countrywide
Farmers plc

Supplying the rural community

Annual Report & Accounts

Year Ended 31 May 2009

Supplying the rural community

Countrywide is the leading UK business in the supply of products, services and advice to the rural community. We are specialists in Agriculture, Energy and Retail and offer products, services and advice to market town and country customers throughout the UK. At Countrywide we really understand how things work in the rural community, and pride ourselves in providing an authentic range of rural products, seasonally selected supported by knowledgeable staff. Countrywide has over 11,000 shareholders, 40,000 account customers and we employ over 950 staff across the Group.

Agriculture

Our agricultural business has been at the heart of our business for many years, and can supply a wide range of feed and arable products to the farming community. Our wide product range includes high quality compound feeds, blends, straights, feed supplements throught to grass seed, cereal seed, fertiliser and crop protection. We also offer specialist products and advice to golf courses and other types of sports grounds through a dedicated Turf & Amenity team. Our Feed and Arable specialists work in the field to deliver expert knowledge to farming and amenity customers and our direct sales team offer competitive prices on a wide range of products. Supported by a fleet of Countrywide branded vehicles and a customer service team we are dedicated to providing all our Agri customers with a first class customer experience.

Energy

As a leading energy provider, Countrywide can supply and deliver a wide range of fuel and energy products to domestic and commercial customers. All our heating oil, tractor diesel and road diesel is conveniently delivered direct to our customers, and we can also offer a wide range of fuel tanks suitable for storage on site. We've installed over 40 autogas sites conveniently located throughout the UK, and offer fuel cards which are accepted at garage forecourts nationwide. Countrywide has been at the forefront of developing and supplying a new range of energy products, including biomass wood pellet boilers and renewable electricity. We can also provide and deliver LP gas in bulk and cylinders. All energy customers are supported by a dedicated customer service team, offering energy advice and customer support.

Retail

Our expanding retail business has over 44 country stores throughout the rural community, providing a wide range of products for all our customers and the local rural business. Countrywide stores feature a superb range of brands and quality products, with selected stores also selling local produce and a range of fresh plants through our garden centres. Trained specialists in store can offer the latest expert advice on feeding, animal health and equestrian products, with fully AMTRA qualified staff who can recommend animal health products. Rural businesses can have the support of a dedicated Account Manager, and benefit from competitive discounts on bulk purchases. Countrywide operate a local free delivery service and our staff are also on hand to help with car loading and bulk purchases. Customers can also buy online 24 hours a day, 7 days a week at our online store.

For further information on countrywide or to shop online visit:

www.countrywidefarmers.co.uk

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Chairman's Report 2009

Introduction

I am delighted to report record operating profits for the second consecutive year. This performance reflects the continued exceptionally hard work of management and staff to restructure and grow the business. This has been achieved at a time when the UK economy has been experiencing the deepest recession for over thirty years. The Chief Executive's Review details the progress achieved in each of our trading businesses on pages 3 to 5.

Financial Results

The Group recorded an operating profit of £2.5m (2008: £1.8m). Improved operating profits have been achieved across all our businesses. Underlying interest costs of £0.7m (2008: £0.7m) are in line with last year reflecting higher levels of borrowings in the first half of the year offset by the benefits of the new cheaper bank facilities and low bank base rates in the second half of the year. FRS 17 finance charges are a cost of £0.3m (2008: £0.3m credit) resulting in a total interest cost of £1.0m (2008: £0.4m). The Group reports a profit before taxation for the year of £1.5m (2008: £1.4m).

Following the continued improved trading performance of the business, the Group has recognised a deferred tax asset for the full amount of its trading tax losses, resulting in a tax credit of £0.8m (2008: £0.2m credit). As a result, the Group retains a profit after taxation of £2.3m (2008: £1.6m).

I am also pleased to report net debt at 31 May 2009 of £10.7m which is £1.3m below last year. This debt reduction has been achieved after investing £3.9m of capital expenditure to continue to grow and improve the business in line with the business strategy. Net cash inflow from operating activities at £6.0m (2008: £3.1m) reflects improved profitability and continued tight controls on working capital. Gearing at 31 May 2009 stands at 44% of shareholder funds (2008: 40%) reflecting the impact of an increase in the pension scheme deficit on shareholders funds. Full details of the movements in the pension scheme deficit are covered in the Finance review on page 6.

Strategy

In March 2008, the Board approved a three year strategy to deliver a sustained improvement in the performance of the company to the benefit of all our stakeholders. Our vision is for Countrywide to be the leading business in the supply of products and advice to the rural community, by offering quality and value for money, supported by expert knowledge and a personal service. We have now completed the first year of this plan and I am delighted to report that not only are we ahead of our financial targets but in addition we have delivered the majority of the strategic milestones agreed by the Board. Full details are provided in the Chief Executive's report. A key part of the strategy is to engage, listen and adapt to our customers current and future needs. I have enjoyed meeting a wide cross section of customers and shareholders at focus groups and agricultural shows in our trading area during the last twelve months and thank them for all their feedback.

Long Term Incentive Plan

The Board adopted a Long Term Incentive Plan (LTIP) on 29 May 2008 designed to align the interests of a small number of key executives with those of the shareholders by focusing on long term value creation. The rules of the LTIP have recently been amended to make the scheme more tax efficient from both an employer and employee perspective and a further annual award was made on 28 May 2009. The LTIP awards will only be released in full or in part after three years, on achievement of challenging profit and cash targets for the business based on the three year strategic plan. The Board firmly believes the LTIP will help to retain and motivate the executive directors and key senior management to deliver the company strategic plan.

Company Constitution

There is a requirement to review and update the Company Articles, following the introduction of the Companies Act 2006 which takes full effect on 1st October 2009. Details of these changes are included on pages 44 to 45 of these accounts. We have also taken the opportunity to make a number of other minor changes which again have been detailed on pages 44 to 45. These new Articles require shareholder approval which will be sought at an Extraordinary General Meeting to take place shortly before our forthcoming Annual General Meeting. We continue to practice good governance which is essential as legislative and regulatory pressures continue to increase.

The Board recognised in 2006 that shareholders needed an orderly process in which to buy and sell shares and we appointed Sharemark to operate a market on the Company's behalf. However the Board recognises that dealing costs through Sharemark can be prohibitively high, particularly where a smaller number of shares are involved. To address this issue, the Board proposes to write to all shareholders owning 1000 shares or fewer, offering to buy these shares at a small premium to the recent market price and at no dealing cost to the shareholder. In the event the shareholder does not wish to use this service and wishes to retain their holding, we will ask them to confirm this intention. Full details will be included in a letter due to be sent out in October 2009.

Chairman's Report 2009 *(Continued)*

The Shareholder Privilege Card was launched at the Annual General Meeting last year, and this benefit had been well received by shareholders. I am delighted to be able to report that nearly 1,750 shareholders have applied for and are using their cards. With effect from January 2010, the threshold is being increased to 1,000 shares for any new applications.

Employee Save as you Earn Scheme

The Board has been considering for sometime the best way to offer staff the opportunity to share in the future success of the Company. I am delighted to confirm we plan to introduce an Employee Save as You Earn Scheme (SAYE) subject to formal HMRC approval. The savings scheme will be administered by the Yorkshire Building Society and eligible employees will have the opportunity to save up to £250 per month into a savings account. After three years, employees have an option to buy shares at a predetermined price fixed at a discount to the market price on the inception of the scheme. Alternatively the accumulated savings and accrued interest are returned by Yorkshire Building Society to employees. The scheme will be open to eligible employees for a short window during October 2009 and a maximum of one million shares or 3% of the issued share capital may ultimately need to be acquired by the company in the market or new shares issued. While the SAYE does not require shareholder approval, the Board feels it is important that shareholders are kept fully informed of these plans.

People

We welcomed Stuart Crebo to the Board on 1 July 2008, following his appointment as a non executive director. Stuart successfully stood for re-election at the Annual General Meeting last September. Standing for re-election at the Annual General Meeting on 24 September 2009 are John Hardman and Norman Leece.

In order to build on the success the business has achieved over the last two years and to support the activities of the Main Board, we announced the creation of an Executive Board during the year. The principal responsibilities of the Executive Board are to continue to drive the implementation of the business strategy and to direct the day to day activities of the business. The Executive Board comprises the Chief Executive and Finance Director, the Energy, Agriculture and Retail Directors and our recently appointed Marketing Director. The Chief Executive and Finance Director are the only members of the main Board. I acknowledge the great contribution of our new Executive Board and more importantly all our staff during the past year in delivering the record level of operating profit.

Future Prospects

Trading conditions in all of our markets are expected to continue to be challenging in the next financial year. The Company will focus on delivery of all aspects of its three year strategy to continue to improve shareholder returns through a combination of internal growth and improvement together with growth through acquisition. We have a strong balance sheet, and we remain well placed to capitalise on any suitable opportunities that may arise where we can improve returns in the longer term.

