

Annual Report and Summary Accounts

Year ended
31 January 2017



Delivering excellence in agricultural purchasing

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Chairman's Statement 2017



Last year in my Statement I made reference to two important events that would come to dominate 2017/18. The first was that we had set up a new business to purchase certain chemicals more effectively from sources closer to the manufacturers as we believed that this would have both immediate and longer-term benefits for our committed members, and the second was that we would be searching for a new Chief Executive to take over from Clarke Willis when he retires in 2017.

In reverse order, I am very pleased to say that after a full and lengthy recruitment process we announced that, after a brief handover period, Jon Duffy would take over the reins as Chief Executive from Clarke in March 2017. Jon joins us from Frontier and he has a great deal of relevant industry experience, having previously been Managing Director of Gleadell and worked for Banks of Sandy, which will benefit our members. I hope

that you will try to meet him at one of our events this year. Everything we do is done on behalf of our members and it is very important that we hear your views in order to help us shape AF for the future.

Our new chemicals business, AF Logic Limited, was set up in June 2016 when we recruited Martin Rogers and Lindy Blanchard. Setting up a new business from scratch is always challenging and AF Logic has certainly been no exception. The results shown in these accounts have been adversely affected because we only serviced the autumn market in 2016/17 and also had significant set-up costs to bear. The reaction from distribution has been robust and this has undoubtedly made the start for this business more difficult than we had anticipated. Initially members have benefitted as pricing in the market has become even more competitive, but our real focus is getting both AF Logic and AF's agrochemicals desk fit for purpose to supply our larger members with their purchasing solutions and requirements. Work on this section of our business will continue in the current financial year.

2016 was a challenging year all round. Whilst the volume of products purchased on behalf of our members was up on the previous year, the number of invoices we processed increased by an even greater percentage, indicating that our members were only purchasing items when they were really needed. Actual turnover did not increase in line with volumes as lower commodity prices held the costs of inputs down.

However, subsequent to the Brexit vote we have seen sterling weaken against both the dollar and the euro. Perversely this probably helped many of our members as they may have received more for their support payments and their crops. Cost increases were initially contained within the supply chain but the longer-term effects are that input prices are now on the way up. This will make efficient and effective purchasing solutions even more important for our members.

We continue to invest heavily in IT and this year our capital expenditure on software amounted to over £370,000 (up from £263,000 last year). I am sure that the strategy to use IT to improve efficiencies and roll out an improved interface with both members and suppliers will set us apart from our peers and provide real benefits. The first phase of project Harrier is now being rolled out.

Our subsidiaries, other than AF Logic Limited, continued to trade well and AF Affinity Limited, our business that trades with non-members through the Affinity and FarmBuyer brands, put in an especially pleasing performance with turnover up 25% to £8.3m. A large element of this business involves fuel. AF Affinity Limited has paid levies of £91k to Anglia Farmers (2016 £67k) in addition to earning a profit of £94k,

(up from £37k in the previous year). AF Biomass Limited has supplied more tonnes of straw this year to customers. The straw is mainly delivered to power stations and the new station at Snetterton has recently started to take supply. Margins, however, are down and the profit of £70k made in the year reflects this (£93k in the previous year).

People

I would really like to thank all our staff who continue to work tirelessly on behalf of us all. They consistently try to do their best for the membership and the knowledge within our trading desks is excellent. When senior staff have left us, more junior people have stepped up to the plate and filled their places with no adverse effect.

I would also like to thank Clarke Willis for the way he has grown the merged businesses of Mid Norfolk Farmers and Loddon Farmers into the group that we know today. In typical Clarke fashion, just as he should have been planning his handover, he got to grips with starting our new business AF Logic Limited. His day-to-day involvement in AF Logic, as well as running the Society, has not diminished one bit and this year's positive results are a fitting tribute.

I am really looking forward to working with Jon Duffy and we will strive to deliver continued improvements in purchasing and service for the benefit of our members.

Nigel Savory

Chairman
Anglia Farmers Limited

Group Chief Executive's Review – 2016/17



The AF Group has delivered another solid performance and strengthens its position as a vital link in the supply chain from input suppliers to retailers. My journey to lead Anglia Farmers to grow market share and deliver value for members in their purchasing, is over. Whilst these continue to be challenging times for primary agriculture, I know my successor, Jon Duffy, and the whole AF team, will be there to support our members to face them.

In delivering my final report to the member shareholders I have been reflecting on the 15 years since June 2002 when I was appointed to the role of making the concept of merging Loddon Farmers and Mid-Norfolk Farmers a reality. The merger took place on 1st February 2003 and this is the fourteenth set of accounts since that time.

My brief from the newly formed board was simple – to build turnover (to strengthen our negotiating position), to contain costs (to show a broadly break even position each year) and to do this without compromising service to members. Year 1 was £45k turnover and a net deficit of £10k and a balance sheet of £865k. Over the years many other purchasing groups have joined with us and thousands of new members have also joined. I leave the AF Group business on a sound financial footing and wish it every success in the future.

AF Group 2016/17 Results

AF Group results are the consolidation of the Society (Anglia Farmers Limited) and now four wholly-owned subsidiary companies. AF Affinity Limited, AF Biomass Limited and AF Finance Limited have been trading for some years and in 2016 we formed AF Logic Limited to source and distribute agrochemicals.

