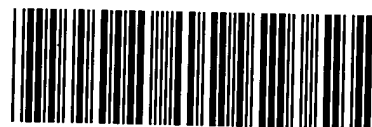


NWF Agriculture Limited
Strategic report and financial statements
for the year ended 31 May 2015

Registered number: 1117234

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NWF Agriculture Limited

Strategic report and financial statements

for the year ended 31 May 2015

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NWF Agriculture Limited

Strategic report

for the year ended 31 May 2015

The Directors present their strategic report on the company for the year ended 31 May 2015.

The business model

NWF Agriculture Limited is a leading national supplier of ruminant animal feed, the no. 2 producer in the UK, feeding one in six dairy cows in Britain. The business supplies feed and provides nutritional advice to farmers from Argyll in Scotland to Cornwall.

Key performance indicators

The directors use the following combination of financial and non-financial KPIs as a method of determining how well the company is performing against its objectives and overall strategy;

- 4,000 customers (2014: 4,000 customers)
- Sold 492,000 tonnes in the year ended 31 May 2015 (2014: 497,000 tonnes)
- Turnover of £129,933,000 in the year ended 31 May 2015 (2014: £149,918,000)
- Underlying operating profit of £1,201,000 in the year ended 31 May 2015 (2014: £3,412,000)

Review of the business

2015 was a difficult year for NWF Agriculture; the principal customer group, dairy farmers, suffered significant reductions in milk prices in many cases to below break-even. This in turn put a strain on the feed supply market. In addition, in the second half of the prior year, commodity prices had fallen sharply which resulted in lower margins in the first half as the more expensive materials were utilised. Overall demand for ruminant feed was in line with prior year, with greater demand for sheep feed compared to the mild spring in the prior year. Over the year feed commodity prices drifted lower, with a basket of commodities on the spot market over 16% lower by the year-end.

Turnover fell to £129,933,000 (2014: £149,918,000) as a result of the reductions in selling prices caused by falling commodity prices in the year. Underlying operating profits were £1,201,000 (2014: £3,412,000), before exceptional costs of £723,000 (2014: £Nil) reflecting one-off costs on implementation of an ERP system and aborted project costs. Total volume of 492,000 tonnes (2014: 497,000) was robust in difficult market conditions. As at 31 May 2015, the company had net assets of £13,560,000 (2014: £14,080,000).

A key strategic priority for the business is to increase the nutritional focus; by providing more advice and value added products to our farming customers, we will help improve their business performance as well as strengthen our long term relationships with them.

Milk prices in Great Britain decreased during the year by 7.4p per litre to 24.7p which has caused hardship for dairy farmers, who in the same period produced 3% more milk, and saw milk volumes rising to a five year high of 12.2 billion litres (2014: 11.8 billion litres). The UK market for ruminant feed was broadly flat on prior year.

NWF Agriculture Limited has a very broad customer base working with 4,000 farmers across the country. This base and the underlying robust demand for milk and dairy products results in a reasonably stable overall demand for our feed.

Future developments & strategy

NWF Agriculture Limited is a leading national supplier of ruminant animal feeds (feeding one in six dairy cows in Britain) and has opportunities to continue its growth track record with the focus on winning business direct with farmers. The increasing emphasis on a technically supported, nutritional based sales approach will continue to add value to the business and the recent recruits to the sales team are performing well. The business aims to continue the track record of organic growth and in line with the strategic emphasis on agriculture, looking for complementary acquisitions and bolt on businesses to increase the business with UK farming. Furthermore the business aims to diversify the agriculture offering from a focused ruminant feed base to a broader agriculture offering.

NWF Agriculture Limited

Strategic report

for the year ended 31 May 2015 (continued)

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of NWF Group plc, which include those of the company, are discussed on page 22 of the group's annual report which does not form part of this report.

Financial risk management

The company's operations expose it to a variety of risks that include price risk, credit risk, liquidity risk and interest rate risk. Given the size of the company, the Directors have not established a sub-committee of the Board to monitor risk management, but implement and monitor those policies established by the executive Directors of the company's ultimate parent, NWF Group plc.

Price risk

The company is exposed to commodity price risk, principally for certain raw materials, and enters into forward supply contracts in order to manage the impact of price movements on its gross margin. The use of these contracts is not speculative. At 31 May 2015, the company had open forward supply contracts with a principal value of £30,407,000 (31 May 2014: £35,168,000). The Directors estimate the fair value of open contracts at 31 May 2015 to be £53,000 (31 May 2014: £80,000).