Nigel Hall
Chairman
27 August 2009

Chief Executive's Review

Review of Operations

In the last twelve months, market conditions have probably never been more challenging. Many businesses in the UK have seen sales and profits collapse with pressure applied to stretched balance sheets, as companies strive to maintain liquidity during the recession. Against this background, it is especially pleasing to report a second consecutive year of record operating profit and over 100 jobs have been created as the business has grown in the year. We have had many challenges to overcome, but I take great personal pride on behalf of the whole business that a strong performance has again been achieved consistently across all our businesses. It has required strong and decisive management to deliver these results and is testament to the quality and determination of all our employees.

In December 2007, we acquired the 50% interest ESSO owned in our LP Gas joint venture. The acquisition represented a major transaction for the company and in the first full year under our ownership, the business has performed strongly and been a major contributor to our improved profitability in 2009. Early in the financial year, we completed the purchase of Cotswold Fuels, an eight million litre fuel distributor based at Moreton-in-Marsh in the Cotswolds. This acquisition has performed well in its first year and we continue to operate the the Cotswold Fuels terminal to service our customers.

This time last year I felt our Agriculture business would do well to match the very strong performance achieved in 2008. I am pleased to report that the business achieved this despite the extreme volatility in commodity prices which continued to present challenges for all involved in the Agriculture supply industry.

Our retail business continues to go from strength to strength and we have acquired two new stores during the year both in Hampshire. In July 2008 we opened a store in Waterlooville and in February 2009 we acquired the Denes Country Store business that operates just outside Liphook. We have grown like for like sales 6% and improved margins, and all this having been achieved against the toughest economic conditions seen in this country for a generation.

Group sales increased by 14% to £215.7m (2008: £189.7m) and generated a total operating profit of £2.5m (2008: £1.8m). Interest costs of £0.7m excluding FRS 17 finance charges (2008: £0.7m) reflect higher levels of borrowings in the first half of the year offset by the benefits of the new bank facilities and low bank base rates in the second half of the year. FRS 17 finance charges are a cost of £0.3m (2008: £0.3m credit). The Group reports a profit before taxation for the year of £1.5m (2008: £1.4m).

Agriculture

Total Agricultural sales increased by 19% to £94.6m (2007: £79.3m) driven by high fertiliser prices particularly in the first half of the year and continued growth in blends and straights sales. I am pleased to report our Agriculture business reported unchanged operating profits of £0.6m (2008: £0.6m) before corporate costs. This result however, hides quite contrasting fortunes across our feed and arable businesses.

Total feed sales increased 20% to £65.8m (2008: £54.9m), with continued strong growth from our alternative feed business selling blends and straights. Our policy of forward-purchasing of raw materials for inclusion in our compound feeds and blends has allowed us to continue to offer competitively priced feed contracts to our many customers. The volatility we anticipated in the market at the beginning of the year materialised, and both volumes and margins were down compared to last year.

While feed had a challenging 2009, our arable business performed exceptionally strongly. Total arable sales of £28.8m (2008: £24.4m) improved 18% with strong growth in fertilizer and seed sales. Seed sales built on a good year in 2008 and achieved a further increase of 30% in 2009. Fertiliser sales increased 28% fuelled by the exceptionally high prices particularly in the first half of the year. Crop protection enjoyed an excellent year and contribution increased over 50% to leave the overall arable result offsetting the shortfall in feed contribution.

The performance of our Agricultural business last year was ahead of our expectations against the backdrop of volatile commodity prices that caused uncertainty throughout the industry. These creditable results are due to the dedication and commitment of the whole Agriculture team led by its Director, Alistair Folly. We were all delighted that Neil Donkin and Simon Trenary, two of our arable team, were short listed for the Farmers Weekly – Agronomists of the Year Award 2008.

Chief Executive's Review *(Continued)*

Retail

The Retail business has continued to make good progress in 2009. Operating profits, before corporate costs, increased to £2.7m (2008: £2.3m), and on a like for like basis, excluding new and closed stores, operating profits before corporate costs increased by £0.5m (16%) to £3.0m (2008: £2.5m).

Sales increased by 8% to over £70m and "like-for-like" sales increased by 5%. This strong performance contrasts with the weak sales reported by many retailers in the last twelve months and comes after the 11% like for like sales increase posted last year. I am delighted to report that for each of the last twelve months we have achieved a sales performance in advance of the monthly BRC/KPMG retail sales index. The business continues to be successfully developed under Retail Director, Garry Wharmby, and we received well deserved industry recognition when nominated for the Retail Week 2009 Customer Service Award.

A key part of our retail strategy is the opening of new stores and the refurbishment of existing stores. In addition to the new stores opened in Hampshire, we relocated the Welland Valley Feeds store in Market Harborough, Leicestershire to larger premises. Seven major store refurbishments have been completed in the year at Ledbury, Thornbury, Melton Mowbray, Chepstow, Crewkerne, Bridgend and Bromsgrove to update and improve the presentation of these stores to our customers. The performance of these refurbished stores has been encouraging.

During the last twelve months we have successfully launched new equestrian clothing ranges under the Kadence and Woodbury labels to further support our supplier branded offerings. The garden centres launched in fifteen stores in 2008 performed strongly in 2009 and we were delighted to win a Gold Medal for the best trade stand at the Spring Garden show in Malvern for the second consecutive year. Finally we are delighted to have received AMTRA approval for our Witney based training centre. The training centre is used to principally conduct animal health training for our store staff allowing us to improve customer advice in this important area of our business.

Retail gross margins continue to improve, maximising the benefits of increased size and improvements in the retail supply chain. We doubled the capacity of our central storage facilities at Defford in July 2008 and this has brought major benefits in terms of stock intake and operational flexibility.

Energy

In 2009, turnover increased some 13%. On a like for like basis (excluding the Cotswold fuel acquisition), sales growth was 5% driven principally by volume growth in our LP Gas business. In December 2007, we acquired the 50% interest ESSO owned in our LP Gas joint venture for £1.975m, and the business has performed strongly in the first full year under our ownership. Volumes finished 11% ahead of last year helped by the first cold winter for a number of years. Fuel volumes in our ongoing business were level with last year after the 21% increase achieved in 2008 and the high fuel price, particularly in the first half of the year, dampened demand. Cotswold Fuels, was acquired one month into the financial year, and performed well and boosted fuel volumes by 14%. An operating profit of £1.9m before corporate costs was recorded (2008: £1.2m), an excellent uplift from David Asquith (Energy Director) and his team. David continues as Chairman of the UK LPG Association following a year where the industry has had a number of challenges to overcome not least the new Competition Commission Order that was enacted in April 2009.

During the year we successfully completed the transfer of our domestic electricity and gas customers to Good Energy. Good Energy is an award winning supplier to many thousands of homes and businesses of renewable power generated exclusively from 100% renewable resources. This change enables greater focus on growing our core products of fuel and LP Gas.

Corporate

We have continued to recognise "Corporate" as a dedicated line in the segmental analysis shown in note 2 to these accounts. Corporate costs not allocated to the three businesses include board and corporate salaries, legal, property and bank fees and associated costs. Corporate net operating assets recorded at £1.8m at 31 May 2009 comprise land and buildings which are used by all our three businesses at Defford, and land at Melksham, which has been identified as surplus to our operating requirements. As reported last year, we exchanged contracts with ASDA for the sale of part of the land at Melksham. The proposals have recently been approved by the local planning committee and formal approval will be received when the conditions attaching to the approval have been finalised. This is anticipated shortly, and if all goes to plan, we expect to vacate the site in spring 2010. In advance of this, we have recently submitted a planning application to relocate our successful retail store at Melksham to another part of the site.

Chief Executive's Review *(Continued)*

Health and Safety of our customers and staff is receiving increasing focus and attention, and I chair the Health and Safety committee that meets quarterly to review and implement our policies and procedures in this important area.

A special thank you is reserved for all our employees, these results could not have been achieved without their dedication and commitment to the business. A key element of our success has been an extensive training and development programme for all staff aligned to our strategic objectives.

Outlook

Our performance in the first three months of the 2010 financial year remains strong and we firmly believe we can continue to expand our business through a combination of organic growth and growth through acquisition.

We are seeking further opportunities to expand the retail store portfolio in 2010 and three stores are due to open in the first half of the new financial year including Honiton in Devon and Ashbourne in Derbyshire. The retail business model we have is unique to Countrywide and differentiates us in the rural market place. We will continue to build on our traditional values without compromising the importance of modernising our approach and upgrading and improving our retail stores. After another year of strong sales growth, our sales expectations for the coming year remain conservative but we expect to continue to improve our profit margins with an increase in own branded feed ranges and trials of new premium brands in clothing and footwear.

Our Energy business remains focused on growing its customer base in both fuels and LP Gas. The Competition Commission Order provides a mechanism for domestic customers to switch gas supplier without the need for customer tanks to be uplifted and this change has allowed us to accelerate our rate of customer acquisition. In fuels, the wider economic recession is likely to continue to constrain demand in the coming year. In this scenario, the Energy business is unlikely to repeat the exceptionally strong performance recorded in 2009.

Renewable energy is an exciting new market for both businesses and consumers and we are well placed to exploit this market. We have already launched a fully operational biomass wood pellet boiler and have recently received government funding to support its installation in ten of our retail stores over the next two years.

