 2012 £000s
Equities/property	6.06%	38,528	6.75%	37,354	7.00%	37,115
Government bonds/cash	3.13%	3,351	3.07%	3,221	2.60%	2,992
Corporate bonds	4.10%	11,264	4.10%	11,097	4.50%	10,265
Diversified Growth Fund	5.70%	17,970	6.00%	16,955	7.00%	9,813
Total market value of assets		71,113		68,627		60,185
Actuarial value of liability		(92,588)		(90,918)		(82,785)
Deficit in the scheme		(21,475)		(22,291)		(22,600)
Related deferred tax asset		4,294		5,126		5,423
Net pension liability		(17,181)		(17,165)		(17,177)

Analysis of the amount charged to other finance expense:

	At 31 May 2014 £000s	At 31 May 2013 £000s
Expected return on pension scheme assets	(4,012)	(3,691)
Interest on pension liabilities	3,994	4,087
Net (income)/expense	(18)	396

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

	At 31 May 2014 £000s	At 31 May 2013 £000s
Actual return less expected return on assets	238	5,944
Changes in actuarial assumptions	(1,570)	(7,341)
Net (loss) recognised	(1,332)	(1,397)

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2014

23) PENSION SCHEMES *(Continued)*

The change in defined benefit obligation and assets for the final salary section of the scheme was:

	2014 £000s	2013 £000s
Defined benefit obligation at beginning of year	90,918	82,785
Interest cost	3,994	4,087
Benefits paid	(3,895)	(3,295)
Actuarial gain on liabilities	1,571	7,341
Defined benefit obligation at end of year	92,588	90,918

	2014 £000s	2013 £000s
Fair value of assets at beginning of year	68,627	60,185
Expected return on assets	4,012	3,691
Employer contributions	2,131	2,102
Benefits paid	(3,895)	(3,295)
Actuarial gain	238	5,944
Fair value of assets at end of year	71,113	68,627

History of experience gains and losses:

	2014 £000s	2013 £000s	2012 £000s	2011 £000s	2010 £000s
Experience adjustments on scheme assets:					
Amount (£'000s)	238	5,944	(5,840)	4,536	7,523
Percentage of scheme assets	0.33%	8.66%	(9.70%)	7.14%	13.22%
Total amount recognised in STRGL:					
Amount (£'000s)	(1,332)	(1,397)	(7,407)	290	(519)
Percentage of scheme liabilities	(1.44%)	(1.54%)	(8.95%)	0.36%	0.69%

	2014 £000s	2013 £000s	2012 £000s	2011 £000s	2010 £000s
Defined benefit obligation	(92,588)	(90,918)	(82,785)	(80,613)	(75,445)
Scheme assets	71,113	68,627	60,185	63,530	56,891
Scheme deficit	(21,475)	(22,291)	(22,600)	(17,083)	(18,554)

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2014

24) LEASE COMMITMENTS

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

	Land and Buildings 2014 £000s	Other Plant and Machinery 2014 £000s	Group 2014 £000s	Company 2014 £000s
Within one year	190	309	499	490
Between one and two years	65	295	360	360
Within two to five years inclusive	682	907	1,589	1,582
Over five years	1,858	-	1,858	1,731
	2,795	1,511	4,306	4,163

	Land and Buildings 2013 £000s	Other Plant and Machinery 2013 £000s	Group 2013 £000s	Company 2013 £000s
Within one year	120	482	602	593
Between one and two years	170	675	845	845
Within two to five years inclusive	815	453	1,268	1,132
Over five years	1,637	-	1,637	1,637
	2,742	1,610	4,352	4,207

25) CAPITAL COMMITMENTS

	Group 2014 £000s	Group 2013 £000s	Company 2014 £000s	Company 2013 £000s
Capital expenditure contracted but not provided for	305	238	305	238

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2014

26) PRINCIPAL SUBSIDIARIES

	Nature of business	Type of shares	% Share holding	Country of registration	Reporting date
Subsidiary undertakings					
MSF (Welland Valley Feeds) Limited	Inputs to farming trade	£1 ordinary	80%	England	31 May
SM Hackett & Son Limited	Grain & Agricultural Merchants	£1 ordinary	100%	England	31 May

27) 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 2014 £000s	Transactions 2013 £000s	Debt at 31 May 2014 £000s	Debt at 31 May 2013 £000s
T. Holderness-Roddam	Non Executive Director (resigned 27 September 2012)	-	27	n/a	n/a
J. Elliot	Non Executive Director	1,079	712	73	106

The Group has taken advantage available to it under FRS 8 'Related Party Disclosures' to not disclose transactions or balances with its wholly owned subsidiaries. During the year MSF (Welland Valley Feeds) Limited made purchases of £319,451 (2013: £362,770) from Countrywide Farmers plc and as at 31 May 2014 owed £40,750 (2013: £46,073).