The extent of this risk is regularly reviewed and assessed by the Directors. This process is considered to be effective given the size and nature of the risks involved, but will be reviewed in the future should circumstances change.

Credit risk

Where appropriate, relevant credit checks are performed on potential customers before sales are made. The amount of exposure to any individual customer is controlled by means of a credit limit that is monitored regularly by management and, in the case of a financially material value, by the executive Directors of NWF Group plc.

Liquidity risk

NWF Group plc actively maintains a mixture of medium-term and short-term debt finance, which is designed to ensure that the NWF Group, including the company, has access to sufficient available funds for ongoing working capital needs as well as planned capital investment and expansion generally. The amount of debt finance required is reviewed at least annually by the Directors.

Interest rate risk

The company is exposed to interest rate risk on its bank facilities. The interest rate risk to the NWF Group as a whole, including the company, is managed by the executive Directors of that group. The Directors of the company keep under regular review current market rates and anticipated future market trends, and discuss this with the executive Directors of the group in the context of the group's policy on managing overall interest rate risk and any action necessary to protect the company from rises in interest rates.

This process is considered to be effective given the size and nature of the risk involved, but will be kept under review in the future should circumstances change.

By order of the Board



S R Andrew

Company secretary

Registered number: 1117234

4 August 2015

NWF Agriculture Limited

Directors' report

for the year ended 31 May 2015

The Directors present their report together with the audited financial statements of the company for the year ended 31 May 2015.

Results and dividends

The loss for the financial year amounted to £26,000 (2014: profit of £2,389,000).

An interim dividend of £500,000 was paid during the year (2014: £1,600,000). The Directors do not recommend the payment of a final dividend (2014: £Nil). The remaining surplus has been transferred to reserves.

Directors

The Directors who served during the year and up to the date of signing the financial statements (except as stated) were as follows:

S R Andrew

B J Banner

S Howe-Schalow (resigned 9 October 2014)

I A Kenmuir (resigned 9 June 2015)

A Jackson (appointed 9 October 2014)

A Downie (appointed 3 March 2015)

M I Evington (appointed 3 March 2015, resigned 22 June 2015)

I Simpson

R A Whiting

Principal risks and uncertainties

Information relating to the principal risks and uncertainties of the company has been included within the Strategic Report.

Future developments

Information relating to the future developments of the company have been included within the Strategic Report.

Financial risk management

Information relating to the financial risk management of the company have been included within the Strategic Report.

Employees

The company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in NWF Group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Group plays a major role in its performance.

The company recognises its responsibility to employ disabled persons in suitable employment and gives full and fair consideration to such persons, including any employee who becomes disabled, having regard to their particular aptitudes and abilities. Where practicable, disabled employees are treated equally with all other employees in respect of their eligibility for training, career development and promotion.

NWF Agriculture Limited

Directors' report

for the year ended 31 May 2015 (continued)

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' 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 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 company and of the profit or loss of the company 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 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who is a Director of the company at the date of the approval of this report confirms that:

- so far as each Director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

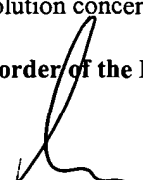
Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of the Directors, which were in force during the year and up to the date of this report.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



S R Andrew
Company secretary

4 August 2015

Registered number: 1117234

NWF Agriculture Limited

Independent auditors' report to the members of NWF Agriculture Limited

Report on the financial statements

Our opinion

In our opinion, NWF Agriculture Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 May 2015 and of its loss 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.

What we have audited

The financial statements comprise:

- the Balance Sheet as at 31 May 2015;
- the Profit and loss account 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 the preparation of the financial statements 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.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

NWF Agriculture Limited

Independent auditors' report to the members of NWF Agriculture Limited (continued)

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK & Ireland) ('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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK and 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 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Strategic report and financial statements 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.



Graham Parsons (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
4 August 2015

NWF Agriculture Limited
Profit and loss account
for the year ended 31 May 2015

	Note	2015 £'000	2014 £'000
Turnover		129,933	149,918
Cost of sales		(117,849)	(135,787)
Gross profit		12,084	14,131
Distribution costs		(7,831)	(7,063)
Administrative expenses		(3,775)	(3,656)
Underlying operating profit		1,201	3,412
Exceptional item	2	(723)	-
Operating profit		478	3,412
Other interest receivable and similar income		4	11
Interest payable and similar charges		(389)	(341)
Profit on ordinary activities before taxation	2	93	3,082
Tax on profit on ordinary activities	5	(119)	(693)
(Loss) / profit for the financial year	16	(26)	2,389

The company has no recognised gains and losses, other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

The above results were derived from continuing operations.