We expect market conditions to remain challenging in our Agriculture business in 2010. Commodity prices continue to be volatile and uncertainty remains over longer term trends. We continue our policy of buying compound feed ingredients up to twelve months ahead to provide a hedge against commodity price increases. We have strengthened our dedicated in field sales team to sell our full range of products across all our key customer groups. This will provide valuable customer sales contact and build relationships and loyalty to the business. We have recently launched a new Elite Nutrition programme to support our dairy customers.

Finally we are always looking at new and innovative ways of providing added value services to our customers. In August 2008, we launched our asset management business to introduce customers to third party finance providers who could help fund their major capital purchases including vehicles, plant and equipment. This service has been well received by customers who have welcomed the support particularly at this challenging time for raising funds through conventional bank finance.

After our record results in 2009 we are confident of improving our performance again in 2010. While recognising the current challenging economic conditions, we remain well positioned in robust markets and are pursuing the right strategy for the future growth and long term prosperity of the business. We have a unique blend of expertise, passion and commitment to ultimately deliver more value to our shareholders.

John Hardman
Chief Executive
27 August 2009

Finance Review

Balance sheet and Cash flow

Fixed asset additions in the year totalled £3.9m and were split predominately between our retail and energy businesses. In Retail, we opened a new store at Waterlooville, Hampshire and acquired the Denes country store business based just outside Liphook at a total cost of £0.5m. We have also refurbished seven of our existing stores at a total cost of £0.7m. In our Energy business we purchased the Cotswold Fuels business at the start of the year and invested £1.1m in new tanks and cylinders to support the growth of our gas businesses. As part of our ongoing programme of investment in our information technology infrastructure, we invested £0.3m in upgrading systems.

The high level of commodity prices continued to have an impact on the levels of working capital in the first half of the financial year. During the second half these pressures eased somewhat as the price of most commodities fell rapidly. However this volatility continues to create supplier and customer uncertainty in our commodity based markets.

Stocks at the end of the year at £16.4m were £0.9m (6%) up on the levels at last year. The increase reflects in part our two new retail stores and higher levels in our growing pet and equestrian categories. Stock levels in our Agriculture and Energy businesses are in line with last year. The business continues to ensure stock levels are carefully managed to support the company growth plans.

Debtors at £25.1m were £2.2m (8%) down on last year. Trade debtors at £19.7m were down on last year reflecting underlying commodity prices on our Agriculture inputs being lower than May 2008. We continue to focus strongly on working with our customers to minimise levels of older debt. The recession has, however, impacted on the liquidity of some of our customers and the levels of over 90 day past due debts have increased.

Trade creditors at £23.2m were £2.1m (8%) down on last year again reflecting the significant commodity price deflation. Creditor days increased to 51 days (2008: 44 days).

The Group had a net cash inflow from operating activities of £6m (2008: £3.1m) reflecting improved profitability and continued tight controls on working capital. It is pleasing to report a reduced net debt at 31 May 2009 of £10.7m (2008: £12.0m). The UK recession, and in particular the fall in the value of equity investments held by the pension fund, has led to an increase in the net pension deficit to £12.9m (2008: £5.5m). As a consequence, shareholder funds have fallen to £24.2m (2008: £29.9m) which is equivalent of £0.74 per share (2008: £0.91 per share). Gearing at 31 May 2009 stands at 44% of shareholder funds (2008: 40%).

Pensions

We continue to operate a defined contribution pension scheme for our employees. The charge to the profit and loss account for this scheme was £0.2m (2008: £0.2m).

The Company also supports a closed defined benefit scheme and additional contributions paid by the company into this scheme in the year totalled £1.1m (2008: £1.0m) and reflect contributions agreed with pension trustees following the April 2006 valuation. The Company gave the pension trustees a second charge over a number of property assets that are under a first charge to our new bank HSBC, to provide further security to the scheme. A formal valuation of the closed defined benefit scheme at 5 April 2009 is currently being completed and will form the basis of a new funding proposal for the scheme going forward. To avoid any potential conflicts of interest, a sub-committee of the main board has been formed that excludes any directors who also act as pension trustees. The Company has also appointed Gissing's to act as its pension advisor in 2009.

The valuation of the scheme under FRS 17 at 31 May 2009 gave rise to an increase in the pension deficit of £10.2m to £17.9m (2008: £7.7m) or £12.9m (2008: £5.5m) after deferred tax. Scheme assets are substantially invested in equities and in total, the value of these assets have fallen £13.0m (21%) over the year to £48.5m. The actuarial value of scheme liabilities has fallen £2.7m to £66.5m at 31 May 2009. The FRS17 pension valuation is taken at a point in time and by its nature is highly sensitive to market conditions prevailing at that date. The FRS17 finance charge shows a cost of £0.3m (2008: £0.3m credit) and represents the difference between the expected return on pension scheme assets and the interest cost on pension liabilities. Based on the value of scheme assets at 31 May 2009, the size of this charge is expected to significantly increase again in 2010. Full details of all the assumptions underlying the actuarial valuation are included in Note 22.

Distributable reserves and tax

Distributable reserves for the Company, started the year at £1.9m in deficit and moved to a deficit of £7.2m. Despite a retained profit of £2.6m in the year, the large actuarial loss on the pension scheme has significantly increased the deficit on distributable reserves. A consequence of this movement is that despite the improved profitability of the Company, the business is not in a position to pay dividends to shareholders until the deficit is eliminated.

The Company has the benefit of significant brought forward trading tax losses, and in accordance with FRS 19 "Deferred Tax", a deferred tax asset has been recognised equivalent to the losses that are expected to be utilised in the coming years reflective of the improved profitability of the Company. A deferred tax asset of £1.7m (2008: £0.8m) has been recognised at the 31 May 2009 in respect of these losses and full details are included in Note 15.

Banking facilities

I am delighted to report that on 1 December 2008 the Group's banking arrangements were moved to HSBC Bank plc and full details are included in note 12 to the accounts. These facilities, totalling £20m, will provide sufficient headroom to implement the businesses three year business strategy and have been secured at competitive rates which have already resulted in reduced interest costs in the second half of the year.

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 monitored by the Executive Directors.

Price risk

The Group is exposed to commodity price risk, principally for raw materials in its Agriculture Feeds business which enters into forward supply contracts to manage the impact of price movements on its gross margin. The use of these contracts is not speculative. The Directors estimate the value of open contracts at 31 May 2009 to be £9.5m (2008: £14.8m)

The Energy Fuels business retails oil-related products that are subject to changes in the world commodity price for crude oil. However the relatively low stockholding maintained and daily price monitoring systems used to determine selling prices, enables the business to effectively manage the risk of gross margin erosion. Forward supply contracts are not utilised by this business.

The extent of these risks is regularly reviewed and assessed by the Executive Directors and reported back to the Board. 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 set and monitored by the business. In addition, the Fuels business maintains credit insurance in order to manage the potential financial loss incurred on certain bad debts.

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 required is reviewed at least annually by the Directors.

Interest rate risk

The Group has interest-bearing debt liabilities which are fully detailed in note 12 to these accounts including the interest rates that apply to the different liabilities. During the year the Board approved the policy of fixing the interest rate of 50% of its core borrowings and details of the two interest swap transactions are described in this note.

Les Collins
Finance Director
27 August 2009

Directors' Profiles

NIGEL HALL (Chairman) Age 54
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 Non-Executive Director of Unite Group plc, where he is the Senior Independent Non-Executive Director, C&J Clark Limited and Pinewood Shepperton plc. Owns a small farm in mid-Devon near Tiverton.

TIM HOLDERNESS-RODDAM (Deputy Chairman) Age 66
Joined the Board in 2001, Deputy Chairman since 2004. Former Managing Director of United Molasses Group and Director of Abercrombie & Kent Limited.
Trustee of Countrywide Farmers Retirement Benefits Scheme.
Arable Farmer and equine stud owner.

JOHN HARDMAN (Chief Executive) Age 47
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.

LES COLLINS (Finance Director & Company Secretary) Age 48
Qualified as a Chartered Accountant in 1985 with Thomson McLintock.
Has held senior positions with a number of retailers including Allders Department Stores, furniture retailer Gillow, Jaeger and Warner Bros Studio Stores between 1986 and 2000.
Finance Director and Company Secretary at Fortnum & Mason plc for six years, between 2000 and 2006 and joined Countrywide Farmers in November 2006.

SIR BEN GILL Age 59
Qualified with a degree in Agriculture from Cambridge and worked in Uganda before commencing farming in 1978.
Currently Managing Director of Hawk Creative Business Park Ltd and Hawkhills Consultancy Limited. Senior partner in WN Gill & Son, Chairman of English Apples & Pears Ltd and Chairman of Eden Research Plc.
Involved in NFU from early 1980's, culminating in the National Presidency from 1998 to 2004.
In 2005 chaired the Government's Biomass Task Force to improve uptake of Biomass as a renewable energy source.
Chairman of the Nominations Committee.