28) CONTINGENT LIABILITIES

Countrywide Farmers plc is a participant in the 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 2014 to £8,804,000 (2013: £9,310,000).

29) 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.

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 2.00 pm. on 23 September 2014 at Countrywide House, Asparagus Way, Vale Park, Evesham, Worcestershire, WR11 1GN

ORDINARY RESOLUTIONS

1. To receive, consider and adopt the Company's annual financial statements and the report of the directors and auditors for the year ended 31 May 2014.

2. To re-elect Mr Stuart Crebo who retires pursuant to Article 92.1 of the Company's Articles of Association and who, being eligible, offers himself for re-election as a director.

3. To re-appoint PricewaterhouseCoopers LLP as auditors to the Company and to authorise the directors to fix their remuneration.

SPECIAL RESOLUTION

4. THAT the directors of the Company (Directors) be given the general power to allot equity securities (as defined in section 560 of the Companies Act 2006 (2006 Act)) wholly for cash, either pursuant to the authority conferred by an ordinary resolution passed on 24 September 2009 (Allotment Resolution) or by way of a sale of treasury shares, as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited:

(i) to the allotment of equity securities in connection with an offer of equity securities:

(a) to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

(b) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

(ii) to the allotment (otherwise then pursuant to paragraph (i) above) of equity securities up to an aggregate nominal amount of £820,000.

The power granted by this resolution will expire on the same date that the Allotment Resolution expires (unless renewed, varied or revoked by the Company prior to or on such date) 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 the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired

By order of the Board
SJ Francis
Company Secretary
27 August 2014

Registered Office
Countrywide House
Asparagus Way
Vale Park
Evesham
Worcestershire
WR11 1GN

Notice of Annual General Meeting *(Continued)*

Countrywide Farmers plc

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

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, speak and vote instead of him. A Member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A Member may not appoint more than one proxy to exercise rights attached to any one share.

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 duly signed 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, Countrywide House, Asparagus Way, Vale Park, Evesham, Worcestershire, WR11 1GN not less than 48 hours before the time for holding the meeting. If a Member wishes to appoint more than one proxy, each proxy form should specify the shares to which it relates. If you require additional proxy forms, please let us know by telephoning 01386 429500.

4. If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

5. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

6. To change your proxy instructions simply submit a new proxy appointment. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

7. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's registered office, Countrywide House, Asparagus Way, Vale Park, Evesham, Worcestershire, WR11 1GN. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

8. A revocation notice must be received by the Company no later than 48 hours before the time of the meeting. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then your proxy appointment will remain valid. However, appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

9. Members who have general queries should contact the Company Secretary at the Company's registered office, Countrywide House, Asparagus Way, Vale Park, Evesham, Worcestershire, WR11 1GN. Members are not permitted to use any electronic address provided either in this notice or any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

NOTES TO RESOLUTIONS:

1. Resolution 1 is proposed in order to receive, consider and adopt the Company's annual financial statements and the directors' & auditors' reports For the year ended 31 May 2014.

2. Resolutions 2 and 3 are proposed for the re-election of the directors named in those resolutions. Each of these individuals is retiring by rotation in accordance with the Company's articles of association and offers himself for re-election.

3. Resolution 4 relates to the re-appointment of the Company's current auditors.

4. Resolution 5 will, if passed, give the Directors power, pursuant to the Allotment Resolution, to allot equity securities (as defined by section 560 of the 2006 Act) or sell treasury shares for cash:

   - in relation to a rights issue and offers to holders of other equity securities if required by the rights of those securities or as the Directors otherwise consider necessary, up to a maximum nominal amount of £33,587,367 (being the remaining headroom under the Allotment Resolution) which represents approximately 102% of the Company's issued ordinary shares (excluding treasury shares) as at 27 August 2014;

   - in any other case, up to a maximum nominal amount of £820,000 which represents approximately 5% of the Company's issued ordinary shares (excluding treasury shares) as at 27 August 2014.

Notes

Where to find us

Countrywide Farmers Plc
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