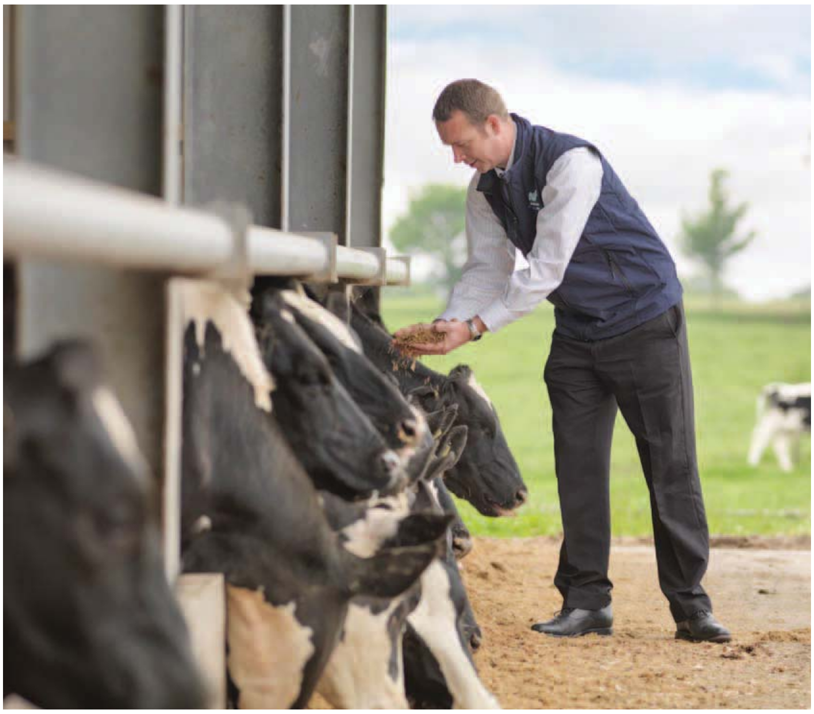


NWF GROUP PLC

Annual Report and Accounts 2013

An agricultural business with heritage.

NWF Group is a specialist agricultural and distribution business delivering feed, food and fuel across the UK. Our aim is to deliver total shareholder returns by the continued profitable development of our businesses through a combination of organic growth, capital investment and selective acquisitions.

Highlights from 2013

A record year for the Group. NWF has established a solid platform for future development with sustainable low levels of net debt and good market positions.

- Revenue £545.8 million (2012: £540.2 million)
- Operating profit up 54.0% to £9.7 million (2012: £6.3 million)
- Profit before taxation up 64.7% to £8.4 million (2012: £5.1 million)
- Basic earnings per share up 61.7% to 13.1p (2012: 8.1p)
- Full year dividend increased 6.7% to 4.8p per share (2012: 4.5p)
- Net debt down 40.6% to £9.2 million (31 May 2012: £15.5 million)
- Debt to EBITDA at 0.7 times (31 May 2012: 1.6 times)
- £55.0 million banking facilities in place to October 2015

Find more online

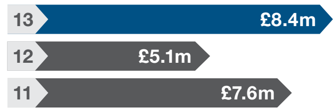
You can keep up to date with all the latest news and figures from NWF via our website **www.nwf.co.uk**

Revenue

£545.8m
+1.0%

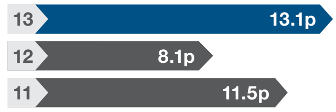
Profit before taxation

£8.4m
+64.7%



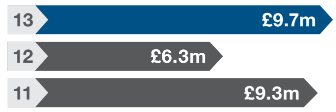
Basic earnings per share

13.1p
+61.7%



Operating profit

£9.7m
+54.0%



Dividends per share

4.8p
+6.7%

Contents

Our business
How we operate

Successfully developed from common roots.

Established in 1871 to supply farmers' needs, NWF has grown into a strong, profitable and resilient business, with operations across the UK and a substantial asset base.
We operate in large stable markets which we understand well. Our businesses have scale, good market positions, and are profitable and cash generative.

Our three divisions:

Feeds
Full review on page 10

Leading national supplier of ruminant animal feed

NWF Agriculture has grown to be a leading national supplier of ruminant animal feed, feeding one in seven dairy cows in Britain. The business supplies over 4,000 farmers from Argyll in Scotland to Cornwall.

- Leading national supplier of ruminant animal feed – no. 2 producer in the UK
- 4,000 customers
- Sell 481,000 tonnes per annum
- Track record of winning new business – dairy specialists
- Strong national sales team providing nutritional advice to farmers
- Agricultural markets attractive, with increasing populations and food security issues

Food
Full review on page 12

Market leader in the North West of England

Boughey Distribution is a leading consolidator of ambient grocery products with significant warehousing and distribution assets. The business consolidates full loads from its customers, the food producers and importers, and ships across the UK daily to all the major supermarkets, cash and carry and food service customers.

- 115,000 pallet spaces
- 900,000 ft^2 of warehousing in Wardle and Deeside (North West)
- Over 200 customers
- 99.7% service level (cases delivered on time)
- 494 employees
- Robust demand for ambient groceries

Fuels
Full review on page 14

Third largest fuels distributor in the UK

NWF Fuels is a leading distributor of fuel oil and fuel cards delivering across the UK to 38,000 customers. It is one of the largest authorised distributors of Texaco and is a major customer of other fuel suppliers including Shell, Conoco and Total.

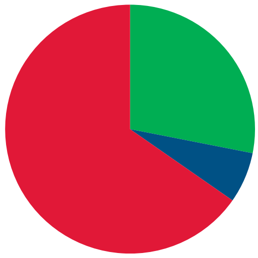
- Third largest distributor in the UK
- 411 million litres sold in 2013
- Supply 38,000 domestic and commercial customers, including 76 retail petrol stations
- 17 fuel depots across the UK
- 188 employees
- Fast growing fuel card marketing business

Performance by division

- Feeds
- Food
- Fuels

Revenue

- Feeds 28.1%
- Food 6.6%
- Fuels 65.3%



Operating profit

- Feeds 40.2%
- Food 14.4%
- Fuels 45.4%

Operating net assets[1]

- Feeds 34.8%
- Food 50.4%
- Fuels 14.8%

[1] *Excludes unallocated corporate assets and liabilities. For further information on segment net assets, see note 4 of the Group financial statements.*

Our focus

A resilient strategy

Creating shareholder value through a resilient strategy.

Our strategy is to deliver total shareholder returns by the continued profitable development of our businesses through a combination of organic growth, capital investment and selective acquisitions.
We operate in large stable markets which we understand well. Our businesses have scale, good market positions, and are profitable and cash generative.

Our strategy is built on three key strengths

1

Understanding our markets

In today's economic and financial environment the experience and expertise of our staff is critical. This is illustrated with our 861 staff having in excess of eight years' average service in a group that has doubled in size in the last six years.

2

Excellence in customer service

Across the Group customer service is the number one priority. Whether it is delivering in excess of 99.7% service to supermarkets in food, reaching nine out of ten callers who have run out of fuel on the same day or delivering to farm within 24 hours when needed by farmers, the business strives to provide the highest quality of service in all areas.

3

Building on a solid platform

The Group has established a solid platform with strong profit development and cash conversion which has reduced debt. Competitive long-term banking facilities and a substantial asset base will support the Group's development.

A strong heritage

With a heritage in the agricultural sector, established in 1871, the Group has 140 years' experience in adding value to our customers' businesses.

Our three divisions in the manufacture and supply of animal feeds, ambient grocery distribution and the distribution of fuels have been successfully developed from common roots.

Feeds

4,000+ farmers

Our Feeds division supplies to more than 4,000 farmers across the UK. Consumer demand for milk and dairy products has been stable through the recession and is forecast to grow modestly.

Food

200+ customers

Food has over 200 customers, many with long-term contracts. Demand for ambient grocery products will grow as the population increases and consumers continue to eat more.

Fuels

38,000+ customers

Fuels provides for 38,000 customers in the UK across all major oil categories. Future demand for oil is forecast to be stable.

Chairman's statement

A record year for the Group. NWF has established a solid platform for future development with sustainable low levels of net debt and good market positions.

Whilst the overall economic outlook remains uncertain, the markets for the Group's products and services remain resilient and robust.

Mark Hudson
Chairman

Summary

- A record year for the Group
- Revenue £545.8 million (2012: £540.2 million)
- Operating profit up 54.0% to £9.7 million (2012: £6.3 million)
- Profit before taxation up 64.7% to £8.4 million (2012: £5.1 million)
- Basic earnings per share up 61.7% to 13.1p (2012: 8.1p)
- Full year dividend increased 6.7% to 4.8p per share (2012: 4.5p)
- Net debt down 40.6% to £9.2 million (31 May 2012: £15.5 million)
- Debt to EBITDA at 0.7 times (31 May 2012: 1.6 times)
- £55.0 million banking facilities in place to October 2015

I am pleased to report a record year for the Group. NWF has established a solid platform for future development with sustainable low levels of net debt and good market positions. Feeds performed well, focusing on providing nutritional advice and supplying farmers directly whilst managing significant increases and volatility in commodity prices. Food has continued to face tough market conditions with the ambient consolidation market having excess capacity and supermarkets squeezing their supply chains. The business focused on delivering high levels of service whilst restructuring operations to increase efficiencies. Fuels delivered a very strong turnaround from the previous year by restructuring, optimising performance through a focus on customer service and an extended cold winter, which significantly increased the demand for heating oil.

Results

Revenue in the year was up 1.0% to £545.8 million (2012: £540.2 million) and operating profit was up 54.0% to £9.7 million (2012: £6.3 million). Revenue growth in Feeds as a result of higher commodity prices has been offset by a reduction in Fuels from lower Brent Crude oil prices and lower business activity in Food.

The Feeds division delivered a strong performance; whilst overall volumes were stable, business volumes have increased direct to farmers, for whom nutritional advice is a key part of our proposition. This change in customer mix and the increases in commodity prices led to the significant improvement in profitability.

“

We continue to focus on development opportunities, both organic and through targeted acquisitions.

The Food division has been operating in tough markets where consolidators have been under pressure from both retailers, whose failure to grow reflects consumer expenditure patterns and from leading manufacturers and importers who are faced with significant commodity cost increases. Further restructuring has been implemented to maintain high service levels and improve efficiency. The Fuels division has delivered a successful turnaround from the prior year following significant restructuring and cost reduction. The continued focus on customer service across the nationwide network of depots, together with the extended cold winter and increased demand for heating oil, has delivered an excellent result.

Profit before taxation was up 64.7% to a record £8.4 million (2012: £5.1 million) and profit after taxation was a record £6.2 million (2012: £3.8 million).

Basic earnings per share were up 61.7% to 13.1p (2012: 8.1p) and diluted earnings per share were 13.0p (2012: 8.0p).

Cash flows and funding

The Group generated £10.4 million (2012: £3.9 million) net cash from operating activities. This included a net working capital inflow of £0.4 million (2012: outflow of £1.2 million), as commodity price increases were offset by a reduction in debtor days reflecting a continued focus on working capital and cash management. Cash used to fund capital expenditure, net of receipts from disposals, was only £1.9 million (2012: £3.1 million) as significant projects had been completed in prior years. Overall net debt at 31 May 2013 was £9.2 million (31 May 2012: £15.5 million).

Cash conversion was 107.2% (2012: 61.9%); measured as net cash generated from operating activities as a percentage of operating profit. Sustainable improvements have been delivered in the working capital cycle in the Fuels division as a part of the focused restructuring. This offset the increase in working capital required to fund the revenue growth in Feeds. Cash conversion also improved as a result of lower corporation tax paid in the year.

Debt to EBITDA at 31 May 2013 was 0.7 times (31 May 2012: 1.6 times). Interest cover (excluding IAS 19 net pension finance cost) for the year was 10.8 times (2012: 7.0 times).

Dividend

We are proposing to increase the final dividend for the year to 3.8p (2012: 3.5p) per share which, if approved at the Annual General Meeting, will be payable on 2 December 2013 to shareholders on the register at 23 August 2013 and the shares will be marked ex-div from 21 August 2013. Together with the interim dividend paid during the year of 1.0p (2012: 1.0p) per share, this will result in a total dividend increase of 6.7% for the year to 4.8p per share (2012: 4.5p), amounting to a total cost of £2.3 million (2012: £2.1 million).

Board changes

John Acornley has announced his intention to step down from the Board later this year having completed twelve years of service to the Group. I would like to thank John for his input and support as both a member of the Board and Chair of the Audit Committee where, in both roles, he has made a positive and lasting contribution.

I am pleased to announce the appointment of two new Non-Executive Directors to support the Group through the next stage of its development. Yvonne Monaghan, currently group finance director of Johnson Service Group plc, joins the Board and her experience as a director of an AIM listed business, which has gone through both a restructuring and a successful development programme will benefit the Group. Philip Acton, formerly chief operating officer of Genus plc, joins the Board and brings with him extensive knowledge of the agriculture industry, which is a key focus point for the future development of the Group.

Current trading and prospects

Progress to date in the new financial year has been in line with the Board’s expectations with all divisions performing as planned. We continue to focus on development opportunities, both organic and through targeted acquisitions.

My thanks go to all who have supported NWF through the year both inside and outside the Group. I look forward to updating shareholders on the Group’s progress at the time of the Annual General Meeting on 26 September.

Mark Hudson

Mark Hudson
Chairman

6 August 2013

Business and financial review
Overview

NWF has delivered a year of record profits and has been successful in reducing debt further than anticipated.

The Group has established a solid platform for development, has competitive long-term banking facilities and a strong asset base.

Richard Whiting
Chief Executive

Brendon Banner
Finance Director

Summary

- Specialist agricultural and distribution business
- Continued focus on development opportunities, both organic and through targeted acquisitions
- Profit before taxation up 64.7% to £8.4 million (2012: £5.1 million)
- Net debt down 40.6% to £9.2 million (31 May 2012: £15.5 million)
- Competitive banking facilities in place to October 2015
- All divisions profitable and cash generative, with experienced management teams
- Substantial asset base and a strong platform for development

NWF has delivered a year of record profits and has been successful in reducing debt further than anticipated. Strong performances from Feeds and Fuels have delivered the outperformance, with Food still facing difficult market conditions and additional restructuring. In spite of the tough economic environment cash performance has been very good with cash conversion over 100% and improvements in debtor days achieved across all three divisions.

The Group delivered an operating profit of £9.7 million (2012: £6.3 million) and a record profit before taxation up 64.7% to £8.4 million (2012: £5.1 million).

Net debt of £9.2 million (31 May 2012: £15.5 million), which represents a debt to EBITDA ratio of 0.7 times (2012: 1.6 times), was delivered by improved management of working capital, particularly in the Fuels division, where the price of oil fell, offsetting the impact of increases in commodity costs and revenues in Feeds. The improved operating profit together with lower levels of capex and lower corporation tax paid in the year delivered this solid reduction in net debt.

Group results for the year ended 31 May

Group revenue

13	£545.8m
12	£540.2m

Group operating profit

13	£9.7m
12	£6.3m

Net debt

13	£9.2m
12	£15.5m

	2013 £m	2012 £m
Revenue		
Feeds	**153.1**	133.9
Food	**36.4**	42.4
Fuels	**356.3**	363.9
	545.8	540.2
Operating profit		
Feeds	**3.9**	2.7
Food	**1.4**	3.0
Fuels	**4.4**	0.6
	9.7	6.3
Finance costs	**(1.3)**	(1.2)
Profit before taxation	**8.4**	5.1
Income tax expense	**(2.2)**	(1.3)
Profit for the year	**6.2**	3.8
Group shareholders' equity	**28.2**	25.7
Group net debt	**9.2**	15.5

"

The Group has continued to demonstrate its strategic intent with the successful acquisition and integration of Swan Petroleum.

The Group has an agreement in place with The Royal Bank of Scotland Group for senior credit facilities totalling £55.0 million through to 31 October 2015. These facilities and the on-going support of the bank allow the Group to continue its development plans from the platform achieved to date. There is significant headroom against these facilities after allowing for working capital fluctuations during the year.

NWF Group is a specialist agricultural and distribution business delivering feed, food and fuel across the UK. Each of our trading divisions have scale, good market positions, and are both profitable and cash generative.

In our Feeds division, we are a leading national supplier of ruminant animal feeds (which feeds one in seven dairy cows in Britain) and have opportunities to continue our growth track record with the focus on winning business direct with farmers. The increasing emphasis on a technically supported, nutritional-based sales approach will continue to add value to the business and the recent recruits to the sales team are performing well. We are looking to continue our track record of organic growth in this division and, in line with our strategic emphasis on agriculture, looking for complementary and bolt on businesses to increase the business with UK farming.

In Food, we have operated efficiently and provide a high level of service. We are now looking to improve the returns from the business by concentrating our consolidation activities at the Wardle site, which will as a consequence then operate at capacity, albeit maintaining the flexibility of additional storage capacity at Deeside for the coming year.

In Fuels, we have a proven depot-operating model and have demonstrated that the rationalised business performance has recovered to sustainable levels of performance and are looking to develop the business organically and through appropriate strategic bolt on acquisitions.

The Group has established a solid platform for development, has competitive long-term banking facilities and a strong asset base.

Full financial statements can be found on page 27 27

Business and financial review continued
Divisional review: Feeds

Feeds

NWF Agriculture has grown to be a leading national supplier of ruminant animal feed, feeding one in seven dairy cows in Britain. The business supplies over 4,000 farmers from Argyll in Scotland to Cornwall.

Our business

- Leading national supplier of ruminant animal feed – no. 2 producer in the UK
- 4,000 customers
- Sell 481,000 tonnes per annum
- Track record of winning new business – dairy specialists
- Strong national sales team providing nutritional advice to farmers
- Agricultural markets attractive, with increasing populations and food security issues

Our locations

1 Ayr
2 Penrith
3 Wardle*
4 Wixland

NWF Agriculture customer location

* Group head office and main operating site

This was another successful year for Feeds, in volatile market conditions. The demand for feed was high as a consequence of poor quality and low volumes of silage and the extended cold weather in the spring. The consequence was reduced forage growth and increased demand, particularly for sheep feed. In addition, commodity costs increased significantly such that against a basket of commodities in a typical feed ration, the spot price of raw material increased by over 20% during the year. As a consequence staged price increases were implemented to smooth the impact for our customers and the decision was made to focus on direct business with farmers where nutritional advice is provided and additional products can be sold.