NORMAN LEECE Age 58
Graduated in Metallurgy from Sheffield University in 1970 and awarded a PhD in 1973.
Worked for significant companies in the Energy industry, latterly as a Director, including UK Petroleum Products Ltd, prior to establishing the consultancy company, Prime Energy Technologies Limited which provides support to small and medium sized businesses in the energy and technology sectors.
Chairman of the Remuneration Committee.

STUART CREBO Age 55
Has held a number of senior positions in Corporate Banking, both in the UK and USA.
Currently Managing Director of White Eagle Consulting Ltd who focus on successful growth strategies. From 1996 to 2009 has been Director of Ernst & Young specialising in advising on corporate finance mergers and acquisitions as well as assisting small and medium sized enterprises develop their commercial strategy and generate value for shareholders.
Joined Countrywide Farmers in July 2008.
Chairman of the Audit Commitee.

Registered Office and Advisors

Registered Number	3776711
Registered Office	Defford Earls Croome Worcester WR8 9DF
Independent Auditors	PricewaterhouseCoopers LLP 31 Great George Street Bristol BS1 5QD
Bankers	HSBC Bank Plc 62 George White Street Cabot Circus Bristol BS1 3BA
Solicitors	Bond Pearce LLP 3 Temple Quay Temple Back East Bristol BS1 6DZ

Directors' Report

The Directors present their report and the audited Financial Statements for the year ended 31 May 2009.

Countrywide Farmers plc is not listed on a recognised investment exchange, however, shares may be traded on ShareMark. For further information, please contact: ShareMark Ltd, PO Box 2000, Bucks, HP21 8ZB. Telephone 01296 414245. www.sharemark.co.uk

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, natural gas, liquid petroleum gas, utilities 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 16. The Directors recommend that no dividend be paid (2008: £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 2009 the average payment period was 51 days (2008:44 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 12 to the financial statements. As at 31 May 2009, the market value of these swaps was £395,484 loss (2008: £3,346 loss).

Business Review and Future Developments

The review of operations of the Group is covered in the attached Chief Executive's Review.

Directors and Directors' Interests

The Directors of the Company during the year to 31 May 2009 and their beneficial interests in the share capital of the Company are listed below:

	Shares 2009	Shares 2008
N.P. Hall (Chairman)	182,321	136,670
T.D. Holderness-Roddam (Deputy Chairman)	219,318	204,318
J.H. Hardman (Chief Executive)	9,735	9,735
L.J. Collins (Finance Director)	7,200	7,200
Sir Ben Gill	12,180	12,180
N.K.Leece	32,238	32,238
S. Crebo (appointed 01.07.08)	5,489	-

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.

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.

Environmental Policies

The Board are committed to reducing the group's environmental impact by formulating an energy management strategy which incorporates it's environmental commitments which are ongoing and measurable. The Board is focusing on the following areas:

• Setting up an organisational structure within the group so that individuals have direct responsibility for reporting on and acting on environmental issues.
• Measuring, quantifying and managing the group's carbon footprint from direct emissions covering energy consumption, transport, waste and water whilst having an influence on indirect emissions from subcontractors, product supply chain and operations with the overall aim of carbon reduction.
• Investigating and sourcing a greater number of environmentally friendly products to be sold in store.
• A continued training programme for staff on energy efficiency that will become embedded in the group's vision and become the normal way of working therefore reducing energy usage in the group's offices and retail stores.
• Actively researching and applying renewable technology to existing, refitted or new retail stores.
• Promoting and growing the renewable energy sector leading by example by installing biomass boilers in the group's stores, where practical.
• Aiming to gain Carbon Trust Accreditation for the group's actions in reducing it's carbon footprint and carrying out the energy strategy.

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
L.J. Collins
Company Secretary
27 August 2009

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

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

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

Remuneration Committee

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

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 Crebo (Chairman), Holderness-Roddam, Leece and Sir Ben Gill. Mr Crebo was appointed during the year.

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 Sir Ben Gill (Chairman), and Messrs Hall and Holderness-Roddam.

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 2009	14	5	2	2
Attendance of Directors:				
J.H. Hardman	13			
T.D. Holderness-Roddam	12	4	2	2
Sir Ben Gill	14			
N.P. Hall	13	5		2
N.K. Leece	14	5	2	
L.J. Collins	14			
S. Crebo	11		1	

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
L.J. Collins
Company Secretary
27 August 2009

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual 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 elected to prepare 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 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.

By order of the Board
L.J. Collins
Company Secretary
27 August 2009

Independent Auditors' Report to the Members of Countrywide Farmers plc

We have audited the financial statements of Countrywide Farmers plc for the year ended 31 May 2009 which comprise the Consolidated Profit and Loss Account, the statement of Consolidated Recognised Gains and Losses, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and 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 Sections 495 and 496 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.

Scope of the audit of the financial statements

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 parent 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 May 2009 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Stephen Harrison (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
27 August 2009

Consolidated Profit and Loss Account

For the year ended 31 May 2009

	Note	Group 2009 £000s	Group 2008 £000s
Turnover: including share of joint venture	2	215,705	190,681
Less: share of joint venture turnover		-	(973)
Group Turnover		215,705	189,708
Cost of Sales		(177,238)	(155,493)
Gross Profit		38,467	34,215
Other operating income		384	644
Net operating expenses		(36,324)	(33,022)
Group Operating Profit		2,527	1,837
Share of operating (loss) of joint venture		-	(53)
Profit before interest and taxation	4	2,527	1,784
Interest receivable	3a	3	81
Interest payable	3a	(733)	(743)
Other finance (expense)/income	3b	(294)	302
Profit on ordinary activities before taxation		1,503	1,424
Taxation	5	772	169
Profit after taxation		2,275	1,593
Minority Interests in profit for the year		(23)	(30)
Profit for the year		2,252	1,563

There are no differences between the results stated above and their historical cost equivalents.

Statement of Total Consolidated Recognised Gains and Losses

For the year ended 31 May 2009

	Note	Group 2009 £000s	Group 2008 £000s
Profit for the financial year		2,252	1,563
Actuarial (loss) recognised in the pension scheme	22	(11,070)	(2,576)
Movement on deferred tax asset relating to pension scheme	15	3,100	721
Impact of tax rate change recognised in reserves	19	-	(128)
Total recognised (losses) for the year		(5,718)	(420)

Consolidated Balance Sheet

At 31 May 2009

	Note	Group 2009 £000s	Group 2008 £000s
Fixed Assets			
Intangible assets			
Goodwill	7	263	247
Negative Goodwill	7	(883)	(988)
		(620)	(741)
Tangible assets	8	37,379	37,937
Investments	9	107	107
		36,866	37,303
Current Assets			
Stock	10	16,419	15,539
Debtors	11	25,084	27,342
Cash at bank and in hand		2,711	39
		44,214	42,920
Creditors - amounts falling due within one year	12	(30,587)	(39,453)
Net Current Assets		13,627	3,467
Total Assets less Current Liabilities		50,493	40,770
Creditors - amounts falling due after more than one year	13	(12,081)	(4,048)
Provisions for liabilities and charges	14	(1,252)	(1,273)
Net assets excluding Pension Liability		37,160	35,449
Net Pension Liability	22	(12,914)	(5,511)
Net assets		24,246	29,938
Capital and Reserves			
Called up share capital	16	16,413	16,413
Revaluation reserve	17	14,536	14,536
Profit and loss account	18	(6,831)	(1,129)
Equity shareholders' funds	19	24,118	29,820
Equity minority interests	20	128	118
Total equity shareholders' funds		24,246	29,938

The financial statements on pages 16 to 43 were approved by the Board of Directors on 27 August 2009 and were signed on its behalf by:

NP Hall
JH Hardman
} Directors

Parent Company Balance Sheet

At 31 May 2009

	Note	2009 £000s	2008 £000s
Fixed Assets			
Intangible assets			
Goodwill	7	202	156
Negative Goodwill	7	(883)	(988)
		(681)	(832)
Tangible assets	8	37,246	37,905
Investments	9	347	347
		36,912	37,420
Current Assets			
Stock	10	16,148	15,373
Debtors	11	25,192	27,363
Cash at bank and in hand		1,996	39
		43,336	42,775
Creditors - amounts falling due within one year	12	(30,241)	(40,274)
Net Current Assets		13,095	2,501
Total Assets less Current Liabilities		50,007	39,921
Creditors - amounts falling due after more than one year	13	(12,077)	(4,041)
Provisions for liabilities and charges	14	(1,252)	(1,273)
Net assets excluding Pension Liability		36,678	34,607
Net Pension Liability	22	(12,914)	(5,511)
Net assets		23,764	29,096
Capital and Reserves			
Called up share capital	16	16,413	16,413
Revaluation reserve	17	14,536	14,536
Profit and loss account	18	(7,185)	(1,853)
Equity shareholders' funds		23,764	29,096

The financial statements on pages 16 to 43 were approved by the Board of Directors on 27 August 2009 and were signed on its behalf by:

NP Hall
JH Hardman } Directors

Consolidated Cash Flow Statement

For the year ended 31 May 2009

	Note	Group 2009 £000s	Group 2008 £000s
Net cash inflow from operating activities	(a)	6,040	3,052
Returns on investments and servicing of finance			
Interest received		3	91
Interest paid		(735)	(722)
Interest element of finance lease payments		(19)	(30)
Dividend paid to minority interests		(12)	(8)
		(763)	(669)
Taxation			
Corporation tax paid		(321)	(2,044)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(3,888)	(2,692)
Sale of tangible fixed assets		368	4,507
		(3,520)	1,815
Acquisitions and disposals			
Payment to acquire trade and business		(154)	(1,975)
Net cash inflow before use of liquid resources and financing		1,282	179
Financing			
(Decrease) in Members' loans		(91)	(1)
(Decrease) in Members' Retirement Scheme		(21)	(37)
Repayment of loans		(4,550)	(4,100)
Cash inflow from loans		12,000	-
Capital element of finance lease payments		(113)	(51)
Net cash inflow/(outflow) from financing		7,225	(4,189)
Increase/(Decrease) in cash for the period	(b)	8,507	(4,010)

Consolidated Cash Flow Statement Notes

For year ended 31 May 2009

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

	Group 2009 £000s	Group 2008 £000s
Operating profit	2,527	1,837
Depreciation charge	3,860	3,182
Net Goodwill amortisation	33	43
Loss/(Profit) on disposal of fixed assets	218	(32)
(Decrease) in stock	(880)	(3,678)
Increase/(Decrease) in debtors	3,190	(7,334)
(Increase)/Decrease in creditors	(1,841)	10,044
Excess of pension contributions over charge	(1,083)	(1,010)
Share option charge	16	-
Net cash inflow from operating activities	6,040	3,052

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

	Group 2009 £000s	Group 2008 £000s
Increase/(Decrease) in cash in hand	2,672	(35)
Decrease/(Increase) in net overdraft	5,835	(3,975)
(Increase)/Decrease in loans	(7,450)	4,100
Decrease in Members' loans	91	1
Decrease in lease financing	113	51
Decrease in Members' Retirement Scheme	21	37
Movement in net debt for the year	1,282	179
Opening net debt	(12,018)	(12,197)
Closing net debt	(10,736)	(12,018)

(c) Analysis of Net Debt

Group	At 1 June 2008 £000s	Cash Flow £000s	At 31 May 2009 £000s
Cash in hand	39	2,672	2,711
Bank overdraft	(5,835)	5,835	-
	(5,796)	8,507	2,711
Due within one year:			
Bank loans	(700)	700	-
Members' loans	(91)	91	-
Finance leases	(110)	(4)	(114)
Due after one year:			
Bank loans	(3,850)	(8,150)	(12,000)
Members' Retirement Scheme	(1,273)	21	(1,252)
Finance leases	(198)	117	(81)
	(12,018)	1,282	(10,736)

Notes to the Financial Statements

For the year ended 31 May 2009

1) ACCOUNTING POLICIES

Basis of accounting

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

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.

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 the intangible assets on the balance sheet, and written off through the profit and loss account over its estimated economic life.

Tangible fixed assets

Tangible fixed assets other than land and buildings are stated at cost less depreciation and provision for any impairment. Land and buildings are shown at an independent valuation on an existing use basis for non specialised properties and at open market value where properties are surplus to requirements. The valuations are performed by a qualified external valuer every five years and reviewed 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

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 recognised gains and losses.

Stock

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

Taxation

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

Deferred taxation

Full provision has been made for deferred tax, using the liability method, on all material timing differences. A deferred tax asset has been recognised only to the extent that it is considered more likely than not that there will be future profits from which future reversal of the underlying timing differences can be deducted. 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 12. 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. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Pension scheme arrangements

The Group operates two pension schemes, a defined contribution and a hybrid scheme containing both 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 total recognised gains and losses. In respect of the defined contribution scheme and the defined contribution section of the hybrid scheme, the amount charged to the profit and loss account represents contributions payable to the independent investment managers, who operate the schemes, in funds separate from those of the Group. The Group provides no other post retirement benefits to its employees.

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2009

2) SEGMENTAL REPORTING

	Turnover 2009 £000s	Operating Profit/(Loss) 2009 £000s	Net Operating Assets 2009 £000s
Continuing operations			
Agriculture	94,634	593	4,599
Retail	70,051	2,692	27,964
Energy	51,020	1,891	10,358
Corporate	-	(2,649)	1,761
Group Total	215,705	2,527	44,682

Reconciliation of Net Operating Assets to the Balance Sheet	£000s
Net Operating Assets	44,682
Less Bank Advance and Loans	(9,289)
Less Corporation and Deferred tax	1,767
Less Net Pension Liability	(12,914)
Net Assets as at 31 May 2009	24,246

	Turnover 2008 £000s	Operating Profit/(Loss) 2008 £000s	Net Operating Assets 2008 £000s
Continuing operations			
Agriculture	79,313	596	5,825
Retail	65,044	2,323	26,392
Energy	45,351	1,192	11,170
Corporate	-	(2,274)	1,956
Group	189,708	1,837	45,343
Energy Joint Venture activity	973	(53)	-
Group Total	190,681	1,784	45,343

Reconciliation of Net Operating Assets to the Balance Sheet	£000s
Net Operating Assets	45,343
Less Bank Advance and Loans	(10,346)
Less Corporation and Deferred tax	452
Less Net Pension Liability	(5,511)
Net Assets as at 31 May 2008	29,938

The Group operates and trades only in the United Kingdom.

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

3a) INTEREST

	Group 2009 £000s	Group 2008 £000s
Interest Receivable		
Interest receivable on bank deposit	3	35
Joint Venture interest receivable	-	46
	3	81
Interest Payable		
Interest payable on bank loans and overdrafts	431	502
Interest on invoice discounting finance	258	205
Interest on other loans	25	4
Interest payable on finance leases	19	30
Interest payable other than Joint Venture	733	741
Joint Venture interest payable	-	2
	733	743

3b) OTHER FINANCE (EXPENSE)/INCOME

	Group 2009 £000s	Group 2008 £000s
Other finance (expense)/income - pension scheme (Note 22)	(294)	302

4) PROFIT BEFORE INTEREST AND TAXATION

	Group 2009 £000s	Group 2008 £000s
Profit before interest and taxation is stated after charging:		
Staff costs (note 21)	18,935	16,426
Depreciation		
Tangible owned fixed assets	3,750	3,099
Tangible fixed assets held under finance leases	110	83
Within joint venture	-	22
Goodwill amortisation	138	114
Negative goodwill amortisation	(105)	(71)
Operating lease charges		
Plant and machinery	1,283	901
Other	2,373	1,653
Auditors' remuneration in respect of:		
Audit of the parent company and consolidated financial statements	60	51
Other services:		
Subsidiary company audit services	5	9
Tax advisory services	57	91
Interim review	19	18
Other	18	20

5) TAX ON PROFIT ON ORDINARY ACTIVITIES

	Group 2009 £000s	Group 2008 £000s
Current tax		
United Kingdom corporation tax at 28% (2008: 29.7%)	148	961
Overprovision in respect of previous year	(232)	(324)
Current tax charge	(84)	637
Deferred tax: (note 15)		
Current year	(688)	(845)
Effect of decrease in tax rate	-	39
	(688)	(806)
Tax on profit on ordinary activities	(772)	(169)

Factors affecting tax charge for the year
The tax assessed for the year differs from the standard rate of corporation tax in the UK (28%). The differences are explained below:

	Group 2009 £000s	Group 2008 £000s
Profit on ordinary activities before tax	1,503	1,424
Profit on ordinary activities at the standard rate in the UK 28% (2008: 29.7%)	421	423
Effects of:		
Expenses not deductible for tax purposes	347	298
Depreciation for year in excess of capital allowances	72	(359)
Other timing differences	(193)	(298)
Differences between book gains and taxable gains	-	907
Losses utilised	(492)	-
Tax of group company at marginal rates	(7)	(10)
Adjustments to tax charge in respect of previous year	(232)	(324)
Current tax (credit)/charge for the year	(84)	637

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 roll-over 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.

6) PROFITS OF HOLDING COMPANY

The Parent Company has not presented its own profit and loss account as permitted by Section 230 (1), of the Companies Act 1985.
The amount of profit for the year attributable to the Company is £2,622,000 (2008: £8,256,000).

In the prior year, the profit arose due to a group reorganisation whereby the assets of the subsidiary company Countrywide LPGas Limited were distributed to the parent company.