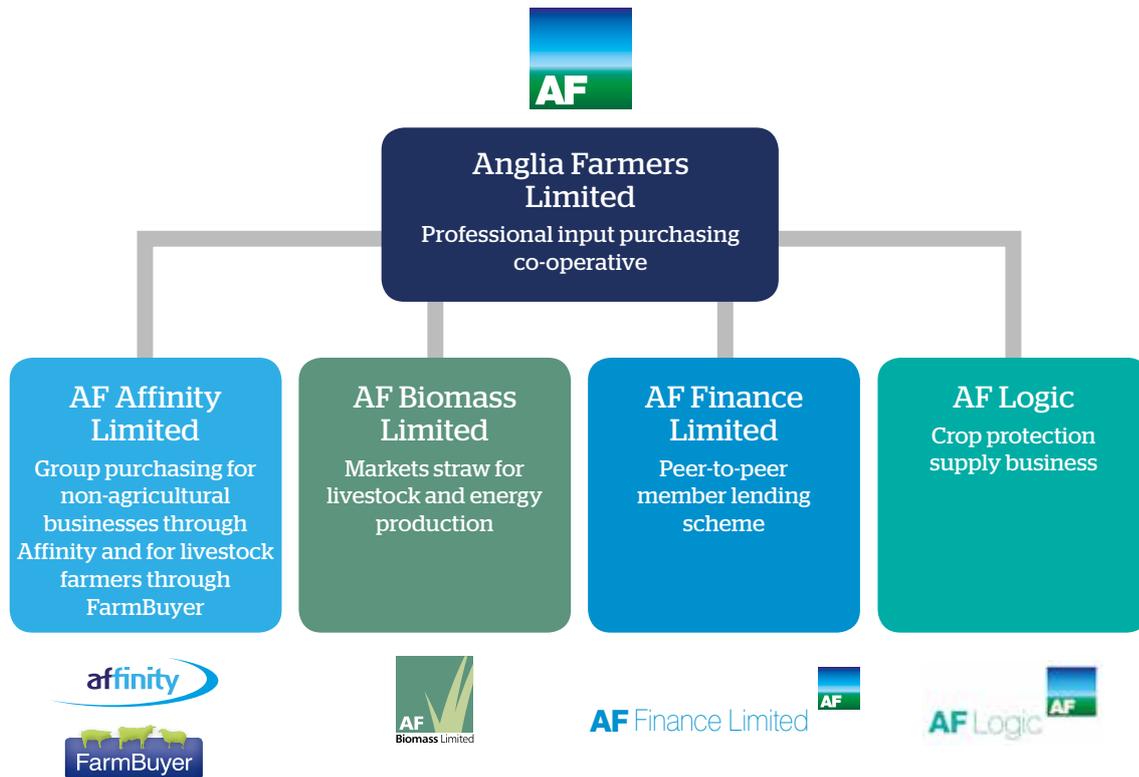
In this annual report are the summary group financial statements that lay out

the income and expenditure account for the four subsidiaries as well as the consolidated Group. Group turnover was £234.2m, up by 1% on last year, after allowing for inter-company transactions. Operating surplus was £760k delivering a net surplus of £230k after payments to members and tax despite the post-tax loss of £181k made by AF Logic Limited in its first period of trading. If you would like a set of the full accounts they are available as usual on AF Interactive (members portal) or electronically from execoffice@angliafarmers.co.uk.

Anglia Farmers Limited (Society).

Looking at the individual entity the turnover of Anglia Farmers Limited (Society) was up 1% and surplus (after payments to members of £526k) up by 35% at £255k. This was another good solid performance with volumes in all business units up on the previous year. This annual report contains all the results from each business unit and other Society activities.

The AF Group



AF Affinity Limited was formed in 2011 to facilitate non-member trading activity and has two divisions – Affinity and FarmBuyer. AF Affinity Limited purchases from the Society as a member (paying the normal service charges) and takes an additional margin. Its turnover was £8.3m (up 25% on the previous year) and it returned a profit before tax of £101k to the Group, in addition to its member levy. The 2017 Balance Sheet reflects the positive change increasing from £32k in the last financial year to £118k this year.

General Manager, Louis Clabburn, and the team are to be congratulated on another good result. AF Affinity Limited has now established itself as a key subsidiary adding profit to the AF Group. This success has continued into 2017 with February and March combined turnover up 57% on the same months last year, with profits on budget. George Bell, who had been chairman of AF Affinity Limited since its inception, stepped down on 30th November 2016.

Nigel Savory was appointed to the AF Affinity Limited board on 23rd June 2016 and became chairman in November 2016. Peter Franzen is the external non-executive Director.

During the year, the growth of Affinity has been concentrated on the supply of domestic heating oil through county-based fuel syndicates which now cover 12 counties all over the country. It also operates branded Affinity packages with organisations such as British Marine, The Original Cottage Company, and FARMA, together with business outside agriculture and employee benefit schemes. There are now 14,000 account holders with AF Affinity Limited.

FarmBuyer trades with small farmers, particularly livestock units in the west of Britain, and has seen a significant increase in sales up 26% to £2.4m during the year.

AF Biomass Limited came into the AF Group in 2012 with the merger of Eastern Machinery Ring. Its main business is the year-round supply of straw into the new generation of straw-powered power stations and to livestock farmers. Autumn

2016 saw the commissioning of the new Snetterton Power Station. The delayed off-take resulted in about 5,000 tonnes not moving in the 2016/17 year but being delayed into the new financial year.