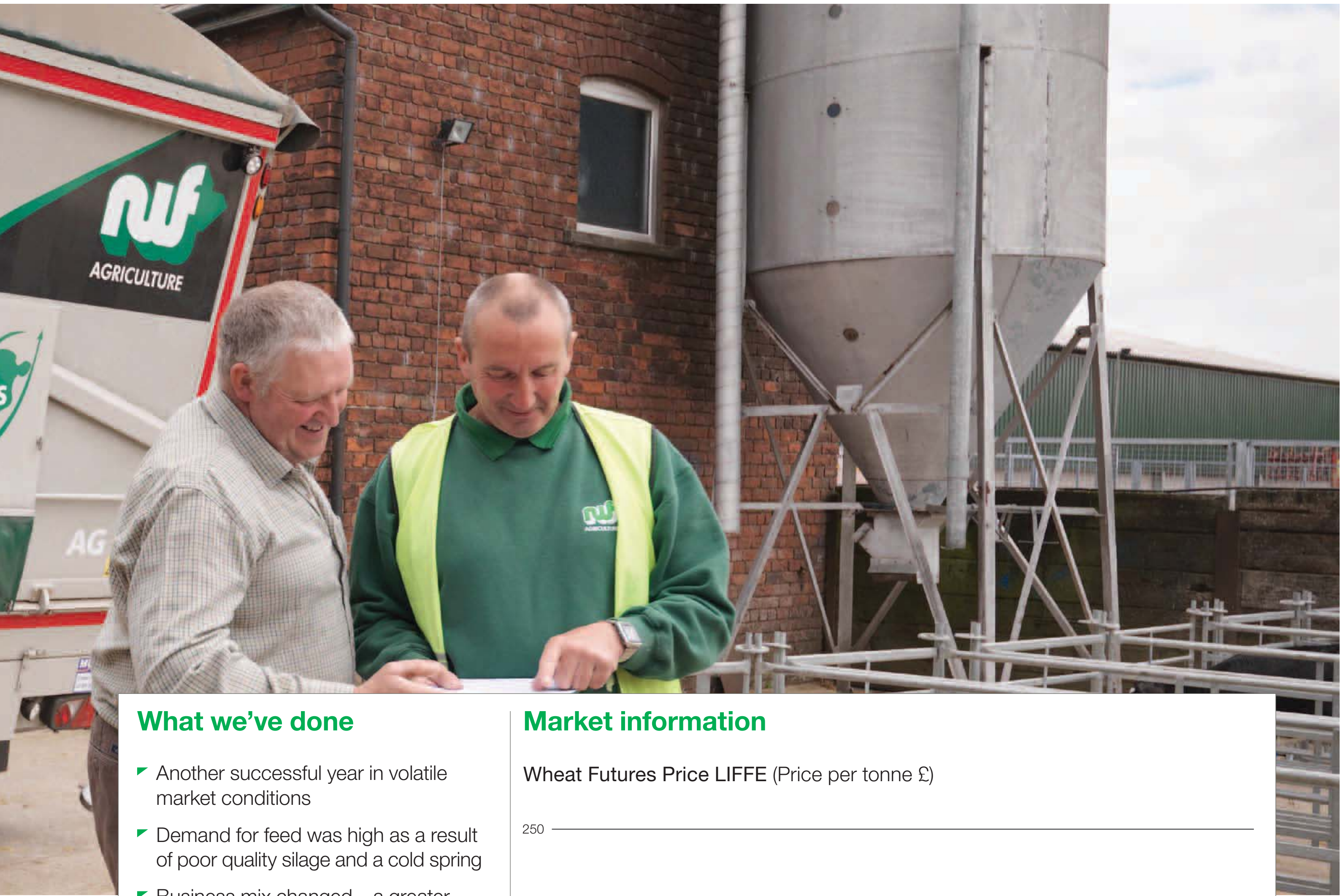
Revenue increased by 14.3% to £153.1 million (2012: £133.9 million) as a result of increased selling prices and a change in business mix. Operating profits were £3.9 million (2012: £2.7 million). The improved profit performance includes some one-off gains, which have been made as a result of increasing commodity prices. Total manufactured volume was broadly flat at 481,000 tonnes (2012: 486,000 tonnes). Marketing and technical support activity has increased to support the development of the added value nutritional sales proposition direct to farmers. Additional experienced sales personnel have joined the team to support the business and sales trainees have also been recruited.

The increase in nutritional focus in our Feeds division is a key strategy for the business in providing more advice and value added products to our farming customers to improve their business performance.

Milk prices in Great Britain increased during the year by 1.8p per litre which farmers required to support the higher feed costs which have been driven by the movement in underlying commodities. The average milk price was 29.7p per litre in May 2013 (2012: 27.9p per litre). Milk production fell to 10.9 billion litres (2012: 11.5 billion litres) as a consequence of poor quality and quantity of silage and forage. Early indications for current year's silage are more positive. Overall market ruminant feed volumes were up 13% with sheep feed up over 25% as a result of difficult spring conditions for farmers.

The Feeds division has a very broad customer base working with over 4,000 farmers across the country. This broad base and the underlying robust demand for milk and dairy products results in a reasonably stable overall demand for our feed. Recent further increases in milk prices and indications of improved silage have eased some of the pressure on farmers of increasing commodity costs and poor spring grazing with business conditions more normal for our Feeds division for the time of year.

For more go to www.nwfagriculture.co.uk



What we've done

- Another successful year in volatile market conditions
- Demand for feed was high as a result of poor quality silage and a cold spring
- Business mix changed – a greater proportion of feed supplied direct to farmers, supported by nutritional advice
- Marketing and technical support activity increased to support the development of the added-value nutritional sales proposition, direct to farmers
- Revenue increased by 14.3% to £153.1 million (2012: £133.9 million)
- Operating profits were £3.9 million (2012: £2.7 million) – 2013 benefited from one-off profits from commodity gains

Market information

Wheat Futures Price LIFFE (Price per tonne £)

How we've done Feeds key performance indicators

Revenue	Operating profit	Tonnes sold
£153.1m +14.3%	**£3.9m** +44.4%	**481,000** -1.0%
13 £153.1m	13 £3.9m	13 481,000
12 £133.9m	12 £2.7m	12 486,000

Business and financial review continued
Divisional review: Food

Food

Boughey Distribution is a leading consolidator of ambient grocery products with significant warehousing and distribution assets. The business consolidates full loads from its customers, the food producers and importers, and ships across the UK daily to all the major supermarkets, cash and carry and food service customers.

Our business

- 115,000 pallet spaces
- 900,000 ft^2 of warehousing in Wardle and Deeside (North West)
- Market leader in the North West
- Over 200 customers
- 99.7% service level (cases delivered on time)
- 494 employees
- Robust demand for ambient groceries

Our locations

1 Deeside
2 Wardle*

* Group head office and main operating site

Overall this has been a difficult year for the Food division as the market continues to be impacted by the lack of a recovery in consumer expenditure in the supermarkets. The business had spare storage capacity during the year and, whilst there were some small account wins, the storage volumes were largely unchanged from the start of the year. Service levels have been excellent with service now at 99.7%. Further restructuring is planned to reduce the distribution footprint and to ensure all consolidation activity takes place at Wardle where a high level of service can be delivered more efficiently.

Revenue fell by 14.2% to £36.4 million (2012: £42.4 million) as lower storage levels reduced sales. Storage overall was at an average of 95,000 pallets (2012: 105,000 pallets). Storage peaked in November with an average of 98,000 pallets in stock during the month, well within the capacity of the business. Demand, measured in outbound loads, was lower than the prior year and in line with the lower volumes stored. Further progress was made on utilising the backload and general haulage capacity of the fleet and the activity in the packing room was good. Operating profits decreased to £1.4 million (2012: £3.0 million), as a consequence of lower activity than the prior year and are stable.

Operating efficiencies have improved in line with our expectations for the systems improvements implemented last year. Whilst the lower activity levels have held back profit growth, an improvement has been seen in the service level to our customers that now stands at 99.7% (2012: 99.6%), a level consistently higher than before the new systems. Customers now have real time access, via an extranet link, to key information including stock, order status and account data, which has been well received and utilised. This gives customers industry-leading access to live data and is a part of the strong proposition we provide to ambient grocery customers.

Work has been completed in reviewing the opportunity to move consolidating customers from Deeside to Wardle to improve service and efficiencies further. This will reduce the trunking required in the business, fully utilise the Wardle facility and improve operating efficiencies. The leased Deeside facility, which has a lease break at the end of the next financial year, is under review. Once consolidating stock has been transferred to Wardle, the Deeside facility will only be utilised for excess stock required by our customers and will be manned with a reduced complement of staff. It is intended to redeploy all staff from Deeside to Wardle.

Demand for our customers' products continues to remain stable and the outlook for most product categories handled by the business is resilient. The business operates in a competitive supply chain and needs to continually demonstrate the value and service that it provides to food manufacturers and importers. The business has a leading position in consolidating ambient grocery products in the North West, with high service levels, industry-leading systems and a strong operating performance being the key components of this business. The short-term outlook remains tough, as there are no signs of increasing consumer expenditure.

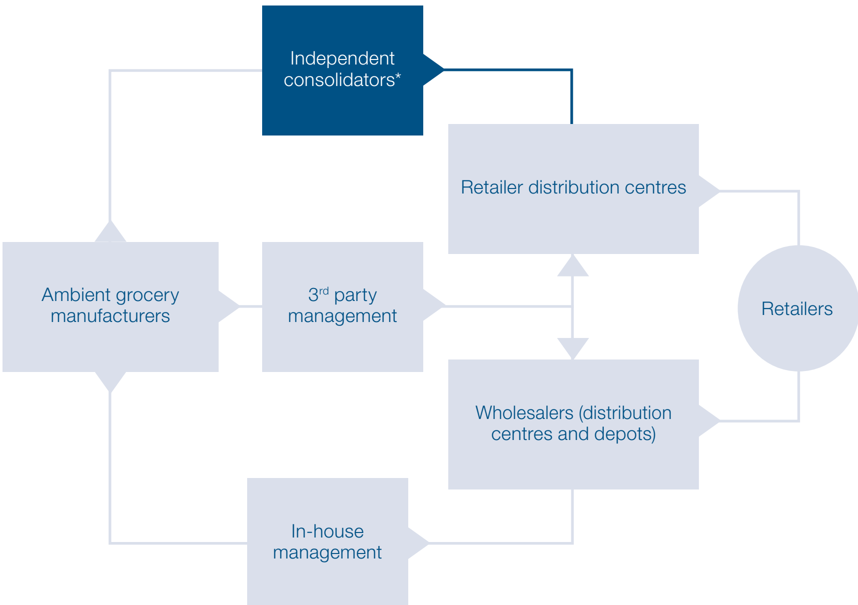
For more go to www.boughey.co.uk

What we've done

- A difficult year – our market continues to be impacted by a lack of recovery of consumer spending in supermarkets
- Business had spare storage capacity in the year – storage at an average of 95,000 pallets (2012: 105,000)
- Demand, measured in outbound loads, was lower than the prior year, in line with the lower storage volumes
- Further progress made on utilising the backload and general haulage capacity of the fleet
- Customer service levels improved to 99.7% (2012: 99.6%)
- Further restructuring planned to improve customer service and operating efficiencies
- Revenue fell by 14.2% to £36.4 million (2012: £42.4 million)
- Operating profits decreased to £1.4 million (2012: £3.0 million)

Market information

Ambient grocery supply chain



* Boughey's current position in the supply chain

How we've done Food key performance indicators

Revenue

£36.4m
-14.2%

Operating profit

£1.4m
-53.3%

Average pallet spaces stored

95,000
-9.5%

Business and financial review continued
Divisional review: Fuels

Fuels

NWF Fuels is a leading distributor of fuel oil and fuel cards delivering across the UK to 38,000 customers. It is one of the largest authorised distributors of Texaco and is a major customer of other fuel suppliers including Shell, Conoco and Total.

Our business

- Third largest distributor in the UK
- Sales volumes in 2013 – 411 million litres
- Supply 38,000 domestic and commercial customers, including 76 retail petrol stations
- 17 fuel depots across the UK
- 188 employees
- Fast growing fuel card marketing business
- Our markets are large, robust and resilient

Our locations

1 Acle
2 Ammanford
3 Babbinswood
4 Bangor
5 Boston
6 Burnley
7 Burwell
8 Droitwich
9 Dyserth
10 Kenilworth
11 Kingsbury
12 Long Marston
13 Nottingham
14 Southampton
15 Stoke
16 Wardle*
17 Yate

* Group head office and main operating site

This has been a strong turnaround year for Fuels following extensive restructuring at the end of the prior year with a significant reduction in the size of the tanker fleet and lower levels of staffing to deliver a low cost depot operating model. The result was supported by an increased demand for heating oil, particularly in the spring, when temperatures were consistently low. At this time our service levels were at a premium enabling us to benefit from the opportunity in the market. The market also benefited from some easing of oil prices, which gave relief to commercial and domestic customers compared to the record prices seen in the prior year.

Revenue decreased by 2.1% to £356.3 million (2012: £363.9 million) as a result of lower oil prices. The average Brent Crude oil price in the year was $108 per barrel, 4% lower than the average of $113 in the previous year. Prices in the last few months of the year stabilised at around $100 per barrel. Overall sales volumes increased by 0.7% to 411 million litres (2012: 408 million litres). The mix of volume changed with a significant increase in higher margin heating oil offsetting lower volumes of petrol and diesel distributed in the year.

Operating profits were £4.4 million (2012: £0.6 million), which is an excellent result. The restructuring, with a reduction of 15 tankers and a 9% reduction in staff across the business, delivered a low cost depot based operating model, which was in place from the start of the financial year. The extended winter conditions, which ran through into the spring, increased demand for heating oil and the value customers place on the high level of customer service offered across the business.

The acquisitions of Evesons and Swan Petroleum, both completed in the last three years, have contributed in line with management's expectations since acquisition and are fully integrated into the network.

With nearly 38,000 customers being supplied across 17 fuel depots, the Fuels division operates in markets that are large, robust and reasonably stable.

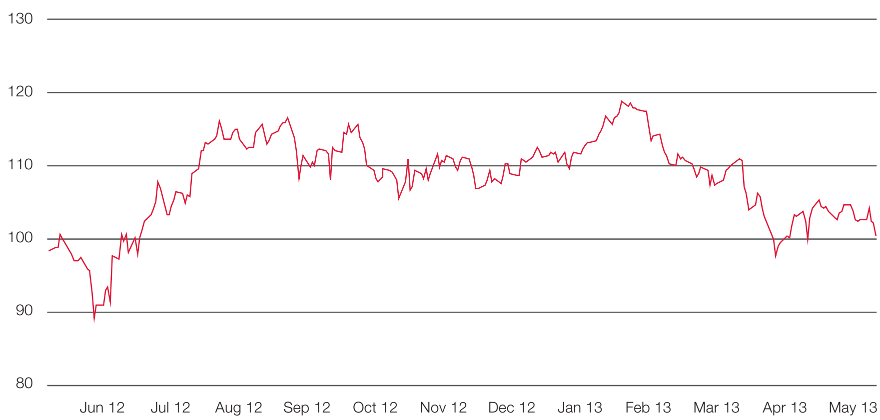
For more go to www.nwffuels.co.uk

What we've done

- A very strong turnaround
- Extended winter conditions, which ran through to spring, increased demand for heating oil and the importance customers placed on service levels
- Market conditions also improved in the year due to some easing of oil prices
- Mix of business changed – significant increase in higher margin heating oil sales, offsetting lower sales volumes of petrol and diesel
- The acquisitions of Evesons and Swan Petroleum, completed in the last three years, have contributed in line with management expectations and are fully integrated into the depot network
- Revenue decreased by 2.1% to £356.3 million (2012: £363.9 million), as a result of lower oil prices
- Operating profits increased to £4.4 million (2012: £0.6 million)

Market information

Oil prices (Brent Crude $/barrel – Oil Market Journal)



How we've done Fuels key performance indicators

Revenue

£356.3m
-2.1%

13 £356.3m
12 £363.9m

Operating profit

£4.4m
+633.3%

13 £4.4m
12 £0.6m

Litres sold

411m
+0.7%

13 411m
12 408m

Business and financial review continued

Financial results

Group results

Year ended 31 May

	2013 £m	2012 £m
Revenue	**545.8**	540.2
Operating expenses	**(536.1)**	(533.9)
Operating profit	**9.7**	6.3
Net finance costs:		
Net finance cost in respect of defined benefit pension schemes	**(0.4)**	(0.3)
Other finance costs	**(0.9)**	(0.9)
	(1.3)	(1.2)
Profit before taxation	**8.4**	5.1
Income tax expense	**(2.2)**	(1.3)
Profit for the year	**6.2**	3.8

Group results

Group revenue increased by 1.0% to £545.8 million (2012: £540.2 million). Operating profit was £9.7 million representing a substantial improvement of 54.0% (2012: £6.3 million).

Total net finance costs increased from £1.2 million in 2012 to £1.3 million in 2013 due to the higher IAS 19 net financing cost in respect of the defined benefit pension scheme as a result of a fall in the expected return on scheme assets. Other financing costs remained unchanged at £0.9 million; however, within this, interest on bank loans and overdrafts fell by £0.1 million to £0.8 million reflecting the fall in the levels of net debt.

Interest cover (excluding IAS 19 net pension finance costs) was 10.8 times (2012: 7.0 times).

The tax charge has increased to £2.2 million from £1.3 million in 2012 as a result of the improvement in profit before tax. The tax charge represents a similar level of effective tax rate of 25.9% (2012: 25.5%). The Group's future underlying effective rate of tax is expected to fall slightly in line with the main rate of corporation tax.

Basic earnings per share have increased by 61.7% to 13.1p (2012: 8.1p) and diluted earnings per share increased by 62.5% to 13.0p (2012: 8.0p).

Balance sheet

As a result of the strong trading performance during the year, the Group has increased net assets by £2.5 million to £28.2 million (31 May 2012: £25.7 million) despite the impact of an increase in the Group's defined benefit pension scheme deficit from a net pension liability of £13.1 million as at 31 May 2012 to £14.5 million as at 31 May 2013.

Tangible and intangible assets have reduced to £48.8 million as at 31 May 2013 (31 May 2012: £50.5 million) as a result of reduced levels of capital expenditure in the year.

Net working capital has continued to be an area of focus for the Group as demonstrated by a fall in net working capital to £9.2 million as at 31 May 2013 (31 May 2012: £9.5 million). Within net working capital, trade and other receivables increased to £62.4 million (31 May 2012: £56.2 million), which was more than offset by the increase in trade and other payables to £57.0 million (31 May 2012: £50.4 million). Debtor days reduced in all three divisions in the year.

Net debt decreased to £9.2 million (31 May 2012: £15.5 million), reflecting the strong trading performance and cash generation during the year.

Net deferred tax liabilities reduced to £0.5 million (31 May 2012: £1.0 million), reflecting the impact of the changes in the retirement benefit obligations.

The gross liability of the Group's defined benefit pension scheme increased by £1.5 million to £18.8 million (31 May 2012: £17.3 million). The value of pension scheme assets increased by 13.9% to £31.1 million (31 May 2012: £27.3 million) due to the appreciation in equity values during the second half of the year. The value of the scheme liabilities increased to £49.9 million (31 May 2012: £44.6 million) primarily as a result of a 0.2% reduction, to 4.3%, in the discount rate used to calculate the present value of the future obligations.

Cash flow and banking facilities

The Group continues to focus on cash and working capital management and has been successful in substantially reducing the level of year end net debt from £15.5 million to £9.2 million during the year under review.

Net cash generated from operating activities was £10.4 million, an increase of £6.5 million (2012: £3.9 million). Operating cash flow before working capital movements was £12.2 million (2012: £8.2 million) which reflects a cash conversion ratio of 126% of operating profit. Working capital fell slightly by £0.4 million (2012: £1.2 million increase).

Cash utilised to finance capital expenditure (net of disposal proceeds) reduced by £1.2 million to £1.9 million (2012: £3.1 million) reflecting both the high level of capital investment in the recent past and also the deliberate focus on cash management. The main areas of capital expenditure were investments in energy efficient lighting (£0.3 million), £0.4 million invested in process control systems, new Feeds IT systems of £0.3 million and ongoing investment in Feeds mill improvements of £0.3 million, together with a range of smaller projects across the three divisions.

Overall there was a small decrease in cash and cash equivalents of £0.1 million (2012: £0.5 million decrease).