7) INTANGIBLE FIXED ASSETS

Goodwill

	Group £000s	Company £000s
Cost		
At 1 June 2008	927	776
Additions	154	154
At 31 May 2009	1,081	930
Amortisation		
At 1 June 2008	680	620
Charge for the year	138	108
At 31 May 2009	818	728
Net book value at 31 May 2009	263	202
Net book value at 31 May 2008	247	156

Goodwill that arose on the acquisitions of businesses is being amortised on a straight line basis over period of 5 years. This is the period over 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 2008 and 31 May 2009	(1,059)	(1,059)
Amortisation		
At 1 June 2008	71	71
Credit for the year	105	105
At 31 May 2009	176	176
Net book value at 31 May 2009	(883)	(883)
Net book value at 31 May 2008	(988)	(988)

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

8) TANGIBLE FIXED ASSETS

Group	Freehold Land and Buildings £000s	Leasehold Property £000s	Plant and Machinery £000s	Vehicles £000s	Total £000s
Cost					
At 1 June 2008	30,282	1,840	30,477	2,819	65,418
Additions	158	28	3,494	208	3,888
Disposals	(66)	(211)	(1,149)	(144)	(1,570)
Transfers	(7)	(62)	497	(428)	-
At 31 May 2009	30,367	1,595	33,319	2,455	67,736
Depreciation					
At 1 June 2008	7,100	874	17,577	1,930	27,481
Charge for the year	573	160	2,848	279	3,860
Disposals	(39)	(114)	(687)	(144)	(984)
Transfers	2	-	273	(275)	-
At 31 May 2009	7,636	920	20,011	1,790	30,357
Net book value at 31 May 2009	22,731	675	13,308	665	37,379
Net book value at 31 May 2008	23,182	966	12,900	889	37,937

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

	2009 £000s	2008 £000s
Net book value at 31 May	197	307

Analysis of Land and Buildings

	Group 2009 £000s	Group 2008 £000s	Company 2009 £000s	Company 2008 £000s
Analysis of land and buildings at cost or valuation				
At cost	8,195	8,646	8,195	8,646
At valuation	14,536	14,536	14,536	14,536
	22,731	23,182	22,731	23,182

The Group's freehold properties were revalued at 31 May 2007 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 2009 £000s	Group 2008 £000s	Company 2009 £000s	Company 2008 £000s
Freehold and long leasehold land and buildings				
At cost	15,830	15,746	15,830	15,746
Aggregate depreciation	(7,635)	(7,100)	(7,635)	(7,100)
	8,195	8,646	8,195	8,646

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2009

Company	Land and Buildings £000s	Leasehold Property £000s	Plant and Machinery £000s	Vehicles £000s	Total £000s
Cost					
At 1 June 2008	30,283	1,840	30,599	2,616	65,338
Additions	158	28	3,374	208	3,768
Disposals	(66)	(211)	(1,123)	(144)	(1,544)
Transfers	(8)	(62)	324	(254)	-
At 31 May 2009	30,367	1,595	33,174	2,426	67,562
Depreciation					
At 1 June 2008	7,101	874	17,537	1,921	27,433
Charge for the year	574	159	2,836	280	3,849
Disposals	(39)	(114)	(669)	(144)	(966)
Transfers	-	-	280	(280)	-
At 31 May 2009	7,636	919	19,984	1,777	30,316
Net book value at 31 May 2009	22,731	676	13,190	649	37,246
Net book value at 31 May 2008	23,182	966	13,062	695	37,905

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

	2009 £000s	2008 £000s
Net book value at 31 May	195	291

9) FIXED ASSET INVESTMENTS

Group	Own shares £000s	Other investments £000s	Total £000s
Cost at 1 June 2008 and 31 May 2009	51	56	107

Company	Investments in subsidiary companies £000s	Own shares £000s	Other investments £000s	Total £000s
Cost at 1 June 2008 and 31 May 2009	240	51	56	347

Own shares

At 31 May 2009, 247,665 ordinary shares of 50p each in Countrywide Farmers plc were held, at a cost of £51,000. These are being held in respect of future employee incentive schemes.

10) STOCK

	Group 2009 £000s	Group 2008 £000s	Company 2009 £000s	Company 2008 £000s
Finished goods	16,419	15,539	16,148	15,373

11) DEBTORS

	Group 2009 £000s	Group 2008 £000s	Company 2009 £000s	Company 2008 £000s
Trade debtors	19,697	23,505	19,630	23,441
Amounts owed by subsidiary companies	-	-	200	131
Other debtors	1,378	1,292	1,342	1,268
Prepayments and accrued income	2,241	1,709	2,217	1,689
Corporation taxation	22	-	60	-
Deferred taxation	1,746	836	1,743	834
	25,084	27,342	25,192	27,363

In 2008 included in trade debtors for the Group of £23,505,000 and for the Company of £23,441,000 were amounts of £6,903,000 on which finance had been raised.

12) CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2009 £000s	Group 2008 £000s	Company 2009 £000s	Company 2008 £000s
Bank loans, advances and overdrafts	-	1,358	-	1,944
Amounts due in respect of invoice discounting	-	5,177	-	5,177
Members' loans	-	91	-	91
Trade creditors	23,152	25,266	22,926	25,152
Amounts owed to subsidiary companies	-	-	21	436
Finance lease obligations	114	110	111	107
Corporation tax	-	384	-	372
Other taxation and social security	722	17	722	6
Accruals and deferred income	6,599	7,050	6,461	6,989
	30,587	39,453	30,241	40,274

Banking facilities

The Group's principal bankers at 31 May 2009 were HSBC Bank PLC.

On 3 September 2004 the Group entered into a Rate Swap Transaction with Barclays Bank PLC, effective from 30 September 2004. This was initially in respect of interest on its term loan of £7,000,000. This transaction terminates on 30 September 2014 and includes an Option Early Termination Date of 30 September 2009. This transaction was entered into for the purpose of hedging the Group's future interest liability in respect of its now repaid term loan for the periods detailed immediately above by replacing floating rate interest risk with fixed interest commitments. The nominal value of the swap reduces each year in line with the original repayment of the term loan. At 31 May 2009, the balance was £3,850,000 (2008: £4,550,000). This transaction was novated to HSBC Bank PLC on 1 December 2008.

On 5 May 2009 the Group entered into a second Rate Swap Transaction effective from 1 May 2009 for £3,000,000. This Rate Swap Transaction terminates on 1 May 2012.

At 31 May 2009, the following banking facilities were in place:
(1) Revolving credit facility of £12,000,000 repayable on 1 December 2011 bearing interest at 1.00% above HSBC Bank Plc's Base Rate.
(2) An overdraft facility of £8,000,000 bearing interest at 1.00% above HSBC Bank Plc's Base Rate.

These facilities were secured by a first debenture over the assets of Countrywide Farmers plc and a first legal charge over Countrywide Farmers plc's freehold and leasehold properties. The amounts extant against these facilities are reflected in the Group's Financial Statements at 31 May 2009.

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

	Group 2009 £000s	Group 2008 £000s	Company 2009 £000s	Company 2008 £000s
Bank loans	12,000	3,850	12,000	3,850
Finance lease obligations	81	198	77	191
	12,081	4,048	12,077	4,041

Maturity Statement

Group	Bank 2009 £000s	Finance Leases 2009 £000s	Other Financial Liabilities 2009 £000s	Total 2009 £000s
In one year or less, or on demand	-	114	-	114
In more than one year, but not more than two years	-	73	-	73
In more than two years, but not more than five years	12,000	8	-	12,008
	12,000	195	-	12,195

	Bank 2008 £000s	Finance Leases 2008 £000s	Other Financial Liabilities 2008 £000s	Total 2008 £000s
In one year or less, or on demand	6,535	110	91	6,736
In more than one year, but not more than two years	700	112	-	812
In more than two years, but not more than five years	2,100	86	-	2,186
In more than five years	1,050	-	-	1,050
	10,385	308	91	10,784

Company	Bank 2009 £000s	Finance Leases 2009 £000s	Other Financial Liabilities 2009 £000s	Total 2009 £000s
In one year or less, or on demand	-	111	-	111
In more than one year, but not more than two years	-	73	-	73
In more than two years, but not more than five years	12,000	4	-	12,004
	12,000	188	-	12,188

	Bank 2008 £000s	Finance Leases 2008 £000s	Other Financial Liabilities 2008 £000s	Total 2008 £000s
In one year or less, or on demand	7,121	107	91	7,319
In more than one year, but not more than two years	700	111	-	811
In more than two years, but not more than five years	2,100	80	-	2,180
In more than five years	1,050	-	-	1,050
	10,971	298	91	11,360

14) PROVISIONS FOR LIABILITIES AND CHARGES

Members' Retirement Scheme

	2009 Group £000s	2008 Group £000s	2009 Company £000s	2008 Company £000s
Members' Retirement Scheme	1,252	1,273	1,252	1,273

Members' Retirement Scheme Group and Company

	£000s
At 1 June 2008	1,273
Paid in Year	(21)
At 31 May 2009	1,252

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

15) DEFERRED TAX ASSET

	Group 2009 £000s	Group 2008 £000s	Company 2009 £000s	Company 2008 £000s
Accelerated Capital Allowances	99	33	99	34
Short term timing differences	(161)	(169)	(158)	(168)
Losses	(1,684)	(700)	(1,684)	(700)
	(1,746)	(836)	(1,743)	(834)
Deferred tax on pension liability	(5,022)	(2,144)	(5,022)	(2,144)
	(6,768)	(2,980)	(6,765)	(2,978)

Movement in Deferred Tax

	Group Total 2009 £000s
Deferred tax asset at 1 June 2008	(2,980)
Deferred tax credit to the profit and loss account	(688)
Deferred tax credit to the statement of total recognised gains and losses	(3,100)
Deferred tax asset at 31 May 2009	(6,768)

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. The total asset not recognised for the Group and Company is £nil (2008: £1,476,500) all of which relates to trading losses. In addition to this there is an unprovided deferred tax liability of £905,000 (2008: £918,000) in respect of gains rolled into assets.