Turnover for 2016/17 was just over £4m (up 18% on the previous year) with profit before tax of £70k (28% below the previous year) reflecting tighter margins and the slippage in deliveries against plan. These deliveries are expected to reflect positively in results in this next financial year.

AF Biomass Limited has a stable board structure. Robert Alexander has been chairman since inception and it operates with a small team of three led by Mike Giffin as General Manager. Business plans for its continued growth and development are on-going as we source a higher volume of straw in the 2017 harvest.

AF Finance Limited, which acts as agent in a peer-to-peer lending model, commenced trading in 2012 and has shown continued support from members. In 2016/17 we conducted loan agreements to the value of

Group Chief Executive's Review – 2016/17

continued

AF's key product areas



£4.3m and returned depositors 3.9% interest on the £2.5m of funds held in the year ending 31st January 2017. AF Finance Limited made a small £9k profit from retained interest and fees but had to pay solicitors' expenses for discussions with the FCA regarding our status, which have now been completed and agreed.

George Bell, who had been AF Finance Limited chairman, resigned from the board on 1st February 2017. Robert Alston was subsequently appointed chairman.

AF Logic Limited was formed on 10th May 2016 with Kit Papworth as chairman and commenced trading on 1st July 2016. For some years the Anglia Farmers board have been concerned about the continued consolidation of the agricultural supply chain and members have challenged us to investigate other business models. The opportunity to launch our own business to store and distribute agrochemicals

against firm requirements from members was investigated from late 2015. The business plan was approved by the Anglia Farmers board in spring 2016. Martyn Rogers and Lindy Blanchard joined AF Logic Limited as joint Managing Directors.

As was to be expected, AF Logic Limited has not been well-received by the supply chain, but has been very positively embraced by members. Managing this business going forward will need a steady hand and support from agrochemical manufacturers.

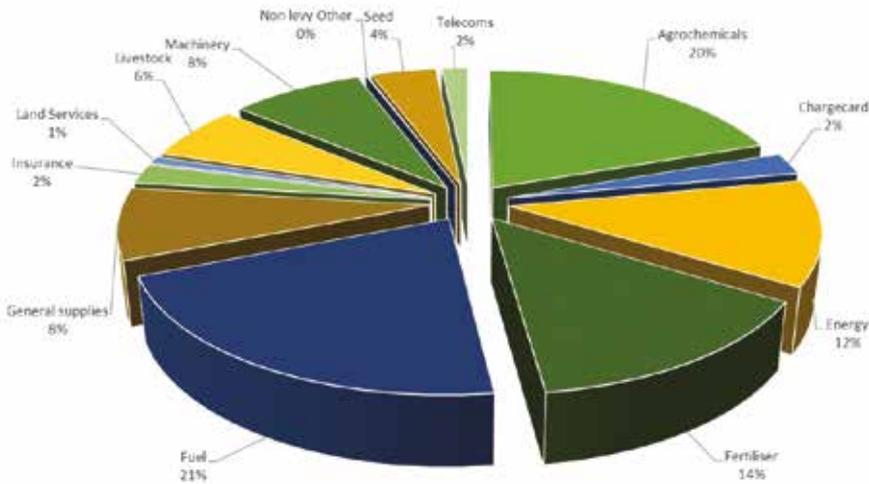
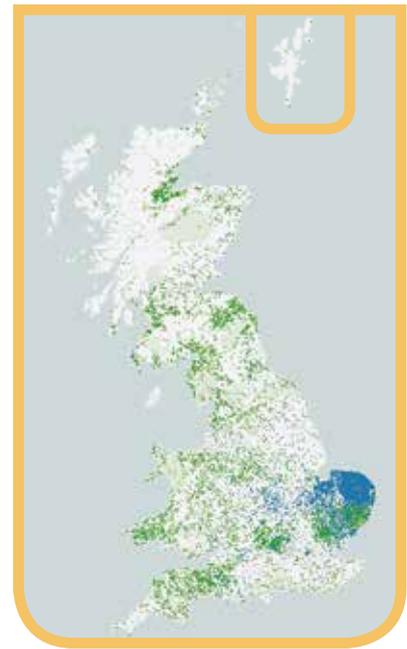
For the period to 31st January 2017 (8 months) AF Logic Limited had a total turnover of just over £1m and recorded a loss after tax of £181k for the financial period. This was just above the budgeted loss of £150k and reflects the start-up costs and the smaller volumes available for the autumn agrochemical market compared to the spring. The business plan for this new financial year is £6m turnover.

Activity with other organisations

AF works closely with other groups round the country in a collaborative way and this is a strong element of its business model. Specific products and services are supplied to two co-operatives in Scotland (Borders Machinery Ring and Highland Business Services) and a number of Machinery Rings in England and Wales have now joined during the last financial year. AF manages the purchasing platform for Samco based in Bishop's Stortford with shared IT and administration support services. AF also provides an Associate level membership for the Agrevisse agronomy group in the Midlands and Orion Farming Group in the Cotswolds.

The strategic alliance with First Milk continues to develop despite the challenges in the milk sector. Members of First Milk purchased £5m of products and services in 2016. Our range of livestock products and services has developed with AF members now responsible for 7.3% of cattle population, 11% of pigs and 20% of dairy farmers nationally.