The Group continues to benefit from senior credit facilities from The Royal Bank of Scotland totalling £55.0 million which are committed through to 31 October 2015, with the exception of the bank overdraft facility of £1.0 million which is renewed annually. As noted in 2012, included within the total facility of £55.0 million, the Group has an invoice discounting facility, the

Balance sheet
As at 31 May

	2013 £m	2012 £m
Tangible and intangible fixed assets	**48.8**	50.5
Net working capital	**9.2**	9.5
Cash at bank and in hand	**0.1**	0.2
Short-term borrowings	**(0.2)**	(1.0)
Medium-term borrowings	**(9.1)**	(14.7)
Current tax liabilities	**(1.3)**	(0.5)
Deferred tax liabilities (net)	**(0.5)**	(1.0)
Retirement benefit obligations	**(18.8)**	(17.3)
Net assets	**28.2**	25.7

Cash flow
Year ended 31 May

	2013 £m	2012 £m
Operating cash flows before working capital movements	**12.2**	8.2
Working capital movements	**0.4**	(1.2)
Interest paid	**(0.8)**	(1.0)
Tax paid	**(1.4)**	(2.1)
Net cash generated from operating activities	**10.4**	3.9
Capital expenditure (net of receipts from disposals)	**(1.9)**	(3.1)
Acquisition of subsidiary	**—**	(2.7)
Net cash generated/(absorbed) before financing activities	**8.5**	(1.9)
Net (decrease)/increase in bank borrowings	**(5.5)**	4.6
Dividends paid	**(2.1)**	(2.1)
Other financing cash flows	**(1.0)**	(1.1)
Net decrease in cash and cash equivalents	**(0.1)**	(0.5)

availability of which depends on the level of trade receivables available for refinancing and which is subject to a maximum drawdown of £44.0 million. The banking facilities are provided subject to ongoing compliance with conventional banking covenants against which the Group has substantial levels of headroom.

Financial risk management
The Group's operations expose it to a variety of financial risks: price risk; interest rate risk; credit risk; and liquidity risk. There is no significant foreign exchange risk in respect of the Group's operations.

The Group's policy in respect of managing financial risk has not changed significantly in the year ended 31 May 2013.

Price risk
The Group is exposed to commodity price risk principally in respect of certain raw materials in its Feeds business and oil-related products in the Fuels business.

The Feeds business enters into forward supply contracts in order to manage the impact of price movements on its gross margin. The fair value of forward supply contracts recognised in the balance sheet in accordance with IAS 39 'Financial Instruments: Recognition and Measurement' is £Nil (31 May 2012: £0.2 million).

The Group has not designated any of these contracts as hedging instruments during the period under review. As a result, changes in the fair value of non-hedging forward supply contracts amounting to £0.2 million (31 May 2012: £Nil) have been charged to the income statement in the year.

The Fuels division's oil-related products 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 enable the business to effectively manage the risk of gross margin erosion. Forward supply contracts are not utilised by this business.

Interest rate risk
The Group is exposed to interest rate risk due to its floating rate borrowings. In prior years, the Group has used interest rate derivatives to manage its exposure to interest rate increases on its borrowings. At 31 May 2013 and 31 May 2012, the Group held no interest rate derivatives.

Credit risk
Where appropriate, relevant credit checks are performed on potential customers before sales are made. The amount of exposure to any individual customer is controlled by means of a credit limit that is monitored regularly by management and, in the case of a financially material value, by the Executive Directors. In addition, the Fuels business maintains credit insurance for certain higher value accounts in order to manage the potential financial loss incurred on certain bad debts.

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

Going concern
The Group has an agreement with The Royal Bank of Scotland Group for senior credit facilities totalling £55.0 million. With the exception of the bank overdraft facility of £1.0 million, which is renewed annually, these facilities are committed through to 31 October 2015.

Accordingly, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Share price
The market price per share of the Company's shares at 31 May 2013 was 118.0p (31 May 2012: 97.0p) and the range of market prices during the year was between 87.2p and 125.5p.

Richard Whiting
Chief Executive

Brendon Banner
Finance Director

6 August 2013

Board of directors and company secretary

5 1 2 3 4 6

1 Mark Hudson 66
Non-Executive Chairman of the Board
Joined the Board in 1985, became Chairman in 2006. An agricultural business adviser and dairy farmer. Past president of the CLA, past chairman of the Game and Wildlife Conservation Trust and member of council, Duchy of Lancaster.

2 Richard Whiting 49
Chief Executive
Joined in October 2007. Previously group finance director of Heywood Williams Group plc, after joining as business development director from Brand-Rex Ltd, where he was managing director of the datacom division.

3 Brendon Banner 40
Finance Director
Joined as Finance Director in November 2012. Previously group finance director of William Hare Group Limited, a structural steel engineering and fabrication group. Prior to joining William Hare Group Limited, Brendon held senior finance positions at Shop Direct Group.

4 John Acornley 59
Senior Non-Executive Director
Chairman of Audit Committee
Joined the Board in 2001. Extensive public and private company experience at board level. Currently non-executive chairman of two privately owned companies.

5 David Southworth 64
Non-Executive Director
Chairman of Remuneration Committee
Joined the Board in 2006. Previously chief executive and chairman of Skillsgroup plc. Currently non-executive chairman of three businesses in diverse market sectors.

6 Rob Andrew 50
Company Secretary
Joined as Company Secretary in 2004. An experienced chartered secretary, previously assistant company secretary of Iceland Frozen Foods plc.

Senior management and advisers

David Warrington 57
Managing Director, Feeds
Appointed Managing Director of the Feeds division in June 1995, having joined the Group in 1993. Previously ran his own feed merchant business.

Keith Forster 53
Managing Director, Food
Appointed Managing Director of the Food division in November 2004, having joined the Group in 2001. Previously held senior positions in a number of distribution businesses.

Kevin Kennerley 59
Managing Director, Fuels
Appointed Managing Director of the Fuels division in November 1992, having joined the Group in 1978.

Advisers

Registrars
Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield HD8 0GA

Auditors
PricewaterhouseCoopers LLP
101 Barbirolli Square
Lower Mosley Street
Manchester M2 3PW

Bankers
The Royal Bank of Scotland
Corporate Banking
6th Floor
1 Spinningfields Square
Manchester M3 3AP

Nominated adviser and broker
Peel Hunt LLP
Moor House
120 London Wall
London EC2Y 5ET

Solicitors
Brabners Chaffe Street LLP
Horton House
Exchange Flags
Liverpool L2 3YL

Financial PR
Tavistock Communications Ltd
131 Finsbury Pavement
London EC2A 1NT

Registered office
NWF Group plc
Wardle
Nantwich
Cheshire CW5 6BP

Registered number
2264971

Directors' report
for the year ended 31 May 2013

The Directors present their report together with the audited financial statements of the Parent Company ('the Company') and the Group for the year ended 31 May 2013.

Principal activities
The principal activities of the Group are the manufacture and sale of animal feeds, the sale and distribution of fuel oils and the warehousing and distribution of ambient groceries.

In the prior year ended 31 May 2012 (on 30 September 2011), the Group acquired 100% of the share capital of Swan Petroleum Limited, a fuel distribution business, for a total consideration of £2.8 million. Further information on this acquisition can be found in note 10 of the Group financial statements.

The subsidiary undertakings principally affecting the profits and net assets of the Group in the year are listed in note 5 of the Parent Company financial statements.

Business review and future developments
A review of the performance of the Group during the year, including principal risks and uncertainties, key performance indicators and comments on future developments, is given in the Business and Financial Review on pages 8 to 17.

Results and dividends
The Group profit before taxation for the year ended 31 May 2013 amounted to £8.4 million (2012: £5.1 million). The profit for the year attributable to equity shareholders was £6.2 million (2012: £3.8 million).

The Directors recommend a final dividend for the year of 3.8p per share (2012: 3.5p) which, if approved at the Annual General Meeting ('AGM'), will be payable on 2 December 2013. Together with the interim dividend paid during the year of 1.0p per share (2012: 1.0p), this will result in a total dividend of 4.8p per share (2012: 4.5p) amounting to £2.3 million (2012: £2.1 million).

Financial risk management
Full details of the Group's financial risk management policies and financial instruments are set out in note 20 of the Group financial statements.

Directors and their interests
The Directors, who served throughout the year except as noted, were as follows:

- J K Acornley
- B J Banner (appointed 5 November 2012)
- J R Ford (resigned 21 September 2012)
- M H Hudson
- D R Southworth
- R A Whiting

B J Banner, M H Hudson and D R Southworth retire by rotation at the forthcoming AGM and, being eligible, will submit themselves for re-election.

The Directors who held office at 31 May 2013 had the following interests in the ordinary shares of the Company:

Name of Director	31 May 2013 Number
J K Acornley	10,000
B J Banner	—
M H Hudson	602,600
D R Southworth	100,000
R A Whiting	215,177

Directors and their interests continued

In addition to the interests in ordinary shares shown on the previous page, the Group operates a performance share plan ('the Plan') for senior executives, under which certain Directors have been granted conditional share awards. Subject to achieving performance targets, the maximum number of ordinary shares which could be issued to Directors in the future under such awards at 31 May 2013 is shown below:

	Number
R A Whiting	655,743

Further information on the Directors' interests in the Plan conditional share awards can be found in note 7 of the Group financial statements.

The Company also operates a Save As You Earn ('SAYE') share option scheme for the Group's eligible employees. Details of SAYE share options issued to Directors, all of which had yet to vest at 31 May 2013, are shown in note 7 of the Group financial statements.

The market price of the Company's shares at the end of the financial year was 118.0p (31 May 2012: 97.0p) and the range of market prices during the year was between 87.2p and 125.5p.

No changes took place in the interests of Directors between 31 May 2013 and the date of signing the financial statements.

Further details on related party transactions with Directors are provided in note 28 of the Group financial statements.

Directors' indemnities

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

Substantial shareholdings

As at 31 May 2013, the Company had been notified of the following interests in its issued ordinary share capital:

	Percentage of voting rights	Number of ordinary shares
AO fjarfestingarfelag ehf.	25.2	11,902,500
Chase Nominees Limited	3.7	1,750,000

During the period from 31 May 2013 to 19 July 2013, the only change in the above substantial shareholdings was that Chase Nominees Limited reduced its holding of ordinary shares to 1,664,630 which represents 3.5% of the Company's voting rights.

Employees

The Group has established communication procedures for keeping its employees informed about the Group itself and the individual business operations in which they work.

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

Creditor payment policy

Whilst no formal code or standard of payment practice is followed, the Group policy is to settle terms of payment with creditors when agreeing the terms of each transaction and to abide by the agreed terms of payment. There are no creditors subject to special arrangements outside of suppliers' terms and conditions. The Group has complied with this policy during the year. The Company has no trade creditors (2012: £Nil).

The Group's average credit payment period at 31 May 2013 was 37 days (31 May 2012: 33 days).

Directors' report continued
for the year ended 31 May 2013

Charitable donations
During the year, the Group made charitable donations of £3,659 (2012: £2,674) principally to local charities serving the communities in which the Group operates.

Takeover Directive requirements
The Company has one class of equity share, namely 25p ordinary shares. The shares have equal voting rights and there are no special rights or restrictions attaching to any of them or their transfer to other persons.

Rules governing the appointment and replacement of Directors, and those relating to the amendment of the Company's Articles of Association, are contained within those Articles of Association, a copy of which is located on the Company's website (www.nwf.co.uk).

Notice of Annual General Meeting
A Notice of AGM, with explanatory notes, is contained on pages 67 to 71.

Disclosure of information to auditors
The Directors of the Company at the date of the approval of this report confirm that:

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Independent auditors
The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the AGM.

By order of the Board

S R Andrew
Company Secretary

6 August 2013

Wardle
Nantwich
Cheshire
CW5 6BP
Registered number: 2264971

Corporate governance statement

The Board is committed to achieving high standards of corporate governance, integrity and business ethics for all of the activities of the Group. Under the rules of AIM, the Group is not required to comply with the UK Corporate Governance Code 2010 ('the Code'). Nevertheless, the Board has taken steps to comply with the Code insofar as it can be applied practically and appropriately, given the size of the Group and the nature of its operations. The main ways in which it does this are described below.

Board composition and operation

The Board currently comprises two Executive and three Non-Executive Directors. The roles of Chairman and Chief Executive are separated and clearly understood. The Chairman is responsible for the Board. The Chief Executive is responsible for the operating performance of the Group. A formal schedule of matters requiring Group Board approval is maintained, covering such areas as Group 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. Comprehensive briefing papers are sent to all Directors prior to each scheduled Board meeting. Directors are able, if necessary, to take independent professional advice in the furtherance of their duties at the Company's expense.

Due to the infrequency of senior appointments, the Board does not maintain a standing Nomination Committee but will form one as appropriate if required. The current Chief Executive's and Group Finance Director's appointments were approved by the Board, after receiving a recommendation from a committee of the Board consisting of the Non-Executive Directors that was formed specifically for that purpose. The committee undertook a comprehensive recruitment process and was assisted by independent external recruitment consultants.

The Board regularly conducts an appraisal of its own performance and that of each Director consisting of individual assessments using prescribed questionnaires that are completed by all Directors. The results are reviewed and individual feedback given, by the Senior Non-Executive Director in respect of assessments of the Chairman and by the Chairman in respect of assessments of each of the other Directors and of the Board as a whole.

All Directors are subject to retirement by rotation in accordance with the Articles of Association.

The service contracts of Executive Directors require one year's notice or less.

Audit Committee

The Audit Committee consists of all three Non-Executive Directors. The Audit Committee met on two occasions during the year and all members attended.

The Audit Committee has terms of reference in place which have been formally approved by the Board and are made available at the AGM and on the Company's website. Its primary responsibilities include reviewing the effectiveness of the Group's internal control systems and monitoring the integrity of the Group's financial statements and external announcements of the Group's results.

The Audit Committee also approves the appointment and remuneration of the Group's external auditors and satisfies itself that they maintain their independence regardless of any non-audit work performed by them.

The respective responsibilities of the Directors and external auditors in connection with the financial statements are explained in the Statement of Directors' Responsibilities on page 25 and the auditors' reports on pages 26 and 59. Details of services provided by and fees payable to the auditors are shown in note 5 of the Group financial statements.

PricewaterhouseCoopers LLP have been the Company's external auditors for many years. The Audit Committee considers that the relationship with the auditors is working well and remains satisfied with their effectiveness. Accordingly, it has not considered it necessary to date to require the firm to re-tender for the audit work. The auditors are required to rotate the audit partner responsible for the Group and subsidiary audits every five years. The current audit partner was first appointed in respect of the financial year ended 31 May 2010. There are no contractual obligations restricting the Company's choice of auditors.

Remuneration Committee

The Remuneration Committee consists of all three Non-Executive Directors. The Remuneration Committee met on a number of occasions during the year and all members attended. Its remit is to determine, on behalf of the Board, appropriate short and long-term total reward packages for the Executive Directors of the Group and its subsidiaries. The Remuneration Committee will also satisfy itself that good practices apply to all Group employees through the relevant management structures. Its terms of reference will be made available at the AGM and on the Company's website.

Non-Executive Directors

The Non-Executive Directors have received appointment letters setting out their terms of appointment. All Non-Executive Directors are appointed for one year with renewal for further one year terms if performance is satisfactory. The Chairman and the Senior Non-Executive Director have served for more than ten years on the Board, which does not comply with the Code's definition of independence. However, the Board considers that the Chairman's experience is invaluable to the Group. The Senior Non-Executive Director has announced his intention to step down following the AGM. The Board considers that the other Non-Executive Director meets the independence tests.

The appointment of new Non-Executive Directors to the Board is considered by the whole Board.

Corporate governance statement continued

Internal control

The Board has overall responsibility for ensuring that the Group maintains a system of internal control, to provide it with reasonable assurance regarding the reliability of financial information that is used within the business and for publication and the safeguarding of assets. There are inherent limitations in any system of internal control and accordingly even the most effective system can provide only reasonable, and not absolute, assurance against material misstatement or loss. Some examples of internal controls operated by the Group are given below and elsewhere in this statement.

The Group's organisational structure has clear lines of responsibility. Operating and financial responsibility for subsidiary companies is delegated to operational management.

There is a comprehensive budgeting and financial reporting system which, as a matter of routine, compares actual results to the budgets approved by the Group Board. Management accounts are prepared for each subsidiary company and for the Group on a monthly basis. Significant variances from budget are thoroughly investigated. In addition, updated profitability forecasts are prepared to reflect actual performance and revised outlook as the year progresses.

Cash flow forecasts are prepared regularly, to ensure that the Group has adequate funds for the foreseeable future.

Investment policy, acquisition proposals and major capital expenditure projects are authorised and monitored by the Group Board.

The Group's risk management programme, which assesses key risks and the required internal controls that are delegated to Directors and managers at all levels in the Group, is reviewed regularly in order to ensure that it continues to meet the Board's requirements.

Shareholders

The Chairman and the Non-Executive Directors will always make themselves available to meet with shareholders. Each AGM is a particular opportunity for this. Normal relationships with shareholders are maintained by the Executive Directors who brief the Board on shareholder issues and who relate the views of the Group's advisers to the Board.

Share capital structures

Details of the Company's share capital can be found in the 'Takeover Directive requirements' section of the Directors' Report and in note 22 of the Group financial statements.

Going concern basis

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Business and Financial Review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are also described in the Business and Financial Review. In addition, note 20 of the Group financial statements includes: the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of financial instruments and hedging activities; and its exposure to price, interest rate, credit and liquidity risk.

The Group has an agreement with The Royal Bank of Scotland Group for senior credit facilities totalling £55.0 million, details of which can be found in note 19 of the Group financial statements.

Accordingly, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Statement of directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union, and the 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 Parent 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 IFRSs as adopted by the European Union and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and Parent Company financial statements respectively; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

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

The Directors are responsible for the maintenance and integrity of the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors confirms that to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, and the Parent Company financial statements which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the Parent Company; and
- the Business and Financial Review includes a fair review of the development and performance of the business and the position of the Group and the Parent Company, together with a description of the principal risks and uncertainties that they face.

By order of the Board

S R Andrew
Company Secretary

6 August 2013

Wardle
Nantwich
Cheshire
CW5 6BP
Registered number: 2264971

Independent auditors' report
to the members of NWF Group plc

We have audited the Group financial statements of NWF Group plc for the year ended 31 May 2013 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors
As explained more fully in the Statement of Directors' Responsibilities on page 25, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and 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 opinion, has been prepared for and only for the Parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 May 2013 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 Group financial statements are prepared is consistent with the Group 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:

- 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.

Other matter
We have reported separately on the Parent Company financial statements of NWF Group plc for the year ended 31 May 2013.

PricewaterhouseCoopers LLP

Martin Heath (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

6 August 2013

Consolidated income statement
for the year ended 31 May 2013

	Note	2013 £m	2012 £m
Revenue	3,4	**545.8**	540.2
Cost of sales		**(518.2)**	(518.9)
Gross profit		**27.6**	21.3
Administrative expenses		**(17.9)**	(15.0)
Operating profit	4	**9.7**	6.3
Finance costs	8	**(1.3)**	(1.2)
Profit before taxation	5	**8.4**	5.1
Income tax expense	9	**(2.2)**	(1.3)
Profit for the year attributable to equity shareholders		**6.2**	3.8
Earnings per share (pence)			
Basic	12	**13.1**	8.1
Diluted	12	**13.0**	8.0

Consolidated statement of comprehensive income
for the year ended 31 May 2013

	Note	2013 £m	2012 £m
Profit for the year attributable to equity shareholders		**6.2**	3.8
Actuarial loss on defined benefit pension schemes	23	**(2.2)**	(6.2)
Tax on items taken directly to equity	21	**0.5**	1.4
Total comprehensive income/(loss) for the year		**4.5**	(1.0)

The notes on pages 31 to 58 form part of these Group financial statements.