16) SHARE CAPITAL

	2009 £000s	2008 £000s
Authorised		
100,000,000 Ordinary shares of 50p each	50,000	50,000
Allotted, called up and fully paid		
32,825,267 Ordinary shares of 50p each	16,413	16,413

17) REVALUATION RESERVE

	Group 2009 £000s	Group 2008 £000s	Company 2009 £000s	Company 2008 £000s
At 1 June and 31 May	14,536	14,536	14,536	14,536

18) PROFIT AND LOSS ACCOUNT

	Group £000s	Company £000s
At 1 June 2008	(1,129)	(1,853)
Retained profit for the year	2,252	2,622
Actuarial loss on pension scheme	(11,070)	(11,070)
Movement on deferred tax relating to pension liability	3,100	3,100
Share option charge	16	16
At 31 May 2009	(6,831)	(7,185)

19) RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Group 2009 £000s	Group 2008 £000s
At beginning of year	29,820	30,240
Retained profit for the year	2,252	1,563
Actuarial (loss) on pension scheme	(11,070)	(2,576)
Movement on deferred tax relating to pension liability	3,100	721
Impact of tax rate change recognised in reserves	-	(128)
Share option charge	16	-
At end of year	24,118	29,820

20) MINORITY INTEREST

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

21) EMPLOYEES' AND DIRECTORS' REMUNERATION

Staff costs	2009 £000s	2008 £000s
Wages and salaries	16,951	14,783
Social security costs	1,593	1,272
Other pension costs	391	371
	18,935	16,426

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

	Full Time Equivalent 2009 Number	Full Time Equivalent 2008 Number	Headcount 2009 Number	Headcount 2008 Number
Agriculture	128	104	129	108
Retail	533	509	689	611
Energy	97	87	98	93
	758	700	916	812

Remuneration of Directors	2009 £000s	2008 £000s
Aggregate emoluments (including benefits in kind)	493	464
Performance related bonuses	128	124
Contribution to defined contribution pension scheme	40	26
	661	614

Retirement benefits are accruing to one Director under the hybrid Countrywide Farmers Retirement Benefit Scheme (2008: one). Retirement benefits are accruing to one director under the Countrywide Farmers Money Purchase Scheme (2008: one).

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

	2009 £000s	2008 £000s
Emoluments (including performance related bonus)	242	227
Defined benefit pension scheme:		
Accrued pension as at 31 May	40	38

Long Term Incentive Plan

On 29 May 2008, a Long Term Incentive Plan was introduced for key executives. In accordance with the scheme rules, the following conditional nil cost share awards were made to the Executive Directors and certain members of senior management. The weighted average share price of the company over the preceding 3 months was 26 pence per ordinary share:

	No. of shares
John Hardman	150,800
Les Collins	102,500
Senior Management	119,041
Total	372,341

On 28 May 2009, a further Long Term Incentive Plan was introduced for key executives. In accordance with the scheme rules, the following conditional nil cost share awards were made to the Executive Directors and certain members of senior management. The weighted average share price of the company over the preceding 3 months was at a price of 27 pence per ordinary share:

	No of shares
John Hardman	149,309
Les Collins	102,194
Senior Management	153,806
Total	405,309

The shares involved in the LTIP awards will be released three years from the introductory date subject to the key executives continued employment and the satisfaction of the following performance conditions:

1. 50% of the award is subject to the Company's cumulative profit before interest and tax performance over the three year period achieving agreed targets.
2. 50% of the award is subject to the Company's cumulative cash generation over the three year period achieving agreed targets.

The shares required to satisy the Awards will be either existing shares held or acquired by the Company for the purpose of employee benefits or new shares allotted and issued for the purpose.

22) 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 2009 was £201,269 (2008: £204,622).

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 £189,000 (2008: £172,000)

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

Additional contributions paid by the company during the year totalled £1,083,000 (2008: £1,012,000)

A formal valuation of the scheme was carried out on 5 April 2006 and the company increased its contributions to £1.0million to reduce the deficit identified in the final salary section of the scheme. These contributions increased to £1.05million from October 2008 and will increase to £1.1 million from October 2009.

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 4.0% per annum and that after retirement, investment earnings would exceed pension increases by 2.0% per annum. The market value of the assets at 31 May 2009 was £48.5 million, which represented 73% 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 2006 and has been updated to 31 May 2009 by a qualified independent actuary. The major assumptions used by the actuary in the valuation of the scheme under FRS17 are:

	At 31 May 2009	At 31 May 2008	At 31 May 2007
Rate of increase of pensions in payment	3.00%	3.45%	2.75%
Rate of increase in deferred pensions	3.00%	3.45%	2.75%
Discount rate	6.60%	6.50%	5.70%
Inflation assumption	3.20%	3.70%	3.00%

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

Life expectancy aged 65	31 May 2009	31 May 2008	31 May 2007
Male currently aged 45	23.1	23.1	23.0
Female currently aged 45	25.9	25.9	25.8
Male currently aged 65	22.0	22.0	21.9
Female currently aged 65	24.9	24.8	24.8

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

	Expected rate of return	Value at 31 May 2009 £000s	Expected rate of return	Value at 31 May 2008 £000s	Expected rate of return	Value at 31 May 2007 £000s
Equities/property	7.00%	37,714	7.00%	51,980	7.00%	54,832
Government bonds/cash	3.90%	5,289	5.00%	5,417	5.00%	7,124
Corporate bonds	6.60%	5,532	6.50%	4,110	5.50%	4,088
Total market value of assets		48,535		61,507		66,044
Actuarial value of liability		(66,471)		(69,162)		(72,437)
Deficit in the scheme		(17,936)		(7,655)		(6,393)
Related deferred tax asset		5,022		2,144		1,918
Net pension liability		(12,914)		(5,511)		(4,475)

Analysis of the amount charged/(credited) to other finance income:

	At 31 May 2009 £000s	At 31 May 2008 £000s
Expected return on pension scheme assets		
Interest on pension liabilities	(4,093)	(4,345)
	4,387	4,043
Net expense/(return)	294	(302)

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

	At 31 May 2009 £000s	At 31 May 2008 £000s
Actual return less expected return on assets	(14,806)	(6,868)
Changes in assumptions	3,736	4,292
Net (loss) recognised	(11,070)	(2,576)

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2009

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

	At 31 May 2009 £000s	At 31 May 2008 £000s
Defined benefit obligation at beginning of year	69,162	72,437
Interest cost	4,387	4,043
Benefits paid	(3,342)	(3,026)
Actuarial (gain)	(3,736)	(4,292)
Defined benefit obligation at end of year	66,471	69,162

	At 31 May 2009 £000s	At 31 May 2008 £000s
Fair value of assets at beginning of year	61,507	66,044
Expected return on assets	4,093	4,345
Employer contributions	1,083	1,012
Benefits paid	(3,342)	(3,026)
Actuarial (loss) on assets	(14,806)	(6,868)
Fair value of assets at end of year	48,535	61,507

History of experience gains and losses:

	At 31 May 2009 £000s	At 31 May 2008 £000s
Difference between expected and actual return on scheme assets:		
Amount (£'000s)	(14,806)	(6,868)
Percentage of scheme assets	30.51%	11.17%
Total amount recognised in statement of total recognised gains and losses:		
Amount (£'000s)	(11,070)	(2,576)
Percentage of scheme liabilities	16.65%	3.72%

23) LEASE COMMITMENTS

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

	Land and Buildings 2009 £000s	Other Plant and Machinery 2009 £000s	Group 2009 £000s	Company 2009 £000s
Within one year	87	147	234	232
Within two to five years inclusive	260	870	1,130	1,118
Over five years	1,889	18	1,907	1,783
	2,236	1,035	3,271	3,133

	Land and Buildings 2008 £000s	Other Plant and Machinery 2008 £000s	Group 2008 £000s	Company 2008 £000s
Within one year	61	191	252	223
Within two to five years inclusive	357	901	1,258	1,257
Over five years	1,224	-	1,224	1,224
	1,642	1,092	2,734	2,704

24) CAPITAL COMMITMENTS

	Group 2009 £000s	Group 2008 £000s	Company 2009 £000s	Company 2008 £000s
Capital expenditure contracted but not provided for	710	995	710	995

25) 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

26) 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 2009 £000s	Transactions 2008 £000s	Debt at 31 May 2009 £000s	Debt at 31 May 2008 £000s
T.D. Holderness-Roddam	Non Executive Director	156	43	27	2

The Group has taken advantage available to it under FRS 8 'Related Party Disclosures' to not disclose transactions or balances between Group entities that have been eliminated on consolidation.