There is no material difference between the profit on ordinary activities before taxation and the (loss) / profit for the financial years stated above and their historical cost equivalents.

The notes on pages 11 to 26 form part of these financial statements.

NWF Agriculture Limited
Balance sheet
as at 31 May 2015

	Note	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Fixed assets					
Intangible assets	8	1,525		1,673	
Tangible assets	7	4,444		4,499	
Investments	9	8,070		8,070	
			14,039		14,242
Current assets					
Stocks	10	2,095		2,126	
Debtors	11	23,748		24,006	
Cash at bank and in hand		431		118	
		26,274		26,250	
Creditors: amounts falling due within one year	12	(20,768)		(20,730)	
Net current assets			5,506		5,520
Total assets less current liabilities			19,545		19,762
Creditors: amounts falling due after more than one year	13		(5,853)		(5,645)
Provisions for liabilities					
Taxation, including deferred taxation	14		(132)		(37)
Net assets			13,560		14,080
Capital and reserves					
Called up share capital	15		-		-
Profit and loss account	16		13,560		14,080
Total shareholders' funds	17		13,560		14,080

The financial statements on pages 9 to 26 were approved by the Board of Directors on 4 August 2015 and were signed on its behalf by:



A Downie
Director



B J Banner
Director

The notes on pages 11 to 26 form part of these financial statements.

NWF Agriculture Limited

Notes to the financial statements

for the year ended 31 May 2015

1 Accounting policies

Basis of accounting

The financial statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom Accounting Standards. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Turnover

Turnover is the net amount receivable in respect of goods supplied to customers. Turnover is derived entirely from one class of business in the United Kingdom, stated net of value added tax. Turnover is recognised on delivery of goods.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost, unless the Directors consider that their value has been impaired in which case they are valued at the lower of their realisable value or value in use.

Exemption from consolidation

The company is a wholly owned subsidiary of NWF Group plc, whose group financial statements are publicly available. Accordingly, the company is exempt under section 400 of the Companies Act 2006 from the obligation to prepare group financial statements. These financial statements therefore present information about the company as an individual entity and not about its group.

Intangible fixed assets

In accordance with FRS 10, goodwill arising on the acquisition of subsidiary undertakings or the trade and assets of businesses is amortised on a straight line basis over its estimated useful economic life of twenty years, subject to any adjustments arising from impairment reviews which are performed in accordance with FRS 11 should they be required. Goodwill represents the fair value of consideration payable for subsidiaries or businesses in excess of the fair value of the identifiable net assets acquired. Prior to 1999, goodwill was written off against reserves in the year of acquisition.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of fixed assets over their estimated useful economic life on a straight line basis as follows:

Freehold buildings	10 to 50 years
Plant and machinery	3 to 10 years
Cars and commercial vehicles	4 to 8 years

Land is not depreciated.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Pensions

The company participates in the group scheme of its ultimate parent company, NWF Group plc, a pension arrangement providing benefits based on final pensionable pay. Following the adoption of FRS 17, the contributions paid by the company are accounted for in these financial statements as if the scheme were a defined contribution scheme, as the company is unable to identify its share of the underlying assets and liabilities in the scheme. Contributions are charged to the profit and loss account as incurred.

The company also operates a money purchase scheme for certain directors and employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are charged to the profit and loss account as incurred.

NWF Agriculture Limited
Notes to the financial statements
for the year ended 31 May 2015 (continued)

1 Accounting policies (continued)

Dividends

Interim dividends are recognised when paid and final dividends are booked as a liability when they are approved by the company's shareholders. Dividends paid are not disclosed on the face of the profit and loss account but as a distribution out of profit and loss reserves.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted. The recoverability of tax losses is assessed by reference to forecasts which have been prepared and approved by the Board. No timing differences are recognised in respect of revalued tangible fixed assets or fair value adjustments to acquired tangible fixed assets where there is no commitment to sell the asset.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Share-based payments

The company has applied the requirements of FRS 20 'Share-based Payments'. The fair value of employee services received in exchange for the grant of share awards is recognised as an expense. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured by the use of a Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

SAYE share options granted to employees are treated as cancelled when employees cease to contribute to the scheme. This results in an immediate accelerated recognition of the expenses that would have arisen over the remainder of the original vesting period.