Consolidated balance sheet
as at 31 May 2013

	Note	2013 £m	2012 £m
Non-current assets			
Property, plant and equipment	13	**37.1**	38.9
Intangible assets	14	**11.7**	11.6
Deferred income tax assets	21	**4.4**	4.3
		53.2	54.8
Current assets			
Inventories	15	**3.8**	3.5
Trade and other receivables	16	**62.4**	56.2
Cash at bank and in hand	17	**0.1**	0.2
Derivative financial instruments	20	**0.6**	0.8
		66.9	60.7
Total assets		**120.1**	115.5
Current liabilities			
Trade and other payables	18	**(57.0)**	(50.4)
Current income tax liabilities		**(1.3)**	(0.5)
Borrowings	19	**(0.2)**	(1.0)
Derivative financial instruments	20	**(0.6)**	(0.6)
		(59.1)	(52.5)
Non-current liabilities			
Borrowings	19	**(9.1)**	(14.7)
Deferred income tax liabilities	21	**(4.9)**	(5.3)
Retirement benefit obligations	23	**(18.8)**	(17.3)
		(32.8)	(37.3)
Total liabilities		**(91.9)**	(89.8)
Net assets		**28.2**	25.7
Equity			
Share capital	22	**11.8**	11.8
Retained earnings		**16.4**	13.9
Total equity		**28.2**	25.7

The Group financial statements on pages 27 to 58 were approved by the Board of Directors on 6 August 2013 and were signed on its behalf by:

R A Whiting
Director

B J Banner
Director

The notes on pages 31 to 58 form part of these Group financial statements.

Consolidated statement of changes in equity
as at 31 May 2013

	Share capital £m	Retained earnings £m	Total equity £m
Balance at 1 June 2011	11.7	17.3	29.0
Profit for the year	—	3.8	3.8
Other comprehensive income/(expense):			
Actuarial loss on defined benefit pension schemes (note 23)	—	(6.2)	(6.2)
Tax on items taken directly to equity (note 21)	—	1.4	1.4
Total comprehensive loss for the year	—	(1.0)	(1.0)
Transactions with owners:			
Dividends paid (note 11)	—	(2.1)	(2.1)
Issue of shares (note 22)	0.1	(0.4)	(0.3)
Credit to equity for equity-settled share-based payments (note 24)	—	0.1	0.1
	0.1	(2.4)	(2.3)
Balance at 31 May 2012	11.8	13.9	25.7
Profit for the year	—	6.2	6.2
Other comprehensive income/(expense):			
Actuarial loss on defined benefit pension scheme (note 23)	—	(2.2)	(2.2)
Tax on items taken directly to equity (note 21)	—	0.5	0.5
Total comprehensive income for the year	—	4.5	4.5
Transactions with owners:			
Dividends paid (note 11)	—	(2.1)	(2.1)
Issue of shares (note 22)	—	(0.2)	(0.2)
Credit to equity for equity-settled share-based payments (note 24)	—	0.3	0.3
	—	(2.0)	(2.0)
Balance at 31 May 2013	**11.8**	**16.4**	**28.2**

The notes on pages 31 to 58 form part of these Group financial statements.

Consolidated cash flow statement
for the year ended 31 May 2013

	Note	2013 £m	2012 £m
Net cash generated from operating activities	25	**10.4**	3.9
Cash flows from investing activities			
Purchase of intangible assets		**(0.7)**	(0.9)
Purchase of property, plant and equipment		**(1.4)**	(2.9)
Proceeds on sale of property, plant and equipment		**0.2**	0.7
Acquisition of subsidiary	10	**–**	(2.7)
Net cash absorbed by investing activities		**(1.9)**	(5.8)
Cash flows from financing activities			
(Repayment of)/proceeds from bank borrowings		**(5.5)**	4.7
Bank loan issue costs		**–**	(0.1)
Capital element of finance lease and hire purchase payments		**(1.0)**	(1.1)
Dividends paid		**(2.1)**	(2.1)
Net cash (absorbed by)/generated from financing activities		**(8.6)**	1.4
Net decrease in cash and cash equivalents	26	**(0.1)**	(0.5)

The notes on pages 31 to 58 form part of these Group financial statements.

Notes to the group financial statements
for the year ended 31 May 2013

1. General information
NWF Group plc ('the Company') is a public limited company incorporated and domiciled in the UK under the Companies Act 2006. The principal activities of NWF Group plc and its subsidiaries (together 'the Group') are the manufacture and sale of animal feeds, the sale and distribution of fuel oils and the warehousing and distribution of ambient groceries. Further information on the nature of the Group's operations and principal activities are set out in note 4 of the Group financial statements.

The address of the Company's registered office is NWF Group plc, Wardle, Nantwich, Cheshire CW5 6BP. The Company has its primary listing on AIM, part of the London Stock Exchange.

The Group financial statements were authorised for issue by the Board of Directors on 6 August 2013.

2. Significant accounting policies
The Group's principal accounting policies, all of which have been applied consistently to all of the years presented, are set out below.

Basis of preparation
The Group financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ('IFRSs'), International Financial Reporting Interpretation Committee ('IFRIC') interpretations and those provisions of the Companies Act 2006 applicable to companies reporting under IFRSs. The Group financial statements have been prepared on the going concern basis and on the historical cost convention modified for the revaluation of certain financial instruments.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates, which are outlined in the critical accounting estimates and judgements section of these accounting policies. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Adoption of new and revised standards
The following new EU-endorsed standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 June 2012, but have not had an impact on the amounts reported in these Group financial statements:

- Amendment to IFRS 7 'Financial Instruments: Disclosures – Transfers of Financial Assets'

Further, the following new EU-endorsed standards, amendments to standards and interpretations have been issued and have received EU endorsement, but are not effective for the financial year beginning 1 June 2012 and have not been early adopted:

- Amendments to IAS 19 'Employee Benefits'
- Amendments to IAS 1 'Presentation of Items of Other Comprehensive Income'
- Amendments to IFRS 7 'Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities'
- Amendments to IAS 32 'Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities'
- IFRS 10 'Consolidated Financial Statements'
- IFRS 11 'Joint Arrangements'
- IFRS 12 'Disclosure of Interests in Other Entities'
- IFRS 13 'Fair Value Measurement'
- IAS 27 (revised) 'Separate Financial Statements'
- IAS 28 (revised) 'Investments in Associates and Joint Ventures'
- Amendments to IAS 12 'Income Taxes: Deferred Tax – Recovery of Underlying Assets'
- Annual Improvements to IFRSs 2009 – 2011

The amendments to IAS 19 above are mandatory for accounting periods commencing on or after 1 January 2013. The adoption of these amendments will impact the measurement of the various components representing movements in the Group's defined benefit pension scheme obligations and associated disclosures, but not the Group's total obligations. It is likely that, following the replacement of expected returns on plan assets with a net finance cost in the income statement, the profit for the period will be reduced and accordingly other comprehensive income increased by approximately £0.6 million.

The Directors anticipate that the adoption of the other standards and amendments above in future periods will not have a material impact on the amounts reported in the Group financial statements.

Notes to the group financial statements continued
for the year ended 31 May 2013

2. Significant accounting policies continued

Consolidation

The Group financial statements incorporate the financial statements of NWF Group plc ('the Company') and entities controlled by the Company (its 'subsidiaries') made up to 31 May each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

If the initial accounting for a business combination is incomplete by the end of the first reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the date of acquisition that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed at the date of acquisition, and is subject to a maximum of one year.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value added tax, estimated returns, rebates and discounts, and after eliminating sales within the Group. Specific types of revenue are recognised as follows:

Feeds and Fuels

Revenue from the sale of goods in each of these segments is recognised when they are delivered to the customer and title has passed.

Revenue from sale of fuels includes fuel duty.

Food

Revenue from storage, distribution, handling and re-packaging of clients' products is recognised when the relevant service has been performed.

Interest income

Interest income is recognised on a time proportion basis using the effective interest rate method.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products and services within a particular economic environment that are subject to risks and returns which are different from those of segments operating in other economic environments. Segment reporting information is shown in note 4 of the Group financial statements.

Taxation

The income tax expense represents the sum of current and deferred income tax.

Current income tax is based on taxable profits for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

2. Significant accounting policies continued

Taxation continued

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profits or losses.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Borrowing costs

Borrowing costs that are directly attributable to the construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Dividend distribution

The distribution of a dividend to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which it is approved by the Company's shareholders.

Property, plant and equipment

Certain revalued freehold land and buildings are stated at deemed cost in accordance with the exemption on transition to IFRSs permitted by IFRS 1. All other property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly related to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group, and the cost of the asset can be measured reliably. All other repairs and maintenance expenditure is charged to the income statement during the financial period in which it is incurred.

Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method, to reduce their cost to their residual values over their useful economic lives, as follows:

- Freehold and long leasehold buildings 10 – 50 years
- Plant, machinery and equipment 3 – 10 years
- Commercial vehicles 4 – 8 years
- Motor vehicles 4 years

Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its estimated recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds of disposal with the carrying value and are recognised in the income statement.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Goodwill on acquisitions of subsidiaries is included within intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are recognised immediately in the income statement and are not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to each of the Group's cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which they arose, identified according to operating segment.

Goodwill arising on acquisitions before the transition date to IFRSs has been retained at the previous UK GAAP amount, subject to being tested for impairment at that date. Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

Notes to the group financial statements continued
for the year ended 31 May 2013

2. Significant accounting policies continued
Intangible assets continued
Brands

Separately acquired brands are shown at historical cost. Brands acquired in a business combination are recognised at fair value at the date of acquisition. Brands have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated, using the straight-line method, to allocate the cost of brands over their estimated useful lives (10–20 years).

Computer software

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Costs incurred to acquire computer software licences and directly attributable costs incurred to bring the software into use are capitalised. Directly attributable costs include software development employee costs. Capitalised computer software costs are amortised over their estimated useful lives (3–7 years).

Impairment of non-financial assets
Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised as the amount by which the asset's carrying amount exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. Non-financial assets, other than goodwill, that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in first out ('FIFO') method. The cost of raw materials, consumables, finished goods and goods for resale comprises purchase cost and, in the case of finished goods, the cost of transporting the goods to their stock location.

Net realisable value comprises the estimated selling price in the ordinary course of business less applicable variable selling expenses. Provision is made for obsolete, slow-moving or defective items where appropriate.

Trade and other receivables
Trade and other receivables are recognised initially at fair value less provision for impairment. Subsequent to initial recognition, receivables are measured at amortised cost, using the effective interest method.

A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is charged to the income statement within administrative expenses.

Derivative financial instruments and hedging activities
A derivative is initially recognised at fair value on the date that the associated contract is entered into and then is re-measured at fair value at each subsequent balance sheet date.

The method of recognising the resulting gain or loss depends on whether or not the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. During the current and prior year, none of the Group's derivative financial instruments have been designated as effective hedges. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Trade and other payables
Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Bank borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings, using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least one year after the balance sheet date.

2. Significant accounting policies continued

Retirement benefit obligations

The Group operates various pension schemes, including defined contribution and defined benefit schemes.

For defined contribution schemes, the Group pays contributions to publicly or privately administered pension insurance schemes on a mandatory, contractual or voluntary basis. The contributions are recognised as an employee benefit expense in the income statement when they are due.

The liability recognised in the balance sheet in respect of defined benefit schemes is the present value of the defined benefit obligation at the balance sheet date less the fair value of scheme assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

The interest cost and expected return on the assets are shown as a net amount within either finance costs or finance income in the income statement. Actuarial gains and losses are recognised immediately in the statement of comprehensive income. Net defined benefit pension scheme deficits before tax relief are presented separately on the balance sheet within non-current liabilities. The attributable deferred income tax asset is included within the deferred income tax asset in the balance sheet and is subject to the recognition criteria as set out in the accounting policy on deferred income tax.

Share-based payments

In the year ended 31 May 2013, the Group operated two (2012: two) equity-settled share-based payment plans, details of which can be found in note 24 of the Group financial statements.

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

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

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

Employer social security contributions payable in connection with the grant of share awards is considered an integral part of the grant itself and the charge is treated as a cash-settled transaction.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Leases and hire purchase agreements

Leases in which a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Other leases are classified as finance leases.

Assets and liabilities under finance leases and hire purchase agreements are recognised in the balance sheet at the inception of the agreement at amounts equal to their fair value or, if lower, the net present value of the minimum payments under the agreement. Depreciation on hire purchase and leased assets is provided at rates consistent with that for similar assets that are owned by the Group.

Subsequent to initial recognition, payments made are apportioned between the finance charge element and the reduction in the capital value of the outstanding liability. The finance charge is allocated to each period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds of issue.

Notes to the group financial statements continued
for the year ended 31 May 2013

2. Significant accounting policies continued
Critical accounting estimates and judgements
The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimated impairment of goodwill
The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated on page 34. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates, both in arriving at expected future cash flows and a suitable discount rate in order to calculate the present value of these flows.

Estimated impairment of trade receivables
The Group regularly reviews the recoverability of trade receivables. A provision for impairment is made where the Group believes that it will not be able to collect amounts due according to the original terms of sale. Provisions for impairment are estimates of future events and are therefore uncertain.

Defined benefit pension schemes – valuation assumptions
The balance sheet carrying values of defined benefit pension scheme surpluses or deficits are calculated using independently commissioned actuarial valuations. These valuations are based on a number of assumptions, including the most appropriate mortality rates to apply to the profile of scheme members and the financial assumptions regarding discount rates and inflation. All of these are estimates of future events and are therefore uncertain.

Estimated fair value of derivatives and other financial instruments
The Group has certain financial instruments (forward supply contracts) that are not in an active market and cannot be valued by reference to unadjusted quoted prices for identical instruments. The Group, therefore, uses its judgement to select valuation techniques and makes assumptions that are mainly based on observable market data in respect of equivalent instruments at the balance sheet date. Further details can be found in note 20 of the Group financial statements.

3. Revenue
An analysis of the Group's revenue is as follows:

	2013 £m	2012 £m
Sale of goods	**509.4**	497.8
Rendering of services	**36.4**	42.4
	545.8	540.2

4. Segment information
The chief operating decision-maker has been identified as the Board of Directors ('the Board'). The Board reviews the Group's internal reporting in order to assess performance and allocate resources. The Board has determined that the operating segments, based on these reports, are Feeds, Fuels and Food.

The Board considers the business from a product/services perspective. In the Board's opinion, all of the Group's operations are carried out in the same geographical segment, namely the UK.

The nature of the products/services provided by the operating segments is summarised below:

- Feeds – manufacture and sale of animal feeds and other agricultural products
- Fuels – sale and distribution of domestic heating, industrial and road fuels
- Food – warehousing and distribution of clients' ambient grocery and other products to supermarket and other retail distribution centres

Segment information about the above businesses is presented overleaf.

The Board assesses the performance of the operating segments based on a measure of operating profit. Finance income and costs are not included in the segment result that is assessed by the Board. Other information provided to the Board is measured in a manner consistent with that in the financial statements.

Inter-segment transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Segment assets exclude deferred income tax assets and cash at bank and in hand. Segment liabilities exclude taxation, borrowings and retirement benefit obligations. Excluded items are part of the reconciliation to consolidated total assets and liabilities.

4. Segment information continued

2013	Feeds £m	Fuels £m	Food £m	Group £m
Revenue				
Total revenue	**153.1**	**363.4**	**37.1**	**553.6**
Inter-segment revenue	**—**	**(7.1)**	**(0.7)**	**(7.8)**
Revenue	**153.1**	**356.3**	**36.4**	**545.8**
Result				
Operating profit	**3.9**	**4.4**	**1.4**	**9.7**
Finance costs (note 8)				**(1.3)**
Profit before taxation				**8.4**
Income tax expense (note 9)				**(2.2)**
Profit for the year				**6.2**
Other information				
Depreciation and amortisation	**0.8**	**1.2**	**1.6**	**3.6**

2013	Feeds £m	Fuels £m	Food £m	Group £m
Balance sheet				
Assets				
Segment assets	**35.7**	**47.1**	**32.8**	**115.6**
Deferred income tax assets (note 21)				**4.4**
Cash at bank and in hand				**0.1**
Consolidated total assets				**120.1**
Liabilities				
Segment liabilities	**(15.5)**	**(38.5)**	**(3.6)**	**(57.6)**
Current income tax liabilities				**(1.3)**
Deferred income tax liabilities (note 21)				**(4.9)**
Borrowings (note 19)				**(9.3)**
Retirement benefit obligations (note 23)				**(18.8)**
Consolidated total liabilities				**(91.9)**

2012	Feeds £m	Fuels £m	Food £m	Group £m
Revenue				
Total revenue	133.9	372.3	42.9	549.1
Inter-segment revenue	—	(8.4)	(0.5)	(8.9)
Revenue	133.9	363.9	42.4	540.2
Result				
Operating profit	2.7	0.6	3.0	6.3
Finance costs (note 8)				(1.2)
Profit before taxation				5.1
Income tax expense (note 9)				(1.3)
Profit for the year				3.8
Other information				
Depreciation and amortisation	0.8	1.1	1.2	3.1

Notes to the group financial statements continued
for the year ended 31 May 2013

4. Segment information continued

2012	Feeds £m	Fuels £m	Food £m	Group £m
Balance sheet				
Assets				
Segment assets	29.8	47.1	34.1	111.0
Deferred income tax assets (note 21)				4.3
Cash at bank and in hand				0.2
Consolidated total assets				115.5
Liabilities				
Segment liabilities	(11.3)	(35.9)	(3.8)	(51.0)
Current income tax liabilities				(0.5)
Deferred income tax liabilities (note 21)				(5.3)
Borrowings (note 19)				(15.7)
Retirement benefit obligations (note 23)				(17.3)
Consolidated total liabilities				(89.8)

5. Profit before taxation

Profit before taxation is stated after charging/(crediting):

	2013 £m	2012 £m
Cost of inventories recognised as an expense (included in cost of sales)	**490.5**	475.3
Depreciation of property, plant and equipment	**3.0**	3.0
Amortisation of other intangible assets	**0.6**	0.1
Profit on disposal of property, plant and equipment	**—**	(0.6)
Operating lease charges – land and buildings	**0.6**	0.6
Operating lease charges – other	**3.5**	3.3
Staff costs (note 6)	**29.7**	29.9

Services provided by the Company's auditors

During the year, the Group obtained the following services from the Company's auditors and its associates:

	2013 £'000	2012 £'000
Fees payable to the Company's auditors for the audit of the Company and consolidated annual accounts	**28**	27
Fees payable to the Company's auditors and its associates for other services:		
– audit of the accounts of the Company's subsidiaries pursuant to legislation	**74**	77
– taxation services	**—**	10
Total auditors' remuneration	**102**	114

6. Staff costs

The average number of persons (including Directors) employed in the Group during the year was:

	2013 Number	2012 Number
Feeds	**162**	167
Fuels	**192**	194
Food	**490**	563
Head Office	**13**	13
	857	937

6. Staff costs continued

Staff costs for the aforementioned persons were:

	2013 £m	2012 £m
Wages and salaries	**25.8**	26.3
Social security costs	**2.5**	2.5
Share-based payments (note 24)	**0.3**	0.1
Other pension costs (note 23)	**1.1**	1.0
	29.7	29.9

In addition to the above staff costs, the Group incurred £2.3 million (2012: £2.8 million) in respect of costs of agency workers.