AF membership coverage map



Our joint initiative membership category for the livestock producers supplying Waitrose in the Waitrose Farming Partnership continues to help them reduce input costs and improve their efficiency. With revenues in excess of £8.4m in 2016, this initiative is another example of AF supporting the food chain from producer to retailer. The similar initiative with Tesco (Tesco ProducerClub), launched in 2015, has shown a large rise in turnover for the year to £4.6m. This can be attributed to farmers supplying Tesco, particularly into the Tesco Sustainable Dairy Group. I have no doubt that given the political changes we are now having to face, closer supply chain integration is not only inevitable but necessary, and AF continues to lead the field with these initiatives.

AF business unit structure

AF continues to offer a complete solution for all farming, business and personal needs. Our aim is to save members time and money by simplifying their administration and delivering the help needed when

making a purchase. Members have access to a unique support service of dedicated category specialists that can advise and guide timely purchasing decisions. Each product group has a business manager leading a team of dedicated staff experienced in that particular area. This structure ensures we support and service members better with experienced and focussed staff, rather than generalists. This annual report contains charts which record the level of activity in each business unit.

A major review of the AF Health Trust took place during 2016. It was four years ago when the Trust was established to show advantages to members on healthcare premiums. The market place, costs of treatments, and more innovative and flexible schemes have developed since then, and the Trustees made the difficult decision to transfer healthcare from the AF Health Trust to Aviva. This has been well-received by members and the transfer on 1st April 2017 went ahead with only a few minor

issues. The provision of healthcare to AF members will continue to be monitored by the Trustees.

Membership

During the year, 91 new shareholder members joined AF as either Full or Associate members. Benchmarking has shown consistent savings which also proves to existing members the value of co-operative purchasing. The business model relies on member commitment, especially on the main agricultural inputs of agrochemicals, fertiliser, seed, fuel and feed and this support has strengthened during the year. An average Full member spend was £95k in the year.

The annual membership declaration and member requirements are a great aid to the buying team and ensure negotiations with suppliers are focussed on achieving the best deal for members. The regionally-based Key Account Managers are busy with input price benchmarking carried out in a number of formal and informal ways, and each has shown significant savings.

Group Chief Executive's Review – 2016/17

continued

| | DEFRA | AF | % of GB |
|----------------------------|--------------|-----------|----------------|
| Wheat | 1,823,000 | 238,414 | 13.1% |
| Barley | 1,122,000 | 98,163 | 8.7% |
| Oilseed Rape | 579,000 | 87,368 | 15.1% |
| Linseed | 27,000 | 2,116 | 7.8% |
| Potatoes | 139,000 | 40,198 | 28.9% |
| Sugar Beet | 86,000 | 49,337 | 57.4% |
| Maize | 194,000 | 23,261 | 12.0% |
| Cattle & calves | 9,810,000 | 717,388 | 7.3% |
| Pigs | 4,540,000 | 521,641 | 11.5% |
| Sheep & lambs | 33,945,000 | 792,713 | 2.3% |

AF Members farm over 1.02 million hectares which include 336,000 hectares of pasture – our largest crop. We have a significant market share in all cropping categories. Based on the latest DEFRA figures, AF members crop 13.1% of wheat, 29% of potatoes, 15% of oil seed rape, 57% of sugar beet and 12% of maize, as shown in the table above.

Supplier relationships are important to AF and we continue to develop business plans and planned purchasing programmes to deliver benefits to members. For example, many members have taken advantage of our ability to fix fuel volumes and prices up to two years ahead. A large number of suppliers have taken advantage of our Approved Supplier Media Pack which funds the segmented monthly members magazine and weekly email alerts. Professional development of our relationships with suppliers is a key part of the long-term development of our business.

2016 was again busy with the successful Norfolk Farming

Conference, Royal Norfolk Show and Cereals as some of the highlights. Papers from the 2017 Norfolk Farming Conference (NFC) can be viewed at www.norfolkfarmingconference.org. The first NFC was held at Easton College in the autumn of 2003 (under the NCC Shaping Norfolk's Future banner). We then moved to the John Innes Conference Centre and have enjoyed a further 14 conferences there. I have now stepped down as chairman of the NFC organising committee and wish it every success in the future. Anglia Farmers also support the East of England Farming Conference which we set up two years ago recognising that not all members reside in Norfolk. I remain a member of that organising committee.

Administration & IT

The membership benefits of the 'back office' support, invoice scrutiny and sheer time savings cannot be overestimated, with the majority of members now regularly accessing their account information through our on-line portal AF interactive and receiving their monthly accounts packs as eBilling.

Two years ago we launched an internal development of our IT systems under project 'Harrier'. This was fundamental if Anglia Farmers was to continue to develop cost effective administration

and IT systems that are the envy of our competitors. During the year we invested a further £370k into the system. The first phase of Harrier is now live, thanks to the professionalism of the team involved. They are now working on further enhancements including online ordering, invoice image viewing and enhancements to the member portal and linkages with AF Affinity Limited.

Our accounts team process nearly half a million invoices a year. During 2016 28% of these were electronic and received straight into our systems and this target is set to rise to 45% for 2017. The level of account queries has been about 0.3% and thanks go to the invoice office for this consistently low error figure. Some of the errors are office based, but the majority occur through supplier and member error. In particular, the checking of utility (electricity and telecoms) invoices ensures that members receive a service that they can rely on.