Leases

Operating lease rentals are charged against profits during the year in which they are incurred.

Cash flow statement

In accordance with the exemption allowed by paragraph 5(a) of FRS 1 'Cash flow statements (revised 1996)', a cash flow statement for the company has not been prepared.

NWF Agriculture Limited
Notes to the financial statements
for the year ended 31 May 2015 (continued)

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2015 £'000	2014 £'000
Auditors' remuneration - Statutory audit of the company's financial statements	25	23
Depreciation (note 7)	885	786
Amortisation of goodwill (note 8)	148	147
Loss on sale of fixed assets	3	9
Staff costs including Directors (note 4)	9,375	8,844
Bank interest payable	(202)	(260)
Group interest payable	(185)	(81)
Other interest receivable and similar income	4	11
Operating lease rentals – plant and machinery	8	29
Operating lease rentals – other	850	800
Exceptional items	(723)	-

Fees payable to the company's auditors and its associates for other (non-audit) services are not required to be disclosed because the consolidated financial statements of the company's parent are required to disclose such fees on a consolidated basis. The company implemented a new ERP system which went live during the year and consequently £519,000 of non-capitalised consultancy costs were incurred. Additionally, the company incurred £204,000 of one-off aborted project costs.

3 Directors' emoluments

	2015 £'000	2014 £'000
Salary and benefits	368	423
Performance related bonuses	37	315
Termination payments	-	293
Company contributions to money purchase pension schemes	17	5
	422	1,036

	Number	Number
Number of Directors with retirement benefits accruing under:		
Money purchase pension schemes	4	1
Defined benefit pension schemes	2	3

Directors' emoluments disclosed above do not include emoluments in respect of Group directors R A Whiting and B J Banner. These emoluments are borne by the ultimate Parent Company and are therefore included in the consolidated financial statements of NWF Group plc.

NWF Agriculture Limited
Notes to the financial statements
for the year ended 31 May 2015 (continued)

3 Directors' emoluments (continued)

Highest paid Director

	2015 £'000	2014 £'000
Total amount of emoluments receivable	122	655
Defined benefit pension scheme:		
Accrued pension at end of year	17	72

The highest paid Director did not exercise any share options in the current or prior year.

4 Staff costs

	2015 £'000	2014 £'000
Wages and salaries	7,740	7,271
Social security costs	830	784
Share-based payments (note 20)	6	18
Other pensions costs (note 19)	799	771
	9,375	8,844

The average monthly number of employees during the year was 192 (2014: 171).

5 Tax on profit on ordinary activities

	2015 £'000	2014 £'000
Current tax		
U.K. corporation tax on profits for the period	9	746
Adjustments in respect of prior years	15	(41)
Total current tax	24	705
Deferred tax		
Origination and reversal of timing differences	81	9
Impact of the reduction in the U.K. corporation tax rate on opening deferred tax liability	-	(6)
Adjustments in respect of prior years	14	(15)
Total deferred tax charge / (credit)	95	(12)
Total tax on profit on ordinary activities	119	693

During the year ended 31 May 2015, as a result of the reduction in the UK corporation tax rate from 21.0% to 20.0% from 1 April 2015, corporation tax has been calculated at an effective rate of 20.8% of estimated assessable profit for the year (2014: 22.7%).

NWF Agriculture Limited
Notes to the financial statements
for the year ended 31 May 2015 (continued)

5 Tax on profit on ordinary activities (continued)

At 31 May 2015, relevant deferred tax balances have been provided for at the UK tax rate of 20% which came into effect on 1 April 2015. In July 2015, the UK Government announced its intention to reduce the corporation tax rate to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. These changes were not substantively enacted at the balance sheet date and therefore have not been reflected in the deferred tax provisions.