Other pension costs above are amounts charged to operating profit in respect of defined contribution and defined benefit pension schemes. They do not include amounts in respect of defined benefit pension schemes included in finance costs and actuarial gains and losses included in the statement of comprehensive income.

7. Remuneration of Directors

Aggregate Directors' remuneration

	2013 £'000	2012 £'000
Emoluments	**891**	640
Contributions to defined contribution pension schemes	**77**	66
	968	706

In addition to the above, the Group recognised total expenses of £172,200 in respect of equity-settled share-based payment transactions with Directors in the year ended 31 May 2013 (2012: £14,827).

Details of the Directors' interests in the ordinary share capital of the Company are provided in the Directors' Report.

Directors' emoluments (excluding pensions)

Name of Director	Fees/Basic salary £'000	Annual bonuses £'000	Pension related payments £'000	Other benefits £'000	2013 total £'000	2012 total £'000
Executive						
B J Banner (appointed 5 November 2012)	**92**	**59**	**–**	**9**	**160**	–
J R Ford (resigned 21 September 2012)	**54**	**–**	**–**	**12**	**66**	186
R A Whiting	**256**	**218**	**27**	**28**	**529**	318
Non-Executive						
J K Acornley	**35**	**–**	**–**	**–**	**35**	35
M H Hudson	**66**	**–**	**–**	**–**	**66**	66
D R Southworth	**35**	**–**	**–**	**–**	**35**	35
Aggregate emoluments	**538**	**277**	**27**	**49**	**891**	640

In addition to the above, in the year ended 31 May 2013, the Group recognised total expenses of £172,200 (2012: £14,579) and £Nil (2012: £248) in respect of equity-settled share-based payment transactions with R A Whiting and J R Ford respectively. These transactions relate to conditional share awards made under the performance share plan and options granted under the Company's SAYE share option scheme (see overleaf).

As part of his remuneration arrangements, R A Whiting is entitled to receive pension contributions from the Company. Under these arrangements, R A Whiting can elect for those contributions to be paid in the form of taxable pension allowance or direct payments into a defined contribution pension scheme. If a payment is made in the form of taxable pension allowance, the amount payable is reduced to allow for employment taxes so that the total cost to the Group is the same as it would have been if the contribution had been made directly into a pension scheme. During the year, R A Whiting elected to take taxable pension allowance of £26,800 (2012: £34,122). The taxable pension allowance has been included in and classified as pension related payments in the table above.

In addition to taxable pension allowances included above, the Group made total contributions of £77,000 in the year (2012: £66,000) directly into defined contribution pension schemes in respect of Directors, details of which are shown on page 41.

Notes to the group financial statements continued
for the year ended 31 May 2013

7. Remuneration of Directors continued
Performance share plan ('the Plan')
The Group operates a performance share plan ('the Plan') for senior executives, which has been developed in line with ABI guidelines, having taken appropriate professional advice on best practice. The Plan is a discretionary scheme which has been established for the purpose of incentivising and retaining the Group's eligible executive management. Ordinary shares awarded under the Plan are subject to performance criteria that require the Group to meet a minimum earnings per share over a three-year period. The Remuneration Committee has responsibility for determining the award of ordinary shares under the Plan.

Upon vesting, the issue of shares under the Plan are satisfied from ordinary shares acquired by the NWF Group plc Employee Benefit Trust.

The market price of the Company's shares at the end of the financial year was 118.0p (31 May 2012: 97.0p) and the range of market prices during the year was between 87.2p and 125.5p.

Further information on the Plan can be found in note 24 of the Group financial statements.

Details of conditional share awards, which vested and were exercised during the year ended 31 May 2013 in respect of the Directors who served during the year, are shown below.

R A Whiting
On 11 August 2009, R A Whiting was awarded a conditional right over a maximum of 245,918 ordinary shares at a price of 98.0p per ordinary share, subject to satisfying the following performance targets: if earnings per share in the three financial years ended 31 May 2012 were 22.43p per ordinary share, 73,776 ordinary shares would be issued under the Plan; the maximum of 245,918 ordinary shares would be issued if earnings per share were equal to or greater than 37.38p per ordinary share in the three years ended 31 May 2012.

Earnings per share in the three financial years ended 31 May 2012 were 30.0p per ordinary share. Consequently, 148,867 ordinary shares vested at 31 May 2012 in respect of this award. R A Whiting elected to exercise his awards on a net of tax paid basis and therefore on 17 August 2012 71,456 ordinary shares were issued to R A Whiting. The market price of ordinary shares at this date was 97.8p.

J R Ford
On 11 August 2009, J R Ford was awarded a conditional right over a maximum of 114,796 ordinary shares at a price of 98.0p per ordinary share, subject to satisfying the following performance targets: if earnings per share in the three financial years ended 31 May 2012 were 22.43p per ordinary share 34,439 ordinary shares would be issued under the Plan; the maximum of 114,796 ordinary shares would be issued if earnings per share were equal to or greater than 37.38p per ordinary share in the three years ended 31 May 2012.

Earnings per share in the three financial years ended 31 May 2012 were 30.0p per ordinary share. Consequently, 69,492 ordinary shares vested at 31 May 2012 in respect of this award. J R Ford elected to exercise his awards on a net of tax paid basis and therefore on 17 August 2012 33,356 ordinary shares were issued to J R Ford. The market price of ordinary shares at this date was 97.8p.

Details of conditional share awards, which have been granted but had yet to be exercised at 31 May 2013 or were forfeited in the year ended 31 May 2013, in respect of the Directors who served during the year, are shown below.

R A Whiting
- On 10 August 2010, R A Whiting was awarded a conditional right over a maximum of 295,833 ordinary shares at a price of 84.0p per ordinary share, subject to satisfying the following performance targets: if earnings per share in the three financial years ending 31 May 2013 are 24.68p per ordinary share 88,750 ordinary shares will be issued under the Plan; the maximum of 295,833 ordinary shares will be issued if earnings per share are equal to or greater than 41.13p per ordinary share in the three years ending 31 May 2013.

  Earnings per share in the three financial years ended 31 May 2013 were 32.7p per ordinary share. Consequently, 173,950 ordinary shares vested at 31 May 2013 in respect of this award and will be exercisable in the year ending 31 May 2014.
- On 9 August 2011, R A Whiting was awarded a conditional right over a maximum of 215,126 ordinary shares at a price of 119.0p per ordinary share, subject to satisfying the following performance targets: if earnings per share in the three financial years ending 31 May 2014 are 32.10p per ordinary share 64,538 ordinary shares will be issued under the Plan; the maximum of 215,126 ordinary shares will be issued if earnings per share are equal to or greater than 40.73p per ordinary share in the three years ending 31 May 2014.
- On 14 August 2012, R A Whiting was awarded a conditional right over a maximum of 266,667 ordinary shares at a price of 96.0p per ordinary share, subject to satisfying the following performance targets: if earnings per share in the three financial years ending 31 May 2015 are 28.2p per ordinary share 80,000 ordinary shares will be issued under the Plan; the maximum of 266,667 ordinary shares will be issued if earnings per share are equal to or greater than 35.77p per ordinary share in the three years ending 31 May 2015.

7. Remuneration of Directors continued

Performance share plan ('the Plan') continued

J R Ford

On 10 August 2010 and 9 August 2011, J R Ford was awarded additional conditional rights over ordinary shares, details of which can be found in note 7 of the Group financial statements for the prior year ended 31 May 2012. J R Ford left the employment of NWF Group plc on 21 September 2012. Upon his departure, he forfeited his rights to these additional conditional share awards.

SAYE scheme share options

The Company operates a SAYE share option scheme for the Group's eligible employees. The total number of SAYE options issued to Directors and outstanding during the year, all of which have yet to vest, are shown below:

Name of Director	At 1 June 2012 Number	Forfeited in the year Number	**At 31 May 2013 Number**
J R Ford (resigned 21 September 2012)	3,396	(3,396)	**—**
R A Whiting	3,396	—	**3,396**
	6,792	(3,396)	**3,396**

J R Ford left the employment of NWF Group plc on 21 September 2012. Upon his departure, he forfeited his rights to SAYE options granted in the prior year ended 31 May 2012.

Further information on the SAYE share option scheme can be found in note 24 of the Group financial statements.

Directors' pension entitlements

	2013 Number	2012 Number
The number of Directors who, during the year, were:		
– members of a defined contribution pension scheme	**3**	2

Contributions paid directly by the Group to defined contribution pension schemes in respect of such Directors were:

Name of Director	**2013 £'000**	2012 £'000
B J Banner (appointed 5 November 2012)	**14**	—
J R Ford (resigned 21 September 2012)	**8**	24
R A Whiting	**55**	42
	77	66

8. Finance costs

	2013 £m	2012 £m
Interest on bank loans and overdrafts	**0.8**	0.9
Interest payable under hire purchase agreements	**0.1**	0.1
Total interest expense	**0.9**	1.0
Less: amounts capitalised on qualifying assets	**—**	(0.1)
	0.9	0.9
Net finance cost in respect of defined benefit pension schemes (note 23)	**0.4**	0.3
Total finance costs	**1.3**	1.2

No borrowing costs were capitalised in the year ended 31 May 2013. Borrowing costs capitalised in the cost of qualifying assets during the prior year ended 31 May 2012 arose on the general borrowing pool and were calculated by applying a capitalisation rate of 4.2% to expenditure on such assets.

Notes to the group financial statements continued
for the year ended 31 May 2013

9. Income tax expense

	2013 £m	2012 £m
Current tax		
UK corporation tax on profits for the year	**2.3**	1.2
Adjustments in respect of prior years	**(0.1)**	—
Current tax expense	**2.2**	1.2
Deferred tax		
Origination and reversal of temporary differences	**—**	0.2
Adjustments in respect of prior years	**—**	(0.1)
Deferred tax expense (note 21)	**—**	0.1
Total income tax expense	**2.2**	1.3

During the year ended 31 May 2013, as a result of the reduction in the UK corporation tax rate from 24.0% to 23.0% from 1 April 2013, corporation tax has been calculated at an effective rate of 23.8% of estimated assessable profit for the year (2012: 25.7%).

As the reduction in the UK corporation tax rate to 23.0% has been substantively enacted into law and is effective from 1 April 2013, the relevant deferred tax balances have been re-measured.

In addition to the change in the rate of UK corporation tax disclosed above, legislation to reduce the main rate of corporation tax from 23.0% to 21.0% from 1 April 2014 was substantively enacted in the Finance Act 2013 on 2 July 2013. It has also been announced that the main rate will be reduced to 20.0% from 1 April 2015. These further changes had not been substantively enacted into law at 31 May 2013 and, therefore, are not included in these Group financial statements.

Had the 2.0% reduction in the corporation tax rate from 23.0% to 21.0%, included in the Finance Act 2013, been enacted into law at 31 May 2013, the estimated impact on the Group balance sheet would have been a reduction in the deferred tax asset of £0.4 million, from £4.4 million to £4.0 million, and a reduction in the deferred tax liability of £0.5 million, from £4.9 million to £4.4 million.

The tax charge for the year can be reconciled to the profit per the income statement as follows:

	2013 £m	2012 £m
Profit before taxation	**8.4**	5.1
Profit before taxation multiplied by the standard rate of UK corporation tax of 23.8% (2012: 25.7%)	**2.0**	1.3
Effects of:		
– expenses not deductible for tax purposes	**0.3**	0.3
– adjustments in respect of prior years	**(0.1)**	(0.1)
– impact on deferred tax of reduction in the UK corporation tax rate	**—**	(0.2)
Total income tax expense	**2.2**	1.3

The Directors expect that the Group will have a higher than standard tax charge in the future as a result of the level of the Group's disallowable expenses.

10. Business combinations

Swan Petroleum Limited

In the prior year ended 31 May 2012 (on 30 September 2011), the Group acquired 100% of the share capital of Swan Petroleum Limited, a fuel distribution business, for a total cash consideration of £2.8 million.

The following table summarises the consideration paid and acquisition-related costs incurred in respect of the acquisition of Swan Petroleum Limited:

	£m
Consideration and acquisition-related costs	
Total consideration transferred – cash paid	2.8
Acquisition-related costs (included in administrative expenses in the consolidated income statement in the year ended 31 May 2012)	0.1

Total consideration transferred comprises cash paid at the date of acquisition. The acquisition terms include no contingent or deferred consideration arrangements.

10. Business combinations continued

Swan Petroleum Limited continued

Details of the assets acquired and liabilities assumed, recognised at the acquisition date, are shown below:

	£m
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment (note 13)	0.4
Identifiable intangible assets – brands (note 14)	0.1
Inventories	0.5
Trade and other receivables	3.4
Trade and other payables	(4.1)
Cash and cash equivalents – cash at bank and in hand	0.1
Total identifiable net assets	0.4
Goodwill (note 14)	2.4
Total consideration transferred – cash paid	2.8

Net cash outflow arising on the acquisition:

	£m
Total consideration transferred – cash paid	2.8
Cash and cash equivalents acquired – cash at bank and in hand	(0.1)
	2.7

Goodwill of £2.4 million arose from the acquisition and is attributable to the acquired customer base and economies of scale expected from combining the operations of the Group and Swan Petroleum Limited. None of the goodwill recognised is expected to be deductible for income tax purposes.

The Swan Petroleum business contributed revenue of £16.8 million and profit before taxation of £0.1 million to the Group's results for the year ended 31 May 2012. If the business had been consolidated from 1 June 2011, the consolidated income statement for the year ended 31 May 2012 would show revenue of £550.2 million and profit before taxation of £4.9 million.

11. Equity dividends

	2013 £m	2012 £m
Final dividend for the year ended 31 May 2012 of 3.5p (2011: 3.5p) per share	**1.6**	1.6
Interim dividend for the year ended 31 May 2013 of 1.0p (2012: 1.0p) per share	**0.5**	0.5
Amounts recognised as distributions to equity shareholders in the year	**2.1**	2.1
Proposed final dividend for the year ended 31 May 2013 of 3.8p (2012: 3.5p) per share	**1.8**	1.6

The proposed final dividend is subject to approval at the AGM on 26 September 2013 and has not been included as a liability in these Group financial statements.

12. Earnings per share

	Basic earnings per share		Diluted earnings per share	
	2013	2012	**2013**	2012
Earnings attributable to equity shareholders (£m)	**6.2**	3.8	**6.2**	3.8
Weighted average number of shares in issue during the year (000s)	**47,277**	47,143	**47,277**	47,143
Weighted average dilutive effect of conditional share awards and SAYE share options (000s)	**–**	–	**246**	288
Adjusted weighted average number of shares in issue during the year (000s)	**47,277**	47,143	**47,523**	47,431
Earnings per ordinary share (pence)	**13.1**	8.1	**13.0**	8.0

Notes to the group financial statements continued
for the year ended 31 May 2013

13. Property, plant and equipment

	Freehold land and buildings £m	Long leasehold land and buildings £m	Plant and machinery £m	Cars and commercial vehicles £m	Total £m
Cost					
At 1 June 2011	32.6	0.9	17.9	10.6	62.0
Fair value adjustments*	(0.5)	0.2	—	—	(0.3)
At 1 June 2011 (restated)	32.1	1.1	17.9	10.6	61.7
Additions	0.6	—	1.6	0.7	2.9
Acquisition of subsidiary (note 10)	—	—	—	0.4	0.4
Disposals	—	—	(0.6)	(3.6)	(4.2)
At 1 June 2012	32.7	1.1	18.9	8.1	60.8
Additions	0.1	0.1	1.1	0.1	1.4
Disposals	—	—	(0.1)	(0.6)	(0.7)
At 31 May 2013	**32.8**	**1.2**	**19.9**	**7.6**	**61.5**
Depreciation					
At 1 June 2011	4.6	0.1	13.1	5.2	23.0
Charge for the year	0.7	—	1.3	1.0	3.0
Disposals	—	—	(0.6)	(3.5)	(4.1)
At 1 June 2012	5.3	0.1	13.8	2.7	21.9
Charge for the year	0.7	0.1	1.2	1.0	3.0
Disposals	—	—	—	(0.5)	(0.5)
At 31 May 2013	**6.0**	**0.2**	**15.0**	**3.2**	**24.4**
Carrying amount					
At 31 May 2013	**26.8**	**1.0**	**4.9**	**4.4**	**37.1**
At 31 May 2012	27.4	1.0	5.1	5.4	38.9

* The fair value adjustments relate to the finalisation of provisional valuations in respect of the acquisition of Evesons Fuels Limited in 2011. Further information is provided in note 10 of the Group financial statements for the prior year ended 31 May 2012.

The Group has pledged certain freehold land and buildings with a carrying value of £24.3 million (31 May 2012: £24.9 million) to secure banking facilities granted to the Group.

Included in plant and machinery and cars and commercial vehicles above are assets acquired under hire purchase agreements with a carrying value at 31 May 2013 of £0.4 million and £0.6 million (31 May 2012: £0.5 million and £1.5 million) respectively. The depreciation charges for the year ended 31 May 2013 relating to these assets were £0.1 million and £0.1 million (2012: £0.1 million and £0.3 million) respectively.

14. Intangible assets

	Goodwill £m	Computer software £m	Brands £m	Total £m
Cost				
At 1 June 2011	6.6	2.8	0.4	9.8
Fair value adjustment*	0.2	—	—	0.2
At 1 June 2011 (restated)	6.8	2.8	0.4	10.0
Additions	—	1.0	—	1.0
Acquisition of subsidiary (note 10)	2.4	—	0.1	2.5
Disposals	—	(0.3)	—	(0.3)
At 1 June 2012	9.2	3.5	0.5	13.2
Additions	—	0.7	—	0.7
At 31 May 2013	**9.2**	**4.2**	**0.5**	**13.9**
Impairment charge				
At 1 June 2011	0.6	1.1	0.1	1.8
Charge for the year	—	0.1	—	0.1
Disposals	—	(0.3)	—	(0.3)
At 1 June 2012	0.6	0.9	0.1	1.6
Charge for the year	—	0.5	0.1	0.6
At 31 May 2013	**0.6**	**1.4**	**0.2**	**2.2**
Carrying amount				
At 31 May 2013	**8.6**	**2.8**	**0.3**	**11.7**
At 31 May 2012	8.6	2.6	0.4	11.6

* The fair value adjustment relates to the finalisation of provisional valuations in respect of the acquisition of Evesons Fuels Limited in 2011. Further information is provided in note 10 of the Group financial statements for the prior year ended 31 May 2012.

Goodwill

Goodwill acquired is allocated, at acquisition, to cash-generating units ('CGUs') that are expected to benefit from that business combination. The carrying value of goodwill is allocated as follows:

	2013 £m	2012 £m
Feeds	**2.7**	2.7
Fuels	**5.9**	5.9
	8.6	8.6

The Group tests annually for impairment of goodwill. The recoverable amounts of CGUs are determined using value in use calculations. The value in use calculations use pre-tax cash flow projections based on management forecasts for the three years ending 31 May 2016. Subsequent cash flows are extrapolated using an estimated growth rate of 2.25%.