The financial and administration controls within the growing AF business are continually being challenged to ensure they are robust.

This includes risk management, financial integrity and accurate processes. In particular, risk management of members' spend and payments has been a key focus of the Anglia Farmers board. During the last financial year the Anglia Farmers board has decided to make provision of £90k in the accounts against known bad debts. The board also took the decision to strengthen AF's credit control team and accordingly recruited Steve Rennie who had previously been with our bankers NatWest.

Directors

Over the last 14 years I have served on all the Boards and Management Executives with member and non-executive directors who have given their time, support and wisdom to the many decisions that we have made. My thanks go to all of them – our considerable growth has resulted in hours of formal meetings and their time has been given generously with personal sacrifices on some occasions. I would like to thank Karen Mobbs and the Executive Office staff for all their work in preparing

agendas, minutes and ensuring actions are followed through. It is right that I list the Anglia Farmers chairman since inception:

George Bell (2003-2011 & 2015-2016)

Kit Papworth (2011-2014)

Richard Hirst (2014-2015)

Nigel Savory (2016 onwards)

Staff

In this, my final annual report, I would like to pay tribute to all the staff for their continued support and hard work in another successful year and to thank them for their commitment over the last 14 years. The continued growth of Anglia Farmers has resulted in a small number of new staff being employed to improve the level of service to members and bring further expertise into the Group businesses. We have had a very stable staff profile and morale within the team is high. I take this opportunity to thank them for their hard work and dedication. This includes my senior team of Barry Crossan, Suzanne Smith and Harry Mitchell.

At the AGM we will be presenting 10-year service gifts to a record number of 10 staff – Sally Barber,

Helen Bibby, Jane Bolger, Linda Carter, Shirley Rimmer, Jane Ritchie, Alex Morton, Maureen O'Brien Key, Karen Thurlow and Mel Thurlow.

Anglia Farmers has a very positive reputation and has developed important partnerships within the agricultural industry. Our vision was always to 'Develop Excellence in Agricultural Purchasing' and looking back, I am proud of what members and staff have achieved. We have built a community, robust and in good heart.

It is now time to wish my successor, Jon Duffy, best wishes and continued success for the future. The next few years are (again) going to be challenging as the whole structure of agriculture, as we have known it all our lives, changes with BREXIT. I wish all our members, staff and suppliers best wishes for the future and thank you for your support.

Clarke Willis MBE ARAgS

Group Chief Executive Officer
(February 2003 to March 2017)

Current Year 2017/2018 Report



Whilst, by its very nature, an annual report concentrates largely on the events of the previous 12 months, it is apt that I start to make reference to the current financial year.

There are encouraging signs that profitability for the farming sector is improving. Undoubtedly this has been helped by the devaluation of sterling against the dollar and the euro (see graphs). Direct aid payments (BPS) are higher for most growers and commodity prices are also higher (see graphs for wheat and farmgate milk prices). This is against a backdrop of inflation in our sector. The recently published AF AgInflation Index shows 6% inflation in input costs in late 2016 and early 2017. AF had the foresight to manage market volatility. Our buying strategies saw the introduction of four member-focused risk management

schemes – forward fixed fuel pricing, feed groups, fixed energy prices, and fertiliser pools. I invite all members to explore these schemes.

The mild winter of 2016/17 and the early spring had been beneficial to both grass and crop growth, but as I write the whole country needs rainfall.

Our business units are currently all trading robustly and we, at this early stage, remain confident that the challenging targets that were set at the start of the year will be achieved. With the exception of AF Logic Limited, our subsidiary businesses are meeting their current challenges well. In particular, we expect AF Affinity Limited to achieve above budget growth and returns.

As we are now in the two year negotiation period of Brexit there remains a high degree of uncertainty as to what the effects will be on agriculture. We do not believe this will impact directly (either positively or negatively) on the current financial year, but we remain acutely aware of the possible effect post 2019.

During the current year AF will develop and launch a new five-year strategy. This document will clearly set out where the business needs to be in 2022/23 and what steps need to happen to achieve such a goal. Our customers, the membership, will be central to the strategy ensuring the business goals are aligned to add value to their businesses. Once this strategy has been fully agreed, we will arrange a series of member briefings to make sure it is being communicated effectively.

GBP to Euro 2016



Source: poundsterlinglive.com

GBP to US Dollar 2016



Source: poundsterlinglive.com

Ahead of launching our strategy document we have already taken some tough but necessary decisions. These include ending our association with Edge Careers. This decision in no way reflects our lack of support for its cause, but rather demonstrates our desire to concentrate on the core business.