The current tax charge for the year is higher (2014: higher) than the standard rate of corporation tax in the U.K. as explained below:

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation	93	3,082
Profit on ordinary activities multiplied by standard rate of corporation tax in the U.K. of 20.8% (2014: 22.7%)	20	698
Effects of:		
Expenses not deductible for tax purposes	75	57
Capital allowances in excess of depreciation/other timing differences	(86)	(9)
Impact of the reduction in the U.K. corporation tax rate on deferred tax	-	(1)
Adjustments in respect of prior years	15	(40)
Total current tax	24	705

6 Dividends paid

	2015 £'000	2014 £'000
Interim dividend paid £250,000 per share (2014: £800,000 per share)	500	1,600

NWF Agriculture Limited
Notes to the financial statements
for the year ended 31 May 2015 (continued)

7 Tangible assets

	Freehold land and buildings £'000	Cars and Commercial vehicles £'000	Plant and machinery £'000	Total £'000
Cost				
At 1 June 2014	744	399	12,912	14,055
Additions	180	179	524	883
Disposals	-	(65)	(96)	(161)
At 31 May 2015	924	513	13,340	14,777
Accumulated depreciation				
At 1 June 2014	157	133	9,266	9,556
Charge for the year	12	111	762	885
Disposals	-	(25)	(83)	(108)
At 31 May 2015	169	219	9,945	10,333
Net book amount				
At 31 May 2015	755	294	3,395	4,444
At 31 May 2014	587	266	3,646	4,499

8 Intangible assets

	Goodwill £'000
Cost	
At 1 June 2014 and 31 May 2015	2,853
Accumulated amortisation	
At 1 June 2014	1,180
Charge for the year	148
At 31 May 2015	1,328
Net book amount	
At 31 May 2015	1,525
At 31 May 2014	1,673

NWF Agriculture Limited
Notes to the financial statements
for the year ended 31 May 2015 (continued)

9 Investments

	£'000
At 1 June 2014 and 31 May 2015	8,070

The company owns 100% of the issued ordinary share capital of JGW Thomas & Son Limited and Nutrition Express Limited, which are incorporated in Great Britain. These companies are both registered in England and Wales.

In prior years, subsequent to acquisition, these businesses transferred their assets and trade to the company. The year end investment value represents the underlying net assets in the non-trading companies and the difference between this and the original cost of investment has been reclassified as goodwill.

In the prior year, the company acquired 100 per cent of the share capital of S.C. Feeds Limited, an agricultural ruminant feed business, for a total consideration of £6.7 million. Total consideration transferred comprises cash paid at the date of acquisition and equity consideration in the form of shares in the parent company, NWF Group Plc, issued on 7 March 2014. The fair value of the 374,340 ordinary shares issued as part of the consideration paid to S.C. Feeds Limited was based on the published share price on 7 March 2014. The acquisition terms include no contingent or deferred consideration arrangements. S.C. Feeds Limited has continued to trade since its acquisition.

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

10 Stocks

	2015 £'000	2014 £'000
Raw materials and consumables	1,780	1,720
Finished goods and goods for resale	315	406
	2,095	2,126

11 Debtors

	2015 £'000	2014 £'000
Trade debtors	22,180	23,266
Amounts owed by group undertakings	442	349
Other debtors	245	175
Prepayments and accrued income	881	216
	23,748	24,006

All of the amounts due from group undertakings shown above are non-interest bearing trade balances and are repayable on demand.

NWF Agriculture Limited
Notes to the financial statements
for the year ended 31 May 2015 (continued)

12 Creditors: amounts falling due within one year

	2015	2014
	£'000	£'000
Bank loans and overdrafts	685	93
Trade creditors	9,867	10,397
Amounts owed to group undertakings	9,095	7,805
Corporation tax	9	746
Other taxation and social security	344	269
Accruals and deferred income	768	1,420
	20,768	20,730

All of the amounts due to group undertakings shown above are non-interest bearing trade balances and are repayable on demand.

Banking facilities are provided by The Royal Bank of Scotland, in an arrangement with the company's ultimate parent company NWF Group plc. These facilities were renewed and increased on 19 June 2014 and are committed until 31 October 2019. The overdraft facility at 31 May 2015 was repayable on demand and was subject to a maximum limit of £1.0 million (previous terms £1.0 million). In the year ended 31 May 2015 interest was charged at 1.5% per annum over the bank's base rate (previous terms 2.0% - 2.5% per annum over the bank's base rate).

13 Creditors: amounts falling due after more than one year

	2015	2014
	£'000	£'000
Invoice discounting advances	5,853	5,645

Invoice discounting advances

Invoice discounting advances at 31 May 2015 were drawn under a committed facility with an expiry date of 31 October 2019 (previous terms to October 2015). The availability of invoice discounting facilities is dependent on the level of current trade receivables available for refinancing and is subject to a maximum drawdown of £50.0m (previous terms £44.0m).