27) 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 2009 to £9,289,000 (2008: £10,346,000). In addition, this guarantee covers bank guarantees of £270,000 (2008: £975,000)

At the year end the Group was committed to minimum payments of £764,272 in relation to contracts for the supply of gas and electricity for resale (2008: £639,822).

28) 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 Extraordinary General Meeting

Countrywide Farmers plc

(the 'Company')
(Registered in England No. 3776711)

Notice is hereby given that an Extraordinary General Meeting of the above-named Company will be held at 2.00 p.m. on the 24 September 2009 at Deer Park Hall, Eckington, Pershore, Worcester, WR10 3DN to consider and, if so resolved, to pass the resolutions below, which will be proposed as special resolutions:

SPECIAL RESOLUTIONS

1. THAT, in accordance with paragraph 4(4) of Schedule 2 to the Companies Act 2006 (Commencement No. 8, Transitional Provisions and Savings) Order 2008 (SI/2008/2860), with effect from 00.01am on 1 October 2009 or any later date on which section 28 of the Companies Act 2006 ("2006 Act") is brought into force, the articles of association of the Company be amended by deleting all the provisions of the memorandum of association of the Company which, by virtue of section 28 of the 2006 Act, are to be treated as provisions of the articles of association of the Company

2. THAT with effect from 00.01am on 1 October 2009 or any later date on which Parts 17 and 18 of the 2006 Act are brought into force, the articles of association produced to the meeting and initialled by the Chairman of the meeting for the purposes of identification be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.

By order of the Board
L.J.Collins
Company Secretary
27 August 2009

Registered Office
Defford
Earls Croome
Worcester
WR8 9DF

NOTES:

1. Resolutions 1 and 2 deal with amending the Articles of Assocation are revised to bring them in line with changes in legislation and in particular with the Companies Act 2006 which takes full effect on 1 October 2009. Amendments are proposed in the following areas:

• Conflicts of interest and directors duties
• Electronic and web communications
• Resolutions
• Convening general and annual general meetings
• Votes of members including proxy votes
• Removal of the age limit of directors on appointment
• Notice of board meetings
• Distribution of assets otherwise than in cash
• Directors' indemnities and loans to fund expenditure
• Registration of share transfers
• Removal of the Objects clause
• Change of company name provisions
• Authorised share capital and unissued shares
• Redeemable shares
• Authority to purchase own shares, consolidate and sub-divide shares
• Provision for employees on cessation of business
• Use of seals

2. The Board of Directors also take the opportunity to seek approval of the following amendments to the Articles of Association.

Definition of Farmer (article 2)

Such persons as the Nomination Commitee shall determine to be farmers, tenants, occupiers or owners of agricultural land or who have been appropriately involved and experienced in the rural and agricultural community.

Untraced Members and Powers of Sale (article 83)

To extend the existing provisions on untraced shareholders to allow the Board to operate a free share dealing service on behalf of shareholders holding a small number of shares who either request the Company to do so who are untraced or otherwise fail to answer a letter of request. Proceeds from any such sales will be held for collection by such shareholders for six years, after which if they remain unclaimed the Company may use them.

Share Qualification (article 89)

Currently there is a requirement for a Director, within six months of appointment, to acquire shares to a value of at least £1,000. While the Board encourage Directors to own shares, it should not be a requirement to do so.

Notice of Extraordinary General Meeting *(Continued)*

Countrywide Farmers plc

(the 'Company')
(Registered in England No. 3776711)

Directors Fees (article 98)

To increase the Directors fees limit from £250,000 to £300,000pa. This limit applies to the fees paid to non-executive directors including the Chairman.

Quorum for Board Meetings (article 114)

The quorum necessary for a Board Meeting shall be a minimum of three Directors provided at least two of the Directors present are Farmers. Currently a majority of the Directors present need to be Farmers.

Qualification for Chairman and Deputy Chairman of the Board (article 115)

Currently there is a requirement that both the Chairman and Deputy Chairman of the Board are Farmers. It is proposed that one or other but not both need to be Farmers.

3. Copies of the proposed new articles of association are available in advance of the meeting on written request to Lee Collett at Countrywide Farmers plc, Defford, Earls Croome, Worcester, WR8 9DF and by download from the company website at www.countrywidefarmers.co.uk/newarticles2009.pdf. Copies will also be available for inspection for at least 30 minutes before the meeting.

4. 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.

5. 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.

6. To be effective the instrument appointing a proxy, and a power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be deposited at the Company's registered office, Defford, Earls Croome, Worcester, WR8 9DF 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.

7. Members who have general queries should contact the Company Secretary at the Company's registered office, Defford, Earls Croome, Worcester WR8 9DF. 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.

Further notes to assist in completing the proxy form are set out on page 47.

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 2.05 pm. on 24 September 2009 at Deer Park Hall, Eckington, Pershore, Worcester, WR10 3DN to consider and, if so resolved, to pass the resolutions below. Resolutions numbers 1 to 5 will be proposed as ordinary resolutions, and resolution number 6 will be proposed as a special resolution:

ORDINARY RESOLUTIONS

1. To receive, consider and adopt the Company's annual accounts and the report of the directors and auditors for the year ended 31 May 2009.
2. To re-elect Mr John Harry Hardman who retires pursuant to Article 90 of the Company's Articles of Association and who, being eligible, offers himself for re-election as a director.
3. To re-elect Mr Norman Kay Leece who retires pursuant to Article 90 of the Company's Articles of Association and who, being eligible, offers himself for re-election as a director.
4. To re-appoint PricewaterhouseCoopers LLP as auditors to the Company and to authorise the directors to fix their remuneration.
5. That in substitution for any other authority previously conferred upon them, the directors, be and they are hereby generally and unconditionally authorised in accordance with section 80 Companies Act 1985 ("The Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of the said section 80) up to an aggregate issued nominal amount of £50,000,000 provided that this authority shall expire on the fifth anniversary of the passing of this resolution and provided that the Company may before the expiry of this authority make offers and agreements which would or might require relevant securities to be allotted after such expiry and notwithstanding such expiry and the directors may allot relevant securities in pursuance of such offers or agreements. (see note 4 for an explanation of this resolution).

SPECIAL RESOLUTION

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

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

   and shall expire fifteen months after the passing of this resolution, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and notwithstanding such expiry the directors may allot equity securities in pursuance of such offers or agreements. (See note 5 for an explanation of this resolution).

By order of the Board
L.J. Collins
Company Secretary
27 August 2009

Registered Office
Defford
Earls Croome
Worcester
WR8 9DF

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 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, Defford, Earls Croome, Worcester, WR8 9DF 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.

4. Resolution 5 renews the power given to the Directors to issue shares for a further period of five years. The power was originally contained in the Articles of Association when the Company was incorporated. The Directors can only be given the authority to issue shares for a maximum period of five years.

5. Resolution 6 gives the directors the power to issue shares for cash, without first offering the shares to existing shareholders by way of rights. Such power is limited to a quantity of shares not exceeding 5% of the current issued share capital. Such a power could be useful in many situations including the admission of new members. The wording in sub paragraph (i) of the resolution addresses the technicalities of company law which may arise if the directors were to propose a rights issue.

6. Members who have general queries should contact the Company Secretary at the Company's registered office, Defford, Earls Croome, Worcester WR8 9DF. 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 assist completion of the proxy form

1. The proxy form allows you to appoint a proxy for the extraordinary general meeting, or the annual general meeting (both of which are due to be held on 24 September 2009), or both.

2. If you do not wish to appoint a proxy at all, you do not need to return the proxy form. To appoint a proxy for one meeting only, complete the details for the meeting where you do wish a proxy to be appointed and tick the box indicating that you do not wish to appoint a proxy for the other meeting. To appoint a proxy for both meetings, complete the details but do not tick either of the boxes referred to.

3. If you sign and return the form to the Company but do not tick the box to indicate that you do not wish to appoint a proxy for a particular meeting, you will be deemed to appoint the Chairman of that meeting as your proxy unless you strike out the words "the Chairman of the meeting" and add the name and address of your chosen proxy. Please initial the alteration.

4. If you wish your proxy to speak, you must appoint someone other than the Chairman and you must give them relevant instructions directly.

5. Please use BLOCK CAPITALS when filling in the proxy form.

6. A member may appoint more than one proxy. If you wish to appoint more than one proxy, please contact the Company Secretary at the Company's registered office, Defford, Earls Croome, Worcester WR8 9DF to request additional proxy forms. Each proxy form must specify the shares to it relates. A member may not appoint more than one proxy to exercise rights attached to any one share.

7. Any alteration to the proxy form must be initialled by the person who signed it.

8. In the case of joint shareholders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority will be determined by the order in which the names stand in the register of members in respect of the joint holding.

9. In the case of a corporation the proxy must be given under its common seal or be signed on its behalf by an attorney or duly authorised officer.

Countrywide Sites

countrywide Farmers plc

Supplying the rural community

Agriculture

Energy

Retail

Countrywide Farmers plc, Defford, Earls Croome, Worcestershire WR8 9DF
Telephone: 01386 757300 Fax: 01386 757390
E-mail: enquiries@countrywidefarmers.co.uk Website: www.countrywidefarmers.co.uk