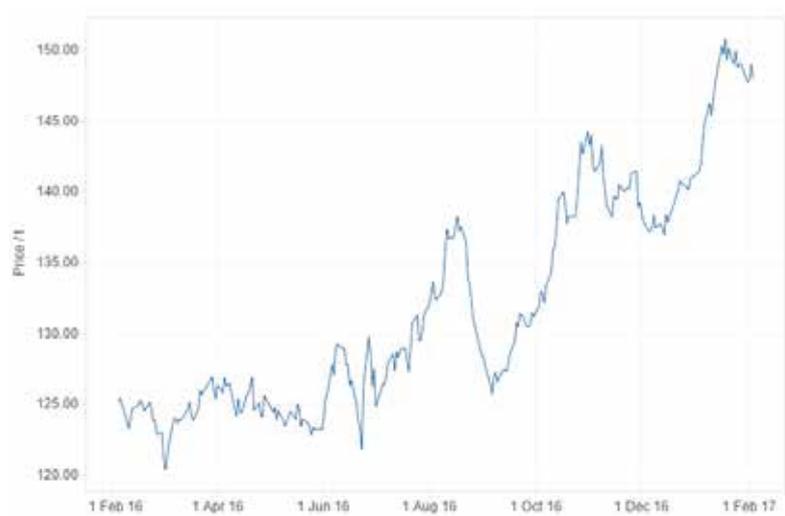
It is obvious that consolidation will continue amongst our general supplier base, and therefore we will remain keen to ensure that we enter into effective dialogue with our partners of choice for the benefit of the membership.

I firmly believe that the long-term future for UK agriculture is bright. But, there are uncertain times ahead as we face up to political and economic changes. Benchmarking shows our membership is better-placed to navigate such uncertainty as they enjoy Excellence in Agricultural Purchasing.

Jon Duffy

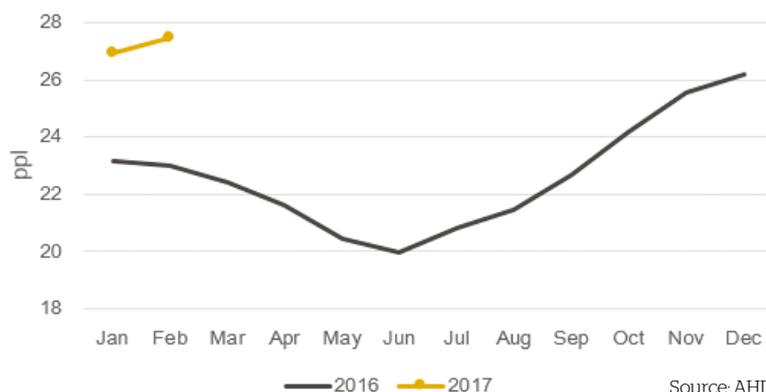
Group Chief Executive Officer
(March 2017 onwards)

LIFFE wheat prices 2016



Source: AHDB

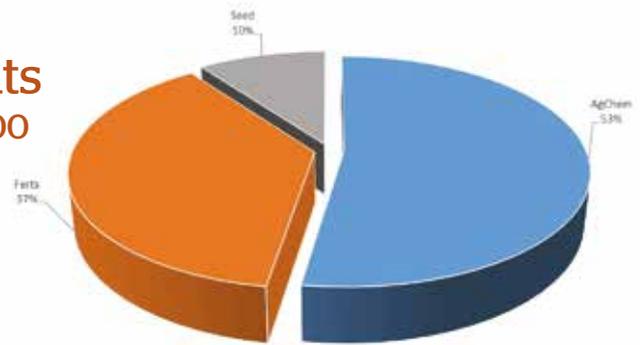
Average farmgate milk prices 2016



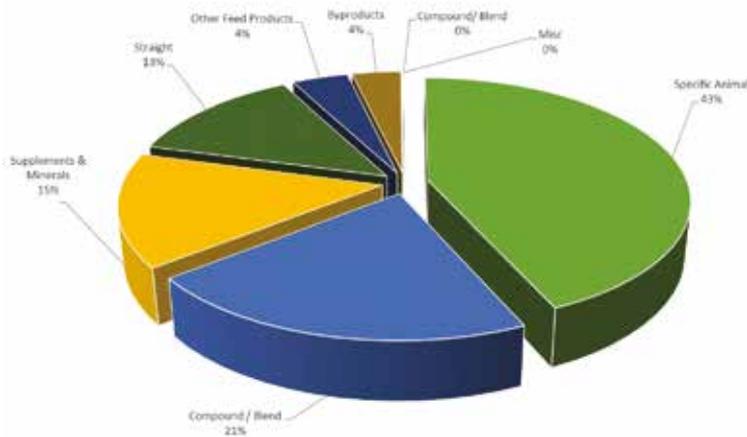
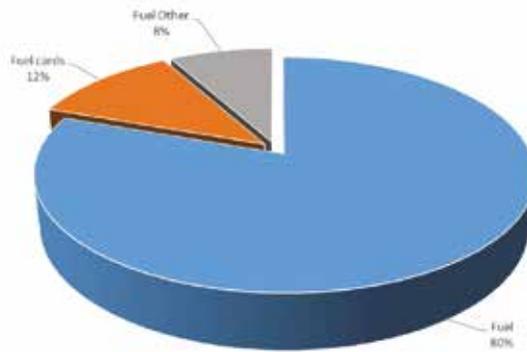
Source: AHDB