The rate used to discount the projected cash flows, being a pre-tax risk-adjusted discount rate, is 9.6% (2012: 10.0%) for all business segments.

The value in use calculations described above, together with sensitivity analysis using reasonable assumptions, have not given rise to indications of impairment.

15. Inventories

	2013 £m	2012 £m
Raw materials and consumables	**2.3**	1.7
Finished goods and goods for resale	**1.5**	1.8
	3.8	3.5

Notes to the group financial statements continued
for the year ended 31 May 2013

16. Trade and other receivables

	2013 £m	2012 £m
Trade receivables	**61.0**	55.2
Less: provision for impairment	**(1.5)**	(1.1)
Trade receivables – net	**59.5**	54.1
VAT recoverable	**0.9**	—
Other debtors	**0.4**	0.6
Prepayments and accrued income	**1.6**	1.5
	62.4	56.2

The fair value of trade and other receivables is equivalent to their carrying amount. Trade and other receivables are non interest-bearing and are substantially denominated in Sterling.

At 31 May 2013, trade receivables of £16.9 million (31 May 2012: £14.9 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2013 £m	2012 £m
Up to 3 months	**13.3**	11.1
Over 3 months	**3.6**	3.8
	16.9	14.9

Movements on the Group provision for impairment of trade receivables are as follows:

	2013 £m	2012 £m
At 1 June	**1.1**	1.2
Acquisition of subsidiary (note 10)	**—**	0.1
Provision for receivables impairment	**0.9**	0.9
Receivables written off in the year	**(0.5)**	(1.1)
At 31 May	**1.5**	1.1

The creation and release of provisions for impaired receivables has been included in administrative expenses in the income statement.

The other classes of receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable.

17. Cash and cash equivalents for the purposes of the cash flow statement

	2013 £m	2012 £m
Cash at bank and in hand	**0.1**	0.2

The fair value of cash and cash equivalents is equivalent to their carrying amount.

18. Trade and other payables

	2013 £m	2012 £m
Current		
Trade payables	**50.7**	45.3
Social security and other taxes	**1.0**	0.8
VAT payable	**—**	0.6
Accruals and deferred income	**5.3**	3.7
	57.0	50.4

The fair value of trade and other payables is equivalent to their carrying amount.

19. Borrowings

	2013 £m	2012 £m
Current		
Obligations under hire purchase agreements	**0.2**	1.0
Non-current		
Invoice discounting advances	**9.1**	14.5
Obligations under hire purchase agreements	**–**	0.2
	9.1	14.7
Total borrowings	**9.3**	15.7

The Group has an agreement with The Royal Bank of Scotland Group for senior credit facilities totalling £55.0 million. With the exception of the bank overdraft facility of £1.0 million, which is renewed annually, these facilities are committed through to 31 October 2015. Further information on these facilities, which existed at 31 May 2013 and 31 May 2012, is provided below.

Invoice discounting advances

Invoice discounting advances at 31 May 2013 are drawn under a committed facility with an expiry date of 31 October 2015. The availability of invoice discounting facilities is dependent on the level of current trade receivables available for refinancing and is subject to a maximum drawdown of £44.0 million.

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

Invoice discounting advances have been classified according to the maturity date of the longest permitted refinancing. Accordingly, all of the invoice discounting advances at 31 May 2013 totalling £9.1 million (31 May 2012: £14.5 million) are presented within non-current liabilities. Without these committed facilities, all invoice discounting advances would have been classified as current liabilities.

The Group incurs non-utilisation fees on its committed invoice discounting facility.

Revolving credit facility

At 31 May 2013, the Group has a revolving credit facility of £6.0 million (31 May 2012: £6.0 million) with an expiry date of 31 October 2015. Interest is charged on amounts drawn down at 2.0 – 2.5% per annum above LIBOR.

The amount drawn down under the revolving credit facility at 31 May 2013 is £Nil (31 May 2012: £Nil).

The Group incurs non-utilisation fees on its committed revolving credit facility.

Bank overdrafts

The Group's net bank overdraft facility at 31 May 2013 is repayable on demand and is subject to a maximum limit of £1.0 million. None of the facility was utilised at 31 May 2013 (31 May 2012: £Nil). Interest is charged at 2.0 – 2.5% per annum over the bank's base rate.

Bank guarantee

At 31 May 2013, the Group has a bank guarantee agreement with The Royal Bank of Scotland Group, under which the bank provides a facility which allows the Group to request that the bank issue guarantees to third party suppliers for general business purposes. The maximum total facility value is £4.0 million. Commission is charged on the maximum total facility value of £4.0 million at 2.0 – 2.5% per annum.

The bank facilities above are provided subject to compliance with standard bank covenants, including net debt/EBITDA and interest cover ratios.

Bank borrowings amounting to £9.1 million (31 May 2012: £14.5 million) are secured by way of unscheduled mortgage debentures provided by the Company and certain subsidiaries within the Group to The Royal Bank of Scotland Group which incorporate a fixed charge over their book debts and floating charges over all their other assets.

All bank borrowings are denominated in Sterling and are repayable as follows:

	2013 £m	2012 £m
Between 2 – 5 years	**9.1**	14.5

Notes to the group financial statements continued
for the year ended 31 May 2013

19. Borrowings continued
Committed bank borrowing facilities by expiry date
The Group has a number of committed bank borrowing facilities which were partly drawn down at 31 May 2013, in respect of which all conditions precedent had been met at that date:

	2013		2012	
Facilities expiring:	**Facility £m**	**Amount drawn £m**	Facility £m	Amount drawn £m
Within 1 year	**1.0**	**—**	1.0	—
Between 2 – 5 years	**46.4**	**9.1**	48.4	14.5
	47.4	**9.1**	49.4	14.5

The availability of invoice discounting facilities included above, amounting to £40.4 million (31 May 2012: £42.4 million), is dependent on the level of current debt available for refinancing.

The facilities above do not include the £4.0 million bank guarantee agreement facility.

Obligations under hire purchase agreements
Obligations under hire purchase agreements are repayable as follows:

	Minimum payments		Present value of payments	
	2013 £m	2012 £m	**2013 £m**	2012 £m
Within 1 year	**0.2**	1.1	**0.2**	1.0
Between 1 – 2 years	**—**	0.2	**—**	0.2
Between 2 – 5 years	**—**	0.1	**—**	—
	—	1.4	**0.2**	1.2
Less: future finance charges	**—**	(0.2)	**—**	—
Present value of obligations	**0.2**	1.2	**0.2**	1.2
Analysed as:				
Amounts due for settlement within 12 months (shown as current liabilities)			**0.2**	1.0
Amounts due for settlement after 12 months			**—**	0.2
			0.2	1.2

All hire purchase obligations are denominated in Sterling.

20. Financial instruments and risk management
The Group's financial instruments comprise cash, bank overdrafts, invoice discounting advances, obligations under hire purchase agreements, derivatives and various items such as debtors and creditors, which arise from its operations. All financial instruments in 2013 and 2012 were denominated in Sterling. There is no significant foreign exchange risk in respect of these instruments.

The carrying amounts of all of the Group's financial instruments are measured at amortised cost in the financial statements, with the exception of derivative financial instruments. Derivative financial instruments are measured subsequent to initial recognition at fair value.

IFRS 7 (amended) 'Financial Instruments: Disclosures' requires disclosure of financial instruments measured at fair value, grouped into Levels 1 to 3 below, based on the degree to which fair value is observable:

- Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs, other than quoted prices included within Level 1 above, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All of the Group's derivative financial instruments as described overleaf (forward supply contracts) were classified as Level 2 in the current and prior year. There were no transfers between levels in both the current and prior year.

20. Financial instruments and risk management continued

Financial liabilities

The book value, fair value and interest rate profile of the Group's financial liabilities, other than non interest-bearing short-term trade and other payables, for which book value equates to fair value, were as follows:

At 31 May 2013	Total book and fair value £m	Fixed interest rate %
Financial liabilities carried at amortised cost:		
Floating rate invoice discounting advances	**9.1**	**—**
Hire purchase obligations repayable within 1 year	**0.2**	**2.43 – 7.92**
	9.3	
Financial liabilities carried at fair value: derivatives	**0.6**	**—**
	9.9	

At 31 May 2012	Total book value £m	Total fair value £m	Fixed interest rate %
Financial liabilities carried at amortised cost:			
Floating rate invoice discounting advances	14.5	14.5	—
Hire purchase obligations repayable:			
Within 1 year	1.0	1.0	2.43 – 7.92
Between 1 – 2 years	0.2	0.2	2.43 – 7.86
	15.7	15.7	
Financial liabilities carried at fair value: derivatives	0.6	0.6	—
	16.3	16.3	

Fair values of hire purchase obligations have been calculated by discounting at prevailing market rates.

Financial assets

The book value, fair value and interest rate profile of the Group's financial assets, other than non interest-bearing short-term trade and other receivables, for which book value equates to fair value, were as follows:

At 31 May 2013	Total book and fair value £m	Fixed interest rate %
Financial assets carried at amortised cost: cash at bank and in hand	**0.1**	**—**
Financial assets carried at fair value: derivatives	**0.6**	**—**
	0.7	

At 31 May 2012	Total book and fair value £m	Fixed interest rate %
Financial assets carried at amortised cost: cash at bank and in hand	0.2	—
Financial assets carried at fair value: derivatives	0.8	—
	1.0	

Notes to the group financial statements continued
for the year ended 31 May 2013

20. Financial instruments and risk management continued

Financial risk management

The Group's operations expose it to a variety of financial risks: price risk; interest rate risk; credit risk; and liquidity 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 in respect of certain raw materials in its Feeds business and oil-related products in the Fuels business.

The Feeds business enters into forward supply contracts in order to manage the impact of price movements on its gross margin. At 31 May 2013, the Group had open forward supply contracts with a principal value of £28.2 million (31 May 2012: £29.0 million). The fair value of forward supply contracts recognised in the balance sheet in accordance with IAS 39 'Financial Instruments: Recognition and Measurement' is £Nil (31 May 2012: £0.2 million).

The fair value of forward supply contracts is based on generally accepted valuation techniques using inputs from observable market data on equivalent instruments at the balance sheet date. The contracts are settled on a gross cash basis and are classified as current assets or liabilities, as all contractual cash flows fall due to be settled in less than one year.

The Group has not designated any of these contracts as hedging instruments during the period under review. As a result, changes in the fair value of non-hedging forward supply contracts amounting to £0.2 million (2012: £Nil) have been charged to the income statement in the year.

The Fuels business' oil-related products 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 enable 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.

Interest rate risk

The Group is exposed to interest rate risk due to its floating rate borrowings.

In prior years, the Group has used interest rate derivatives to manage its exposure to interest rate increases on its borrowings. At 31 May 2013 and 31 May 2012, the Group held no interest rate derivatives.

The Directors review the interest rate hedging policy on at least an annual basis. The Group monitors its exposure to interest rate risk primarily through sensitivity analysis. On the basis of the Group's analysis, it is estimated that a rise of one percentage point in interest rates on floating rate borrowings would have reduced 2013 profit before taxation by approximately £0.2 million (2012: £0.3 million).

Credit risk

Where appropriate, relevant credit checks are performed on potential customers before sales are made. The amount of exposure to any individual customer is controlled by means of a credit limit that is monitored regularly by management and, in the case of a financially material value, by the Executive Directors. In addition, the Fuels business maintains credit insurance for certain higher value accounts in order to manage the potential financial loss incurred on certain bad debts.

Liquidity risk

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

All of the Group's financial instruments, with the exception of certain borrowings (see note 19), have a contractual maturity of less than one year, based on the earliest date on which the contractual cash flows are required to be settled.

Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

20. Financial instruments and risk management continued

Financial risk management continued

Capital risk continued

The Group monitors capital risk on the basis of the net debt/EBITDA ratio. This ratio is calculated as net debt divided by earnings before interest, depreciation and amortisation as shown below:

	2013	2012
Borrowings (£m) (note 19)	**9.3**	15.7
Less: cash at bank and in hand	**(0.1)**	(0.2)
Net debt (£m)	**9.2**	15.5
EBITDA (£m)	**13.3**	9.4
Net debt/EBITDA ratio	**0.7**	1.6

21. Deferred taxation

The following are the major deferred tax assets and liabilities recognised by the Group and the movements thereon during the current and prior year:

	Accelerated tax depreciation £m	Retirement benefit obligations £m	Other £m	Total £m
At 1 June 2011	5.5	(2.9)	(0.2)	2.4
Fair value adjustment*	(0.1)	—	—	(0.1)
At 1 June 2011 (restated)	5.4	(2.9)	(0.2)	2.3
(Credit)/charge to income statement (note 9)	(0.2)	0.2	0.1	0.1
Acquisition of subsidiary (note 10)	0.1	—	(0.1)	—
(Credit)/charge to equity	—	(1.5)	0.1	(1.4)
At 1 June 2012	5.3	(4.2)	(0.1)	1.0
(Credit)/charge to income statement (note 9)	(0.4)	0.4	—	—
Credit to equity	—	(0.5)	—	(0.5)
At 31 May 2013	**4.9**	**(4.3)**	**(0.1)**	**(0.5)**

* The fair value adjustment relates to the finalisation of provisional valuations in respect of the acquisition of Evesons Fuels Limited in 2011. Further information is provided in note 10 of the Group financial statements for the prior year ended 31 May 2012.

22. Share capital

	Number of shares (000s)	Total £m
Authorised: ordinary shares of 25p each		
Balance at 1 June 2011, 31 May 2012 and 31 May 2013	80,000	20.0

	Number of shares (000s)	Total £m
Allotted and fully paid: ordinary shares of 25p each		
Balance at 1 June 2011	47,007	11.7
Issue of shares (see below)	169	0.1
Balance at 31 May 2012	47,176	11.8
Issue of shares (see below)	128	—
Balance at 31 May 2013	**47,304**	**11.8**

During the year ended 31 May 2013, 127,517 (2012: 169,156) shares with an aggregate nominal value of £31,879 (2012: £42,289) were issued for no consideration under the Group's conditional Performance Share Plan.

The maximum total number of ordinary shares, which may vest in the future in respect of conditional Performance Share Plan awards outstanding at 31 May 2013, amounted to 826,364 (31 May 2012: 1,144,323). These shares will only be issued subject to satisfying certain performance criteria (see notes 7 and 24).

The Company operates a SAYE share option scheme for the Group's eligible employees. The total number of options outstanding at 31 May 2013 amounted to 627,191 (31 May 2012: 775,925) shares. These options have a vesting period of three years and can be exercised from 1 November 2014 for a period of six months at a price of £1.06 per share. See note 24 of the Group financial statements for further information on this option scheme.

Notes to the group financial statements continued
for the year ended 31 May 2013

23. Retirement benefit schemes

Defined contribution schemes

The Group operates several defined contribution pension schemes for qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. The total cost charged to the income statement of £0.4 million (2012: £0.4 million) represents the contributions payable to these schemes by the Group at the rates specified in the scheme rules.

At 31 May 2013, contributions of £Nil (31 May 2012: £Nil) due in respect of the current reporting period had not been paid over to the schemes.

Defined benefit schemes

During the prior year ended 31 May 2012, the Group operated the following two defined benefit pension schemes providing benefits based on final pensionable earnings:

- NWF Group Benefits Scheme; and
- Evesons Fuels Limited Retirement Benefit Scheme.

The assets of the schemes were held separately from those of the Group in independently administered funds.

On 15 June 2012, the assets and liabilities of the Evesons Fuels Limited Retirement Benefit Scheme were transferred into the NWF Group Benefits Scheme, and the Evesons Fuels Limited Retirement Benefit Scheme was wound up.

Further details of each scheme are shown below.

NWF Group Benefits Scheme

This scheme was closed to new members during the year ended 31 May 2002.

The latest full actuarial valuation of this scheme, completed in 2011, was carried out as at 31 December 2010 by a qualified actuary and has been updated on an approximate basis to 31 May 2013. The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method.

As a result of the full actuarial valuation at 31 December 2010 further contributions of £0.9 million per annum have been made from 1 June 2012 in order to eliminate the deficit in the scheme by 31 December 2025. These contributions are in addition to the employer's regular contributions of 26.5% of pensionable salaries (approximately £0.9 million per annum).

As described above, during the year ended 31 May 2013, the scheme was enlarged as a consequence of the transfer of the assets and liabilities of the Evesons Fuels Limited Retirement Benefit Scheme. At the date of transfer (15 June 2012), this resulted in an increase in the net liabilities of the scheme, before deferred tax, of £1.2 million.

The Group expects to make total contributions of £2.0 million to the enlarged scheme in the year ending 31 May 2014, of which £0.2 million relates to the former Evesons Fuels Limited Retirement Benefit Scheme.

Evesons Fuels Limited Retirement Benefit Scheme

The assets and liabilities of this scheme were acquired as a result of the acquisition of Evesons Fuels Limited on 17 January 2011. The scheme closed to future accrual on 30 June 2004. The latest full actuarial valuation of the scheme, completed in June 2010, was carried out as at 6 April 2009 by a qualified actuary. The present value of the defined benefit obligation was measured using the Projected Unit Credit Method.

As a result of the full actuarial valuation at 6 April 2009 a schedule of contributions has been agreed, payable from 1 July 2010 for a period of ten years, in order to eliminate the deficit in the scheme by 30 June 2020.

As described above, during the year ended 31 May 2013, all of the assets and liabilities of the Evesons Fuels Limited Retirement Benefit Scheme were transferred into the NWF Group Benefits Scheme, and the Evesons Fuels Limited Retirement Benefit Scheme was wound up. At the date of transfer (15 June 2012), the net liabilities of the scheme, before deferred tax, transferred amounted to £1.2 million.

The following disclosures in respect of the year ended 31 May 2013 relate to the enlarged NWF Group Benefits Scheme only.

Where applicable, disclosures shown below for the year ended 31 May 2012 are provided for the two separate schemes described above.

The principal actuarial assumptions as at the balance sheet date were:

	2013 %	2012 %
Discount rate	**4.30**	4.50
Future salary increases*	**3.40**	3.40
Past pension increases	**3.40**	2.90
Price inflation	**3.40**	2.90

* Applicable to the NWF Group Benefits Scheme only. Evesons Fuels Limited Retirement Benefit Scheme closed to future accrual in 2002.

23. Retirement benefit schemes continued
Defined benefit schemes continued
Evesons Fuels Limited Retirement Benefit Scheme continued

The mortality assumptions adopted in respect of the NWF Group Benefits Scheme imply the following life expectancies:

	2013 Years	2012 Years
Current pensioners – male life expectancy at age 65	**22.1**	22.0
Future pensioners currently aged 45 – male life expectancy at age 65	**23.4**	23.4

The 2013 and 2012 mortality assumptions above are based on S1PA YoB CMI 2010 1% long-term trend tables.

The mortality assumptions adopted in respect of the Evesons Fuels Limited Retirement Benefit Scheme in the prior year ended 31 May 2012 implied the following life expectancies:

	2012 Years
Current pensioners – male life expectancy at age 65	21.6
Future pensioners currently aged 45 – male life expectancy at age 65	23.5

The 2012 mortality assumptions above were based on PCA00 +1 YoB MC 1% floor tables.