The facility is secured by way of a fixed and floating charge against the Company's trade receivables. Interest is charged at 1.25% (previous terms 1.75%) per annum above the bank's base rate.

Invoice discounting advances have been classified according to the maturity date of the longest permitted refinancing. Accordingly, all of the invoice discounting advances at 31 May 2015 totalling £5,853,000 (31 May 2014: £5,645,000) are presented within non-current liabilities. Without these committed facilities, all invoice discounting advances would have been classified as current liabilities.

NWF Agriculture Limited
Notes to the financial statements
for the year ended 31 May 2015 (continued)

14 Taxation including, deferred taxation

	2015 £'000	2014 £'000
Timing differences between capital allowances claimed and depreciation provided	144	61
Short term timing differences	(12)	(24)
	132	37

The movement on the deferred taxation provision during the year was as follows:

	£'000
At 1 June 2014	37
Charge to the profit and loss account (note 5)	95
At 31 May 2015	132

15 Called up share capital

	Authorised		Allotted, called up and fully paid	
	2015	2014	2015	2014
	No/£	No/£	No/£	No/£
Ordinary shares of £1 each	1,000	1,000	2	2

16 Profit and loss account

	£'000
At 1 June 2014	14,080
Loss for the financial year	(26)
Credit to equity for equity-settled share-based payments (note 20)	6
Dividends paid (note 6)	(500)
At 31 May 2015	13,560

NWF Agriculture Limited
Notes to the financial statements
for the year ended 31 May 2015 (continued)

17 Reconciliation of movements in shareholders' funds

	2015	2014
	£'000	£'000
Opening shareholders' funds at 1 June	14,080	13,273
(Loss) / profit for the financial year	(26)	2,389
Credit to equity for equity-settled share-based payments (note 20)	6	18
Dividends paid (note 6)	(500)	(1,600)
Closing shareholders' funds at 31 May	13,560	14,080

18 Capital commitments

	2015	2014
	£'000	£'000
Authorised, contracted but not provided for	46	20

19 Pensions

The company participates in the NWF Group plc pension scheme, a pension arrangement providing benefits based on final pensionable pay.

This defined benefit scheme has rules which specify the benefits to be paid and is financed accordingly, with assets being held in independently administered funds. The cost of providing retirement benefits, including healthcare, which is based on costs across the ultimate parent's group as a whole, is charged to the profit and loss account over the anticipated period of employment in accordance with recommendations made by qualified actuaries. The results of the latest valuation are reported in the consolidated financial statements of NWF Group plc. The defined benefit scheme was closed to new members during 2001/2002.

The company is in practice unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis and following the adoption of Financial Reporting Standard No. 17 is treating the scheme as a defined contribution scheme.

Contributions into the scheme and amounts charged to the profit and loss account during the year were £682,000 (2014: £677,000). There were no outstanding or prepaid contributions at the balance sheet date (31 May 2014: £Nil).

The latest full actuarial valuation of the scheme, completed in 2011, was carried out as at 31 December 2010 by a qualified actuary and has been updated on an approximate basis to 31 May 2013. As a result of this full actuarial valuation, further contributions of £1.1 million per annum are being made by the group from 1 June 2012 in order to eliminate the deficit in the scheme by 31 December 2025. These contributions are in addition to the group's regular contributions of 26.5% of pensionable salaries (approximately £0.8 million per annum).

Further details on the scheme are shown overleaf.

NWF Agriculture Limited
Notes to the financial statements
for the year ended 31 May 2015 (continued)

19 Pensions (continued)

The principal actuarial assumptions as at the balance sheet date, used for the purposes of the actuarial valuations, were as follows:

	2015 %	2014 %
Discount rate	3.70	4.40
Future salary increases	2.00	2.00
RPI inflation	3.20	3.35
CPI inflation	2.20	2.35
Pension increases in payment (LPI5%)	3.10	3.35

The mortality assumptions adopted imply the following life expectancies:

	2015 Years	2014 Years
Current pensioners – male life expectancy at age 65	22.5	22.1
Future pensioners currently aged 45 – male life expectancy at age 65	24.0	23.5

The 2015 and 2014 mortality assumptions above are based on S1PA YoB CMI 2010 1% long-term trend tables. The amounts recognised in the consolidated balance sheet of NWF Group plc in respect of the defined benefit scheme are as follows:

	2015 £'000	2014 £'000
Present value of defined benefit obligations	(54,905)	(48,588)
Fair value of scheme assets	34,755	31,244
Deficit in the scheme recognised as a liability in the balance sheet	(20,150)	(17,344)
Related deferred tax asset	4,030	3,469
Net pension liability	(16,120)	(13,875)

NWF Agriculture Limited
Notes to the financial statements
for the year ended 31 May 2015 (continued)

19 Pensions (continued)

Amounts recognised in the consolidated profit and loss account of NWF Group plc in respect of the defined benefit scheme are as follows:

	2015 £'000	2014 £'000
Amounts charged to operating profit within administrative expenses		
Current service cost	484	629
Amounts included in finance costs		
Expected return on scheme assets	(1,596)	(1,752)
Interest on scheme liabilities	2,116	2,112
Net charge to finance costs	520	360
Total cost recognised in the profit and loss account	1,004	989

Actuarial losses of £3,683,000 (2014: gain £566,000) have been reported in the consolidated statement of comprehensive income of NWF Group plc in the year.

Changes in the present value of the defined benefit obligation are as follows:

	2014 £'000	2014 £'000
At 1 June	48,588	49,866
Current service cost	484	629
Interest on scheme liabilities	2,116	2,112
Actuarial losses/(gains)	5,465	(1,898)
Contributions by scheme members	197	206
Benefits paid	(1,945)	(2,327)
At 31 May	54,905	48,588

Changes in the fair value of scheme assets are as follows:

	2015 £'000	2014 £'000
At 1 June	31,244	31,057
Expected return on scheme assets	1,596	1,752
Actuarial gains/(losses)	1,782	(1,332)
Contributions by employer	1,881	1,888
Contributions by scheme members	197	206
Benefits paid	(1,945)	(2,327)
At 31 May	34,755	31,244

NWF Agriculture Limited
Notes to the financial statements
for the year ended 31 May 2015 (continued)

19 Pensions (continued)

The fair value of the major categories of scheme assets and the expected long-term rate of return at the balance sheet date are as follows:

	Expected return		Fair value of assets	
	2015 %	2014 %	2015 £'000	2014 £'000
Equities	6.5	7.1	7,591	6,690
Bonds	3.7	4.3	7,088	7,506
Property	6.5	7.1	620	870
Cash	2.2	2.9	358	90
Diversified growth fund	6.5	7.1	13,490	13,259
Liability driven investment fund	2.5	3.1	5,608	2,829
			34,755	31,244

The actual return on scheme assets was a gain of £3,378,000 (2014: gain of £420,000).

Asset-liability matching reviews of the NWF Group Benefits Scheme are performed regularly. The results of reviews are used to assist the trustees and the Group to determine the optimal long-term asset allocation with regard to the structure of the liabilities of the scheme. They are also used to assist the trustees in managing the underlying volatility inherent in investment performance and the risk of a significant increase in the scheme deficit, by providing information used to determine the scheme's investment strategy.

The main strategic choices that formulated in an actuarial and technical policy document of the fund are described below:

- Asset mix based on 20% equity investments, bond allocation 30%, diversified growth fund 40%, property and alternative assets 10%;
- It is the policy of the fund to cover its exposure to the interest rate risk of the defined benefit liability by the use of bond investments only. The fund has not used interest rate derivatives to hedge its exposure to interest rate risk in the current and prior year;
- Inflation risk is mitigated by the use of liability driven investment ('LDI') funds. LDI funds are derivative-based investments that give leveraged exposures to the bond markets. Within the 30% bond allocation, there is a 10% LDI fund allocation which affords approximately 30% exposure to changes in inflation;
- Consideration has been given to using LDI funds to give improved leveraged protection against changes in interest rates. However, the current policy is to use LDI funds to hedge inflation risk only, given that the majority of the scheme's liabilities are inflation-linked;
- The fund does not have a material foreign exchange exposure and does not therefore use foreign exchange derivatives to hedge its foreign exchange risk; and
- The only active management is within the diversified growth fund, bond investments, property and alternative assets. All equity investments are passively managed.

Virtually all equity and bonds have quoted prices in active markets.

There has been no change in the processes used by the Group to manage its risks from the prior year.

There have not been any material amendments, curtailments or settlements during the year.

NWF Agriculture Limited
Notes to the financial statements
for the year ended 31 May 2015 (continued)

19 Pensions (continued)

Significant actuarial assumptions for the determination of the defined benefit liability are discount rate, future salary increases, price inflation and mortality. The sensitivity analyses shown below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the balance sheet dates, while holding all other assumptions constant.