Anglia Farmers Business unit turnovers 2016/17

AF Crop Inputs
turnover £85,215,000

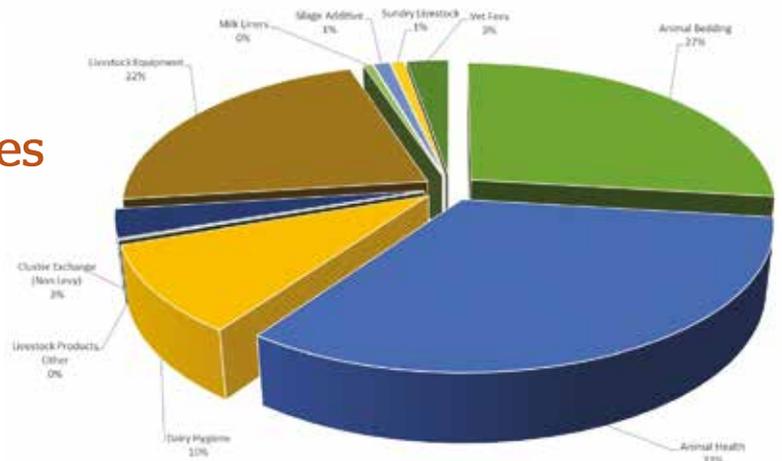


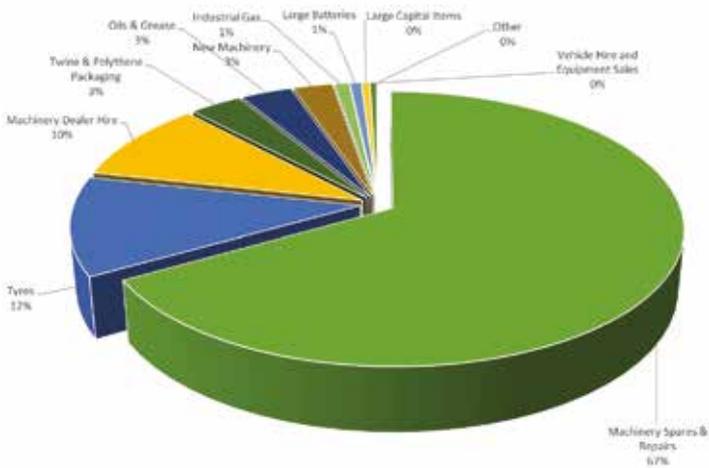
AF Fuel
turnover £47,510,000



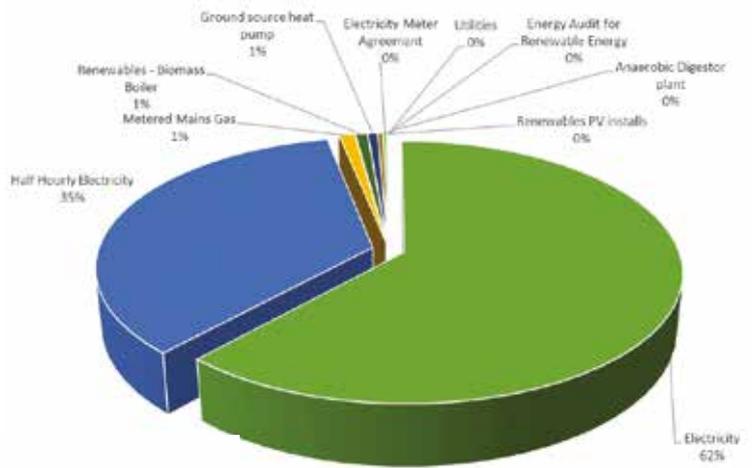
AF Livestock Feed
turnover £10,145,000

**AF Livestock
Products & Supplies**
turnover £3,700,000

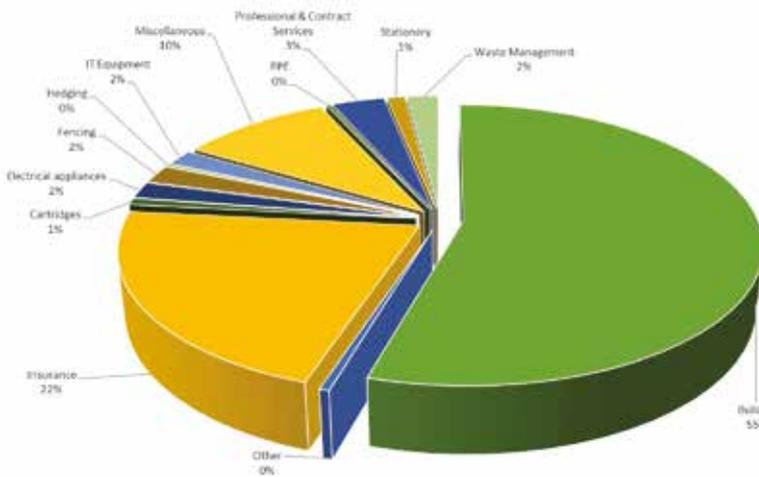




AF Machinery
turnover £17,640,000

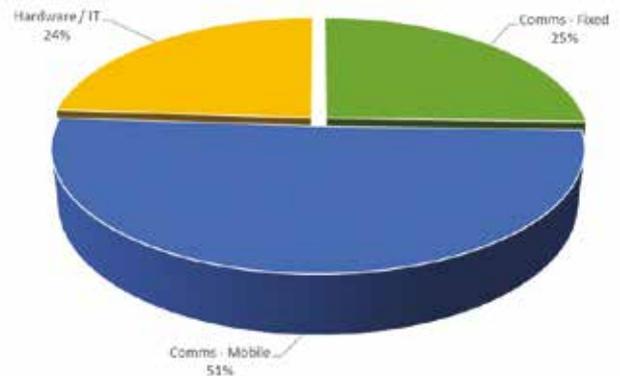


AF Energy
turnover £26,320,000



AF General Supplies
turnover £22,840,000

AF Telecoms
turnover £3,650,000



Structure and outline

AF Membership & Marketing Management Executive

William Edwards (Chairman)
Ken Grimsdell
James Alston
Clarke Willis
Harry Mitchell
Suzanne Smith
Lesley Last
Steve Rennie
Vicky Hudson
Gina Cains