The amounts recognised in the balance sheet in respect of the defined benefit schemes are as follows:

	2013 £m	2012 £m
Present value of defined benefit obligations	**(49.9)**	(44.6)
Fair value of scheme assets	**31.1**	27.3
Deficit in the schemes recognised as a liability in the balance sheet	**(18.8)**	(17.3)
Related deferred tax asset (note 21)	**4.3**	4.2
Net pension liability	**(14.5)**	(13.1)

Amounts recognised in the income statement in respect of the defined benefit schemes are as follows:

	2013 £m	2012 £m
Amounts charged to operating profit within administrative expenses		
Current service cost	**0.7**	0.6
Amounts included in finance costs		
Expected return on scheme assets	**(1.6)**	(1.9)
Interest on scheme liabilities	**2.0**	2.2
Net charge to finance costs	**0.4**	0.3
Total cost recognised in the income statement	**1.1**	0.9

Actuarial losses of £2.2 million (2012: £6.2 million) have been reported in the statement of comprehensive income in the year.

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

	2013 £m	2012 £m
At 1 June	**44.6**	40.4
Current service cost	**0.7**	0.6
Interest on scheme liabilities	**2.0**	2.2
Actuarial losses	**3.9**	2.5
Contributions by scheme members	**0.2**	0.3
Benefits paid	**(1.5)**	(1.4)
At 31 May	**49.9**	44.6

Notes to the group financial statements continued
for the year ended 31 May 2013

23. Retirement benefit schemes continued
Defined benefit schemes continued

Evesons Fuels Limited Retirement Benefit Scheme continued

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

	2013 £m	2012 £m
At 1 June	**27.3**	29.1
Expected return on scheme assets	**1.6**	1.9
Actuarial gains/(losses)	**1.7**	(3.7)
Contributions by employer	**1.8**	1.1
Contributions by scheme members	**0.2**	0.3
Benefits paid	**(1.5)**	(1.4)
At 31 May	**31.1**	27.3

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

	Expected return		Fair value of assets	
	2013 %	2012 %	2013 £m	2012 £m
Equities	**6.6**	6.2	**6.2**	14.5
Bonds	**3.7**	3.6	**9.4**	4.3
Property	**6.6**	6.2	**1.8**	1.8
Cash	**2.4**	1.9	**0.3**	0.2
Diversified growth fund	**6.6**	—	**13.4**	—
Hedge funds	**—**	6.2	**—**	3.7
			31.1	24.5

The Group employs a building block approach in determining the long-term rate of return on pension plan assets. Historical markets are investigated and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The overall expected rate of return on assets is then divided by aggregating the expected return for each asset class over the actual asset allocation at the start of the year.

During the year ended 31 May 2013, in conjunction with the trustees, the Group conducted an asset-liability review of the NWF Group Benefits Scheme. The results of the review are used to assist the trustees and the Group to determine the optimal long-term asset allocation with regard to the structure of the liabilities of the scheme. They are also used to assist the trustees in managing the underlying volatility inherent in investment performance and the risk of a significant increase in the scheme deficit, by providing information used to determine the scheme's investment strategy.

As a result of the review, the Group has changed its investment strategy moving from an 85/15% to a 70/30% growth/matching strategy. In moving to this new strategy, the following changes to underlying asset allocations have been effected in the year:

- direct equity exposure has been reduced to 20% of the asset portfolio;
- the bond allocation has been increased to 30%;
- diversified growth fund has been introduced; and
- hedge funds have been completely removed from the portfolio.

The fair value of the major categories of scheme assets and the expected long-term rate of return in respect of the Evesons Fuels Limited Retirement Benefit Scheme at 31 May 2012 were as follows:

	Expected return 2012 %	Fair value of assets 2012 £m
Equities	7.4	1.4
Bonds	4.3	0.8
Gilts	2.2	0.1
Property	7.4	0.4
Cash and other assets	1.9	0.1
		2.8

None of the fair values of the assets shown above include any of the Group's own financial instruments or any property used by the Group at the balance sheet date.

23. Retirement benefit schemes continued

Defined benefit schemes continued

Evesons Fuels Limited Retirement Benefit Scheme continued

The actual return on scheme assets was a gain of £3.2 million (2012: loss of £1.8 million).

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

	2013 £m	2012 £m	2011 £m	2010* £m	2009* £m
Present value of defined benefit obligations	**(49.9)**	(44.6)	(40.4)	(35.7)	(26.7)
Fair value of scheme assets	**31.1**	27.3	29.1	23.4	20.0
Deficit in the schemes	**(18.8)**	(17.3)	(11.3)	(12.3)	(6.7)
Experience adjustments on liabilities	**—**	—	1.1	—	(0.4)
Experience adjustments on assets	**1.7**	(3.7)	0.1	2.0	(7.4)

* Evesons Fuels Limited was acquired on 17 January 2011. Consequently, the comparative figures for 2010 and prior years relate to the NWF Group Benefits Scheme only.

24. Share-based payments

In the year ended 31 May 2013, the Group operated two (2012: two) equity-settled share-based payment plans as described below.

The Group recognised total expenses of £0.3 million in respect of equity-settled share-based payment transactions in the year ended 31 May 2013 (2012: £0.1 million).

The Performance Share Plan ('the Plan')

The Group operates a performance share plan for senior executives, further details of which can be found in note 7 of the Group financial statements. Under the Plan, the Group has made awards of conditional shares, which have yet to be exercised, to certain Directors and employees on 10 August 2010 (vesting date: 31 May 2013), 9 August 2011 (vesting date: 31 May 2014) and 14 August 2012 (vesting date: 31 May 2015). The vesting of these conditional share awards is subject to the Group achieving absolute earnings per share targets.

Details of the maximum total number of ordinary shares, which may be issued in future periods in respect of conditional share awards outstanding at 31 May 2013 and 31 May 2012, are as follows:

	2013 Number of conditional shares	2012 Number of conditional shares
At 1 June	**1,144,323**	1,303,510
Granted in the year	**336,042**	373,350
Lapsed/expired in the year	**(153,612)**	(180,129)
Forfeited in the year	**(372,872)**	(183,252)
Exercised in the year	**(127,517)**	(169,156)
At 31 May	**826,364**	1,144,323

The estimate of the fair value of the services received in return for the conditional share awards is measured based on a Black Scholes model. The aggregate of the estimated fair values of the awards at 31 May 2013 shown above is £0.8 million (31 May 2012: £1.0 million), before taking into account the likelihood of achieving non market-based performance conditions.

For awards granted in the current and prior year, the inputs into the Black Scholes model are as follows:

	2013	2012
Share price at grant date	**£0.99**	£1.29
Exercise price	**Nil**	Nil
Expected volatility	**31.7%**	52.9%
Expected life	**2.88 years**	2.94 years
Expected dividend yield	**3.93%**	3.90%
Risk-free interest rate	**0.13%**	1.18%

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

Notes to the group financial statements continued
for the year ended 31 May 2013

24. Share-based payments continued
SAYE share option scheme
During the prior year ended 31 May 2012, the Company implemented a new SAYE share option scheme for the Group's eligible employees. Options vest on completion of a three-year savings contract ending on 1 November 2014 (the vesting period) and can be exercised for a period of six months from this date for an exercise price of £1.06 per share. The exercise price represents a 10% discount to the quoted market price of the Company's ordinary shares at 12 September 2011 (the date of invitation to join the scheme).

Options are forfeited if an employee leaves the employment of the Group. Options are cancelled when an employee ceases to save under, and therefore cancels participation in, the scheme but remains in the employment of the Group.

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

Movements in the number of options outstanding in the year ended 31 May 2013 and 31 May 2012 are as follows:

	2013 Number of share options	2012 Number of share options
At 1 June	**775,925**	—
Granted in the year	**—**	860,647
Forfeited in the year	**(38,031)**	(41,598)
Cancelled in the year	**(110,703)**	(43,124)
At 31 May	**627,191**	775,925

The estimate of the fair value of the services received in return for the share options is measured based on a Black Scholes model. The estimated fair value of the options at 31 May 2013 is £0.2 million (31 May 2012: £0.3 million), before taking into account the likelihood of achieving non market-based performance conditions.

The inputs into the Black Scholes model are as follows:

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

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

25. Net cash generated from operating activities

	2013 £m	2012 £m
Operating profit	**9.7**	6.3
Adjustments for:		
Depreciation of property, plant and equipment	**3.0**	3.0
Amortisation of other intangible assets	**0.6**	0.1
Profit on disposal of property, plant and equipment	**—**	(0.6)
Share-based payment expense	**0.3**	0.1
Issue of shares	**(0.2)**	(0.2)
Difference between pension charge and cash contributions	**(1.2)**	(0.5)
Operating cash flows before movements in working capital	**12.2**	8.2
Movements in working capital:		
(Increase)/decrease in inventories	**(0.3)**	0.5
(Increase)/decrease in receivables	**(6.0)**	3.3
Increase/(decrease) in payables	**6.7**	(5.0)
Net cash generated from operations	**12.6**	7.0
Interest paid	**(0.8)**	(1.0)
Income tax paid	**(1.4)**	(2.1)
Net cash generated from operating activities	**10.4**	3.9

26. Analysis of cash and cash equivalents and reconciliation to net debt

	1 June 2012 £m	Cash flow £m	Other non-cash movements £m	**31 May 2013 £m**
Cash and cash equivalents (note 17)	0.2	(0.1)	—	**0.1**
Debt due after 1 year	(14.5)	5.5	(0.1)	**(9.1)**
Hire purchase obligations due within 1 year	(1.0)	1.0	(0.2)	**(0.2)**
Hire purchase obligations due after 1 year	(0.2)	—	0.2	**—**
Total Group	(15.5)	6.4	(0.1)	**(9.2)**

27. Operating lease commitments

At the balance sheet date, the Group has commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings 2013 £m	Land and buildings 2012 £m	**Other 2013 £m**	Other 2012 £m
Within 1 year	**0.7**	0.7	**2.7**	2.8
Within 2 – 5 years inclusive	**0.4**	0.9	**7.0**	5.4
After 5 years	**0.3**	0.4	**0.1**	0.2
	1.4	2.0	**9.8**	8.4

The Group leases various land and buildings on short-term operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The Group also leases various cars and commercial vehicles and plant and equipment under operating leases. Leases are negotiated for an average term of five years and rentals are fixed for an average of five years.

28. Related party transactions

Key management compensation

The remuneration of key management personnel of the Group, who are the Executive and Non-Executive Directors of the Company, the Executive Directors of its subsidiaries and certain key managers of the Group, is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures':

	2013 £m	2012 £m
Short-term benefits	**2.8**	1.9
Post-employment benefits	**0.1**	0.1
Termination benefits	**—**	0.1
Share-based payments	**0.2**	—
	3.1	2.1

Further information on remuneration of Directors can be found in note 7.

Directors' transactions

M H Hudson purchased, in the normal course of business and under normal terms and conditions, goods to the value of £12,721 as a customer of the Group in the year ended 31 May 2013 (2012: £10,767). At 31 May 2013, the amount outstanding was £621 (31 May 2012: £1,151). During the year, the highest amount outstanding totalled £2,531 (2012: £2,788).

29. Commitments for capital expenditure

	2013 £m	2012 £m
Authorised, contracted but not provided for	**0.6**	—

Notes to the group financial statements continued
for the year ended 31 May 2013

30. Contingent liabilities

The Group's bank facilities are provided under an arrangement with The Royal Bank of Scotland Group. The Group has pledged security in favour of the bank over certain freehold land and buildings with a carrying value at 31 May 2013 of £24.3 million (31 May 2012: £24.9 million). Unscheduled mortgage debentures have also been provided by the Company and certain subsidiaries to the bank which incorporate a fixed charge over trade receivables and floating charges over all other assets.

The Group has an arrangement with the bank under which cash balances are offset against borrowings. The Company has given a guarantee in respect of the net bank borrowings within the Group under this arrangement amounting to £9.1 million at 31 May 2013 (31 May 2012: £14.5 million).

The Group has a bank guarantee agreement with The Royal Bank of Scotland Group, under which the bank provides a facility which allows the Group to request that the bank issue guarantees to third party suppliers for general business purposes. The maximum total facility value is £4.0 million. Commission is charged on the maximum total facility value of £4.0 million at 2.0 – 2.5% per annum. At 31 May 2013, upon the request of the Group, the bank has issued a guarantee with a value of £4.0 million (31 May 2012: £4.0 million) to a third party supplier of a subsidiary company.

The Company and certain subsidiaries have granted a fixed and floating charge in favour of the trustees of a defined benefit pension scheme (the NWF Group Benefits Scheme). This security, which is subordinated to the bank, creates a fixed charge over certain freehold land and buildings, subject to a maximum value of £5.0 million (31 May 2012: £5.0 million), and a floating charge over all other assets.

The Company has also given certain guarantees to third parties in respect of operating lease and supply agreement commitments due from various subsidiary companies.

Independent auditors' report
to the members of NWF Group plc

We have audited the Parent Company financial statements of NWF Group plc for the year ended 31 May 2013 which comprise the Parent Company Balance Sheet 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 Statement of Directors' Responsibilities on page 25, the Directors are responsible for the preparation of the Parent Company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Parent Company 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 opinion, has been prepared for and only for the Parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the Parent Company financial statements:

- give a true and fair view of the state of the Parent Company's affairs as at 31 May 2013;
- 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 Parent Company financial statements are prepared is consistent with the Parent Company 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the Group financial statements of NWF Group plc for the year ended 31 May 2013.

PricewaterhouseCoopers LLP

Martin Heath (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

6 August 2013

Parent company balance sheet
as at 31 May 2013

	Note	2013 £m	2012 £m
Fixed assets			
Tangible assets	4	**24.6**	25.2
Investments	5	**1.4**	1.3
		26.0	26.5
Current assets			
Debtors	6	**2.3**	1.2
Cash and bank balances		**0.8**	0.2
		3.1	1.4
Creditors: amounts falling due within one year	7	**(11.8)**	(10.2)
Net current liabilities		**(8.7)**	(8.8)
Total assets less current liabilities		**17.3**	17.7
Provisions for liabilities			
Deferred taxation	8	**(0.7)**	(0.8)
Net assets		**16.6**	16.9
Capital and reserves			
Equity share capital	9	**11.8**	11.8
Profit and loss account	10	**4.8**	5.1
Total equity shareholders' funds	11	**16.6**	16.9

The Parent Company financial statements on pages 60 to 66 were approved by the Board of Directors on 6 August 2013 and were signed on its behalf by:

R A Whiting
Director

B J Banner
Director

The notes on pages 61 to 66 form part of these Parent Company financial statements.

Notes to the parent company financial statements
for the year ended 31 May 2013

1. Significant accounting policies
These financial statements are prepared on the going concern basis under the historical cost convention, modified by the revaluations of certain freehold land and buildings, and in accordance with the Companies Act 2006 and applicable Accounting Standards in the UK. The principal accounting policies, which have been applied consistently to all the years presented, are set out below.

Parent Company profit and loss account
The Company has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006. The Company's profit after taxation for the year was £1.6 million (2012: £2.8 million). There are no material differences between the profit after taxation in the current and prior year and its historical cost equivalent. Accordingly, no note of historical cost profits and losses has been presented.

Dividend distribution
The distribution of a dividend to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which it is approved by the Company's shareholders.

Tangible fixed assets
Tangible fixed assets are stated at cost or valuation. In accordance with FRS 15, the book values of certain assets which were the subject of past revaluations have been retained. Depreciation is calculated to write off the cost or valuation of fixed assets over their useful economic life on a straight-line basis as follows:

Freehold buildings	10 – 50 years
Plant and machinery	3 – 10 years

Freehold land is not depreciated. Assets under construction are not depreciated until they are put into use.

Borrowing costs that are directly attributable to the construction of qualifying assets are capitalised.

Investment in subsidiary undertakings
Investments in Group undertakings and participating interests are stated at cost, unless their value has been impaired in which case they are valued at the lower of their realisable value or value in use.

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

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

Provisions
Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Share-based payments
In the year ended 31 May 2013, the Company operated two (2012: two) equity-settled share-based payment plans. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant.

The fair value determined at the grant date of equity-settled share-based payments issued to the Company's employees is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

The fair value determined at the grant date of equity-settled share-based payments issued to employees of subsidiary undertakings is recognised as an addition to the cost of investment in subsidiary undertakings on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

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

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

Employer social security contributions payable in connection with the grant of share awards is considered an integral part of the grant itself and the charge is treated as a cash-settled transaction.

Notes to the parent company financial statements continued
for the year ended 31 May 2013

1. Significant accounting policies continued
Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds of issue.

Cash flow statement
The Company is included in the consolidated financial statements of NWF Group plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1.

2. Staff costs
The average number of persons (including Directors) employed by the Company during the year was 13 (2012: 13). Staff costs for these persons were:

	2013 £m	2012 £m
Wages and salaries	**1.3**	0.9
Social security costs	**0.2**	0.1
Share-based payments (note 13)	**0.2**	—
Other pension costs	**0.1**	0.2
	1.8	1.2

Other pension costs above are amounts charged to operating profit in respect of defined contribution and defined benefit pension schemes.

3. Remuneration of Directors
Details of Directors' remuneration are shown in note 7 of the Group financial statements.

4. Tangible fixed assets

	Freehold land and buildings £m	Plant and machinery £m	Total £m
Cost or valuation			
At 1 June 2012	30.2	0.4	30.6
Additions	0.1	0.1	0.2
At 31 May 2013	**30.3**	**0.5**	**30.8**
Depreciation			
At 1 June 2012	5.1	0.3	5.4
Charge for the year	0.7	0.1	0.8
At 31 May 2013	**5.8**	**0.4**	**6.2**
Carrying amount			
At 31 May 2013	**24.5**	**0.1**	**24.6**
At 31 May 2012	25.1	0.1	25.2

The cost or valuation of freehold land and buildings at 31 May 2013 above includes £7.2 million (31 May 2012: £7.2 million) held at a valuation carried out in 1995.

The historical cost amounts of the Company's freehold land and buildings at 31 May 2013 are: £29.2 million (31 May 2012: £29.1 million) cost; £5.9 million (31 May 2012: £5.2 million) accumulated depreciation; and £23.3 million (31 May 2012: £23.9 million) net book value.

5. Investments in subsidiary undertakings

	£m
Cost and carrying amount	
At 1 June 2012	1.3
Additions (note 13)	0.1
At 31 May 2013	**1.4**

The Company directly owns the whole of the issued ordinary shares of the following subsidiary undertakings:

Company	Business activity
NWF Agriculture Holdings Limited	Holding company – Feed operations
NWF Distribution Holdings Limited	Holding company – Food operations
NWF Fuels Holdings Limited	Holding company – Fuel operations
Bassett Fuels Limited	Dormant
Dragon Petroleum Limited	Dormant
Lincolnshire Fuels Limited	Dormant
North Western Farmers Limited	Dormant
NWF Limited	Dormant
Figaro Number Two Limited	Dormant

All of the above companies are registered and operate in England and Wales.

The Company also indirectly owns all of the issued ordinary shares of the following subsidiary undertakings:

Company	Business activity
Boughey Distribution Limited	Warehousing and food distribution
NWF Agriculture Limited	Supplier of animal feedstuffs and seeds
NWF Fuels Limited	Fuel distribution
Evesons Fuels Limited	Fuel distribution
Swan Petroleum Limited	Dormant
Evesons (Worcestershire) Limited	Dormant
Nutrition Express Limited	Dormant
Broadland Fuels Limited	Dormant
JGW Thomas & Son Limited	Dormant
Fuel Oil Supply Co. Limited	Dormant
Knutsford Domestic Fuel Oil Company Limited	Dormant
Figaro Number One Limited	Dormant

All of the above companies are registered and operate in England and Wales.