A history of experience adjustments in the scheme is as follows:

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Present value of defined benefit obligations	(54,905)	(48,588)	(49,866)	(40,622)	(36,744)
Fair value of scheme assets	34,755	31,244	31,057	24,455	26,017
Deficit in the scheme	(20,150)	(17,344)	(18,809)	(16,167)	(10,727)
Experience adjustments on scheme liabilities	505	-	-	-	(28)
Experience adjustments on assets/liabilities	1,782	(1,332)	1,667	(3,419)	1,115

The company also operated a money purchase scheme during the year and contributions during the year amounted to £117,000 (2014: £94,000). There were no outstanding or prepaid contributions at the balance sheet date (31 May 2014: £Nil).

20 Share-based payments

SAYE share option scheme

The Company operated a SAYE share option scheme for the Group's eligible employees. Options vested on completion of a three-year savings contract ending on 1 November 2015 and were exercisable for a period of six months from this date to 30 April 2015 for an exercise price of £1.06 per share. The exercise price represented a 10% discount to the quoted market price of the Company's ordinary shares at 12 September 2011 (the date of invitation to join the scheme).

Options were forfeited if an employee left the employment of the Group. Options were cancelled when an employee ceased to save under, and therefore cancel participation in, the scheme but remained in the employment of the Group.

The Company had no legal or constructive obligation to repurchase or settle the options for cash.

NWF Agriculture Limited
Notes to the financial statements
for the year ended 31 May 2015 (continued)

20 Share-based payments (continued)

The company recognised total expenses of £6,000 in respect of SAYE options in the year ended 31 May 2015 (2014: £18,000). Movements in the number of options outstanding in respect of the company's employees in each of the years ended 31 May 2015 and 31 May 2014 are as follows:

	2015	2014
	No. of	No. of
	share	share
	options	options
At 1 June	181,505	193,389
Forfeited during the year	(7,693)	(11,035)
Cancelled during the year	(4,753)	(849)
Exercised during the year	(169,059)	-
At 31 May	-	181,505

The estimate of the fair value of the services received in return for the share options is measured based on a Black Scholes model.

The weighted average inputs into the Black Scholes model are as follows:

Share price at grant date	£1.21
Exercise price	£1.06
Expected volatility	51.4%
Expected life	3.33 years
Expected dividend yield	3.73%
Risk-free interest rate	1.03%

Expected volatility was determined by calculating the historical volatility of NWF Group plc's share price over the previous 3.33 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

21 Ultimate parent company and controlling party

The company's immediate parent undertaking is NWF Agriculture Holdings Limited. The company's ultimate parent company and controlling party is NWF Group plc, a company incorporated in Great Britain and the parent company within the group which consolidates these financial statements. Copies of the financial statements of NWF Group plc, which is the parent company of the smallest and largest group to consolidate the company, may be obtained from the registered address, NWF Group plc, Wardle, Nantwich, Cheshire CW5 6BP.

NWF Agriculture Limited
Notes to the financial statements
for the year ended 31 May 2015 (continued)

22 Related party transactions

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by NWF Group plc, whose financial statements are publicly available.

23 Contingent liability

The company has given a guarantee to its bankers in respect of the net bank borrowings within the group amounting to £5,897,000 at 31 May 2015 (31 May 2014: £11,642,000) and this is secured by way of an unscheduled mortgage debenture which incorporates a fixed charge over the book debts and a floating charge over all other assets.

The company and other companies within the NWF Group have granted a floating charge in favour of the trustees of the defined benefit pension scheme (the NWF Group Benefits Scheme). This security, which is subordinated to the Bank, creates a floating charge over all assets of the company.

24 Annual commitment under operating leases

At the balance sheet date, the company is committed to making annual payments on motor vehicle operating leases with the following expiry dates:

	2015 £'000	2014 £'000
Within one year	160	78
Within two to five years inclusive	768	684
	928	762

25 Events after the balance sheet date

On 30 June 2015, the company acquired 100% of the issued share capital of New Breed (UK) Limited, a high quality agricultural nutritional advisory business working with clients in the North of England and Scotland. Consideration consists of £2.5m cash paid on acquisition and up to a further £1.5m of deferred cash consideration payable in the period to June 2018, dependent on achievement of certain volume and profit thresholds during this period.