6. Debtors

	2013 £m	2012 £m
Amounts owed by Group undertakings	**1.0**	0.2
Prepayments and accrued income	**0.3**	0.3
Corporation tax recoverable	**0.9**	0.6
VAT recoverable	**0.1**	0.1
	2.3	1.2

All of the amounts owed by Group undertakings shown above are repayable on demand.

Notes to the parent company financial statements continued
for the year ended 31 May 2013

7. Creditors: amounts falling due within one year

	2013 £m	2012 £m
Amounts owed to Group undertakings	**9.3**	8.4
Accruals and deferred income	**2.5**	1.8
	11.8	10.2

The Company has a bank overdraft facility amounting to £1.0 million, none of which has been utilised at 31 May 2013 (31 May 2012: £Nil). This facility is secured by way of unscheduled mortgage debentures provided by the Company and certain subsidiaries within the Group to The Royal Bank of Scotland Group, which incorporate a fixed charge over trade receivables and floating charges over all their other assets.

All of the amounts owed to Group undertakings shown above are repayable on demand. Included in these amounts is £7.7 million (31 May 2012: £7.7 million) which represents loans from Group undertakings. Interest has been charged on these Group loans in the year at 3.0% (2012: 3.0%) per annum. The remaining amounts are non interest-bearing trade balances.

8. Deferred taxation

	2013 £m	2012 £m
Accelerated capital allowances	**0.8**	0.9
Other timing differences	**(0.1)**	(0.1)
	0.7	0.8

The movement on the deferred tax provision in the year was as follows:

Provision	£m
At 1 June 2012	0.8
Credit to the profit and loss account	(0.1)
At 31 May 2013	**0.7**

The potential amount of deferred tax on revalued land and buildings has not been recognised since it is the intention of the Directors to retain these properties in the business.

9. Equity share capital

	Number of shares (000s)	Total £m
Authorised: ordinary shares of 25p each		
Balance at 1 June 2011, 31 May 2012 and 31 May 2013	80,000	20.0

	Number of shares (000s)	Total £m
Allotted and fully paid: ordinary shares of 25p each		
Balance at 1 June 2011	47,007	11.7
Issue of shares (see below)	169	0.1
Balance at 31 May 2012	47,176	11.8
Issue of shares (see below)	128	—
Balance at 31 May 2013	**47,304**	**11.8**

During the year ended 31 May 2013, 127,517 (2012: 169,156) shares with an aggregate nominal value of £31,879 (2012: £42,289) were issued for no consideration under the Group's conditional Performance Share Plan.

The maximum total number of ordinary shares, which may vest in the future in respect of conditional Performance Share Plan awards outstanding at 31 May 2013, amounted to 826,364 (31 May 2012: 1,144,323). These shares will only be issued subject to satisfying certain performance criteria (see notes 7 and 24 of the Group financial statements).

The Company operates a SAYE share option scheme for the Group's eligible employees. The total number of options outstanding at 31 May 2013 amounted to 627,191 (31 May 2012: 775,925) shares. These options have a vesting period of three years and can be exercised from 1 November 2014 for a period of six months at a price of £1.06 per share. See note 24 of the Group financial statements for further information on this option scheme.

10. Profit and loss account

	£m
At 1 June 2012	5.1
Profit for the financial year	1.6
Dividends paid (see below)	(2.1)
Issue of shares (note 9)	(0.1)
Credit to equity for equity-settled share-based payments (note 13)	0.3
At 31 May 2013	**4.8**

Details of dividends paid in the year by the Company can be found in note 11 of the Group financial statements.

11. Reconciliation of movements in equity shareholders' funds

	2013 £m	2012 £m
Opening equity shareholders' funds	**16.9**	16.3
Profit for the financial year	**1.6**	2.8
Dividends paid	**(2.1)**	(2.1)
Issue of shares (note 9)	**(0.1)**	(0.2)
Credit to equity for equity-settled share-based payments (note 13)	**0.3**	0.1
Closing equity shareholders' funds	**16.6**	16.9

12. Related party transactions

The Company has taken advantage of the exemption included in FRS 8 'Related Party Disclosures' to not disclose details of transactions with Group undertakings, on the grounds that it is the parent company of a group whose accounts are publicly available.

Directors' transactions

M H Hudson purchased, in the normal course of business and under normal terms and conditions, goods to the value of £12,721 as a customer of the Group in the year ended 31 May 2013 (2012: £10,767). At 31 May 2013, the amount outstanding was £621 (31 May 2012: £1,151). During the year, the highest amount outstanding totalled £2,531 (2012: £2,788).

Details of the Directors' interests in the ordinary share capital of the Company are provided in the Directors' Report.

13. Share-based payments

The Performance Share Plan ('the Plan')

The Company operates a performance share plan for senior executives, further details of which can be found in note 7 of the Group financial statements.

Under the Plan, the Company has made awards of conditional shares to certain Directors and employees, details of which can be found in note 24 of the Group financial statements.

The Company recognised total expenses of £0.2 million in respect of the Plan's equity-settled share-based payment transactions in the year ended 31 May 2013 (2012: £Nil).

SAYE share option scheme

The Company operates a SAYE share option scheme for the Group's eligible employees, further details of which can be found in note 24 of the Group financial statements.

The Company recognised total expenses of £Nil in respect of the SAYE scheme's equity-settled share-based payment transactions with its own employees in the year ended 31 May 2013 (2012: £Nil).

In addition, the aggregate cost of SAYE scheme options granted to employees of the Company's subsidiary undertakings of £0.2 million at 31 May 2013 (31 May 2012: £0.1 million) has been recognised by the Company as an addition to the cost of investment in subsidiary undertakings (see note 5).

Notes to the parent company financial statements continued
for the year ended 31 May 2013

14. Pensions

The Company participates in the NWF Group Benefits Scheme, a pension arrangement providing benefits based on final pensionable pay, further details of which can be found in note 23 of the Group financial statements.

The Company is in practice unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis and, following the adoption of FRS 17 'Retirement Benefits', is treating the scheme as a defined contribution scheme.

Contributions into the scheme and amounts charged to the profit and loss account during the year were £Nil (2012: £0.1 million). There were no outstanding or prepaid contributions at the balance sheet date (31 May 2012: £Nil).

The Company also operated a money purchase scheme during the year and contributions during the year amounted to £0.1 million (2012: £0.1 million). There were no outstanding or prepaid contributions at the balance sheet date (31 May 2012: £Nil).

15. Contingent liabilities

The Company's bank facilities are provided under an arrangement with The Royal Bank of Scotland Group. The Company has pledged security in favour of the bank over certain freehold land and buildings with a carrying value at 31 May 2013 of £24.3 million (31 May 2012: £24.9 million). An unscheduled mortgage debenture has also been provided by the Company to the bank which incorporates a floating charge over all other assets.

The Group has an arrangement with the bank under which cash balances are offset against borrowings. The Company has given a guarantee in respect of the net bank borrowings under this arrangement amounting to £9.1 million at 31 May 2013 (31 May 2012: £14.5 million).

The Company has a bank guarantee agreement with The Royal Bank of Scotland Group, under which the bank provides a facility which allows the Company to request that the bank issue guarantees to third party suppliers for general business purposes. The maximum total facility value is £4.0 million. Commission is charged on the maximum total facility value of £4.0 million at 2.0 – 2.5% per annum. At 31 May 2013, upon the request of the Company, the bank has issued a guarantee with a value of £4.0 million (31 May 2012: £4.0 million) to a third party supplier of a subsidiary company.

The Company has granted a fixed and floating charge in favour of the trustees of a defined benefit pension scheme (the NWF Group Benefits Scheme). This security, which is subordinated to the bank, creates a fixed charge over certain freehold land and buildings, subject to a maximum value of £5.0 million (31 May 2012: £5.0 million), and a floating charge over all other assets.

The Company has also given certain guarantees to third parties in respect of operating lease and supply agreement commitments due from various subsidiary companies.

Notice of annual general meeting

Notice is hereby given that the Annual General Meeting ('the Meeting') of NWF Group plc ('the Company') will be held at The Wardle Suite, Rookery Hall Hotel, Worleston, Cheshire CW5 6DQ on Thursday 26 September 2013 at 10.30 a.m. to transact the following business:

Ordinary business

1. To receive, adopt and approve the Company's annual accounts for the financial year ended 31 May 2013 together with the Directors' Report and Auditors' Report on those accounts.
2. To declare a final dividend of 3.8p per share for the year ended 31 May 2013.
3. To elect B J Banner as a Director of the Company who, having been appointed since the last Annual General Meeting, is to be proposed for election in accordance with the Articles of Association of the Company.
4. To elect Y M Monaghan as a Director of the Company who, having been appointed since the last Annual General Meeting, is to be proposed for election in accordance with the Articles of Association of the Company.
5. To elect T P Acton as a Director of the Company who, having been appointed since the last Annual General Meeting, is to be proposed for election in accordance with the Articles of Association of the Company.
6. To re-elect M H Hudson as a Director of the Company, who retires by rotation in accordance with the Articles of Association of the Company.
7. To re-elect D R Southworth as a Director of the Company, who retires by rotation in accordance with the Articles of Association of the Company.
8. To reappoint PricewaterhouseCoopers LLP as auditors to hold office from the conclusion of the Meeting to the conclusion of the next Meeting at which accounts are laid before the Company at a remuneration to be determined by the Directors.

Special business

To consider and, if thought fit, pass the following resolutions, which will be proposed as to Resolution 9 as an Ordinary Resolution and as to Resolution 10 as a Special Resolution.

9. That the Board of Directors of the Company ('the Board') be generally and unconditionally authorised to allot Relevant Securities (as hereinafter defined):

   9.1 up to an aggregate nominal amount of £3,951,664 (the equivalent of 15,806,656 ordinary shares); and

   9.2 comprising equity securities (as defined by Section 560 of the Companies Act 2006 ('the Act')) up to an aggregate nominal amount of £7,903,328 (the equivalent of 31,613,312 ordinary shares) (such amount to be reduced by the nominal amount of any Relevant Securities allotted under paragraph 9.1 above) in connection with an offer by way of a rights issue:

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

   (b) to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary, but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange,

   provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the date which is 15 months after the date of this Annual General Meeting or, if earlier, the date of the next Annual General Meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted and the Board may allot Relevant Securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

   This Resolution 9 revokes and replaces all unexercised authorities previously granted to the Board to allot Relevant Securities but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

   For the purposes of this Resolution 9, 'Relevant Securities' means:

   - shares in the Company other than shares allotted pursuant to:
     - an employee share scheme (as defined by Section 1166 of the Act);
     - a right to subscribe for shares in the Company where the grant of the right itself constituted a Relevant Security; or
     - a right to convert securities into shares in the Company where the grant of the right itself constituted a Relevant Security; or
   - any right to subscribe for or to convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme (as defined by Section 1166 of the Act). References to the allotment of Relevant Securities in this Resolution 9 include the grant of such rights.

Notice of annual general meeting continued

Special business continued

10. That, subject to the passing of Resolution 9 on page 67, the Board be and it is hereby empowered, pursuant to Section 570 of the Act, to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 9 on page 67 or by way of a sale of treasury shares as if Section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:

    10.1 the allotment of equity securities in connection with a rights issue or other pro rata offer in favour of holders of equity securities (but in the case of the authority granted under paragraph 9.2 of Resolution 9 on page 67, by way of a rights issue only) where the equity securities respectively attributable to the interests of all those persons at such record dates as the Board may determine are proportionate (as nearly as may be) to the respective numbers of equity securities held by them subject to such exclusions or other arrangements as the Board may consider necessary or expedient to deal with treasury shares, fractional entitlements, record dates, practical or legal difficulties under the laws of any territory or the requirements of any regulatory body or stock exchange or by virtue of equity securities being represented by depositary receipts or any other matter whatsoever; and

    10.2 the allotment (otherwise than pursuant to paragraph 10.1 above) of equity securities up to an aggregate nominal amount of £592,750,

    and in each case shall expire upon the expiry of the general authority conferred by Resolution 9 on page 67, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted and/or shares held by the Company in treasury to be sold or transferred after such expiry and the Board may allot equity securities and/or sell or transfer shares held by the Company in treasury in pursuance of such offers or agreements as if the power conferred by this resolution had not expired.

By order of the Board

S R Andrew
Company Secretary

6 August 2013

Wardle
Nantwich
Cheshire
CW5 6BP
Registered number: 2264971

Notes to the notice of annual general meeting

These notes are important and require your immediate attention.

1. A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint another person of his/her choice as that shareholder's proxy to exercise all or any of that shareholder's rights to attend and to speak and vote at the meeting on his/her behalf. A shareholder may appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy does not need to be a shareholder of the Company.
2. A form of proxy for use in connection with the Meeting is enclosed with the document of which this notice forms part. Completion and return of a form of proxy will not prevent a shareholder from attending and voting in person at the Meeting. Addresses (including electronic addresses) in this document are included strictly for the purposes specified and not for any other purpose.
3. To appoint a proxy or proxies, shareholders must complete a form of proxy, sign it and return it, together with the power of attorney or any other authority under which it is signed, or a notarially certified copy of such authority, to the Company's registrars, Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so that it is received no later than 10.30 a.m. on 24 September 2013.
4. Only those members entered on the register of members of the Company at 6.00 p.m. on 24 September 2013 or, in the event that this meeting is adjourned, in the register of members as at 6.00 p.m. on the day two days before the date of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their names at that time. Changes to the entries on the register of members by the close of business on 24 September 2013 or, in the event that this meeting is adjourned, in the register of members before the close of business on the day two days before the date of the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held at 10.30 a.m. on 26 September 2013 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Capita Registrars Limited (CREST Participant ID: RA10), no later than 48 hours before the time appointed for the Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

   CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
6. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. In the event of a conflict between a blank form of proxy and a form of proxy which states the number of shares to which it applies, the specific form of proxy shall be counted first, regardless of whether it was sent or received before or after the blank form of proxy, and any remaining shares in respect of which you are the registered holder will be apportioned to the blank form of proxy. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you should contact Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Notes to the notice of annual general meeting continued

7. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
8. Copies of the following documents will be available for inspection at the Company's registered office during normal working hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this notice until the date of the Annual General Meeting and at the place of the Annual General Meeting for 15 minutes prior to and during the Meeting:
   - copies of all service agreements or letters of appointment under which the Directors of the Company are employed by the Company.
9. Except as provided above, members who have general queries about the Meeting should use the following means of communication (no other methods of communication will be accepted):
   - calling Capita Registrars: 0871 664 0300 (calls cost 10p per minute plus network extras. Lines are open 8.30 a.m. – 5.30 p.m. Monday – Friday).

Explanatory notes to the notice of annual general meeting

Ordinary business

Each resolution will be proposed as an Ordinary Resolution. This means that, for each of the resolutions to be passed, more than half of the votes cast must be in favour of the resolution.

The Ordinary Resolutions are entirely routine and deal with the approval of the Annual Report and Accounts for the financial year ended 31 May 2013, the declaration of a final dividend, the appointment of B J Banner, Y M Monaghan and T P Acton as Directors of the Company, the reappointment of M H Hudson and D R Southworth as Directors of the Company and the reappointment of PricewaterhouseCoopers LLP as auditors.

Special business

Resolution 9 will be proposed as an Ordinary Resolution and Resolution 10 will be proposed as a Special Resolution. In order for a Special Resolution to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Resolution 9 – authority to allot shares (Ordinary Resolution)

The authority conferred on the Directors at last year's Annual General Meeting to allot the authorised but unissued share capital of the Company expires at the conclusion of the forthcoming Annual General Meeting. The Board recommends that this authority be renewed.

Paragraph 9.1 of Resolution 9 will, if passed, authorise the Directors to allot the Company's unissued shares up to a maximum nominal amount of £3,951,664 which represents an amount which is equal to one-third of the aggregate nominal value of the issued and unconditionally allotted ordinary share capital of the Company (excluding treasury shares) as at close of business on 21 August 2013. As at close of business on 21 August 2013 the Company did not hold any treasury shares.

Paragraph 9.2 of Resolution 9 will, if passed, authorise the Directors to allot unissued shares in connection with a rights issue in favour of holders of equity securities (which would include ordinary shareholders) as required by the rights of those securities or as the Directors may otherwise consider necessary, up to a maximum aggregate nominal amount of £7,903,328, which represents an amount which is equal to two-thirds of the aggregate nominal value of the issued and unconditionally allotted ordinary share capital of the Company as at close of business on 21 August 2013 (such amount to be reduced by the nominal amount of any relevant securities issued under the authority conferred by paragraph 9.1 of Resolution 9).

The authorities sought in Resolution 9 are in substitution for all existing authorities, granted in the Company's Articles of Association or otherwise, and without prejudice to previous allotments made under such existing authorities. The authorities will each expire 15 months after the date of the Annual General Meeting or, if earlier, at the conclusion of the next Annual General Meeting of the Company. The Directors have no present intention of exercising these authorities but believe that it is in the best interests of the Company to have the authorities available so that the Board has the flexibility to take advantage of business opportunities as they arise.

Resolution 10 – disapplication of pre-emption rights (Special Resolution)

Resolution 10, which will be proposed as a Special Resolution, seeks to renew the authority conferred on the Directors at last year's Annual General Meeting to issue equity securities of the Company for cash without application of the pre-emption rights provided by Section 561 of the Act. The authority being sought provides for non-pre-emptive allotments of equity securities: (i) to ordinary shareholders in proportion to their existing shareholdings; (ii) to holders of other equity securities as required by, or subject to (as the Directors consider necessary), the rights of those securities, and to deal with treasury shares, fractional entitlements and legal and practical problems in any territory, for example on a rights issue or other similar share issue; and (iii) for cash up to an aggregate nominal value of £592,750, which represents 5% of the issued ordinary share capital of the Company as at close of business on 21 August 2013. The authority being sought is in substitution for all existing authorities, granted in the Company's Articles of Association or otherwise, and without prejudice to previous allotments made under such authorities and will expire 15 months after the date of the Annual General Meeting or, if earlier, at the conclusion of the next Annual General Meeting of the Company. The Directors have no present intention of exercising these authorities but believe that it is in the best interests of the Company to have the authorities available so that the Board has the flexibility to take advantage of business opportunities as they arise.

The authority sought and the limits set by this resolution will also disapply the application of Section 561 of the Act from a sale of treasury shares to the extent also specified in this resolution.

In accordance with the guidelines issued by the Pre-Emption Group, the Board confirms its intention that no more than 7.5% of the issued share capital will be issued for cash on a non-pre-emptive basis during any rolling three-year period.

Financial calendar

Annual General Meeting	26 September 2013
Final dividend paid	2 December 2013
Preliminary announcement of half-year results	Early February 2014
Publication of Interim Report	Early February 2014
Interim dividend paid	1 May 2014
Financial year end	31 May 2014
Preliminary announcement of full-year results	Mid August 2014
Publication of Annual Report and Accounts	Late August 2014

Divisional contacts

Food	Tel: 01829 260704 www.boughey.co.uk
Feeds	Tel: 0800 262397 www.nwfagriculture.co.uk
Fuels	Tel: 01829 260900 www.nwffuels.co.uk

designed and produced by
the design portfolio
marketing services.
www.design-portfolio.co.uk

NWF GROUP PLC

NWF Group plc
Wardle
Nantwich
Cheshire
CW5 6BP

Telephone: 01829 260260
Fax: 01829 261042

info@nwf.co.uk
www.nwf.co.uk