Outline terms of reference:

- Members' terms
- Principles of dealing with members
- Communication with members
- Admission of new members (for approval by the Board)
- Monitor changes in member businesses
- Act on risk alerts from member profiling
- Monitor activities of Member Services team
- General Business Development
- Shows and exhibitions

BOARD COMMITTEES

AF Audit Committee

Peter Crick
Nigel Savory
Robert Alston

Outline terms of reference:

- Accounting Policies
- Relations with auditors
- Presentation of accounts
- Financial structure

AF Remuneration Committee

Christine Tacon
Nigel Savory
Keith Thompson

Outline terms of reference:

- Employment policies
- Prioritise future recruitment
- Pay review principles
- Staff training

AF Nomination Committee

Christine Tacon
Nigel Savory
Keith Thompson

Outline terms of reference:

- To evaluate the balance of skills, knowledge and experience of the board.

AF Health Trust

Board of Trustees:

George Bell (Chairman)
Thomas Brown
Elizabeth Palmer
Suzanne Smith
Dr Kevin Thompson
Clarke Willis

Directors of Anglia Farmers Limited

& subsidiary companies

who served during
the year ended
31 January 2017

(numbers indicate attendance)



Anglia Farmers Limited

(10 board meetings)

Society Registration number:

IP29539R

Board of Directors:

| | |
|--|------|
| Nigel Savory (<i>Chairman April onwards</i>) | (9) |
| Robert Alexander | (9) |
| Robert Alston | (10) |
| Peter Crick | (10) |
| William Edwards | (8) |
| Richard Davis | (5) |
| Christine Tacon | (9) |
| Keith Thompson | (7) |
| Clarke Willis | (10) |
| George Bell (<i>Chairman until March</i>) | (5) |
| Christopher (Kit) Papworth | (5) |
| Richard Hirst | (2) |
| Verden Walker | (4) |



AF Biomass Limited

(5 board meetings)

Company Registration number:

07974167

Board of Directors:

| | |
|--------------------------------------|-----|
| Robert Alexander (<i>Chairman</i>) | (5) |
| Simon Dann | (4) |
| Julian Swift | (4) |
| Clarke Willis | (5) |
| Richard Hirst | (2) |



AF Affinity Limited

(3 board meetings)

Company Registration number:

01525687

Board of Directors:

| | |
|--|-----|
| Nigel Savory (<i>Chairman November onwards</i>) | (2) |
| George Bell (<i>Chairman until November</i>) | (3) |
| Peter Crick | (2) |
| Peter Franzen | (3) |
| Clarke Willis | (3) |



AF Logic Limited

(6 board meetings)

Company Registration number:

10171311

Board of Directors:

| | |
|--|-----|
| Christopher (Kit) Papworth (<i>Chairman</i>) | (6) |
| Martyn Rogers | (6) |
| Lindy Blanchard | (6) |
| Robert Alexander | (6) |
| Clarke Willis | (6) |



AF Finance Limited

AF Finance Limited

(3 board meetings)

Company Registration number:

07958676

Board of Directors:

| | |
|-----------------------------------|-----|
| Robert Alston (<i>Chairman</i>) | (3) |
| George Bell | (1) |
| Clarke Willis | (3) |
| Christine Tacon | (2) |

Anglia Farmers Limited

Summary group financial statements

For the
year ended
31 January 2017

SOCIETY REGISTRATION
NUMBER IP29539R

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For the
year ended
31 January 2017

Society information

The board of directors

N Savory – Chairman
R Alexander
R Alston
P Crick
R Davis
J R Duffy
W Edwards
C Tacon
K Thompson
D C Willis

Secretary

J R Duffy

Registered office

Honingham Thorpe
Colton
Norwich
NR9 5BZ

Auditor

Lovewell Blake LLP
Chartered Accountants
& Statutory Auditor
Bankside 300
Peachman Way
Broadland Business Park
Norwich
NR7 0LB

Bankers

National Westminster Bank plc
21 Gentlemans Walk
Norwich
Norfolk
NR2 1NA

Solicitors

Birketts LLP
Kingfisher House
1 Gilders Way
Norwich
Norfolk
NR3 1UB

For the
year ended
31 January 2017

Summary directors' report

The directors have pleasure in presenting their summary report and the summary financial statements of the society and group for the year ended 31 January 2017.

Principal activity

The principal activity of the society is that of an agricultural purchasing co-operative.

The principal activities of the subsidiary companies are that of offering purchasing services to non-farming organisations, marketing of straw products, a peer to peer lending agent, and the supply of agricultural chemical products.

Results

The group's surplus for the year amounted to £229,821 (2016 – £323,197). The surplus has been transferred to retained reserves.

Directors

The directors who served the society during the year were as follows:

R Alexander

R Alston

G J R Bell

P Crick

R Davis

W Edwards

R Hirst

C Papworth

N Savory

C Tacon

K Thompson

N V Walker

D C Willis

N Savory was appointed director on 25 February 2016 and Chairman on 31 March 2016.

R Davis and W Edwards were appointed directors on 23 June 2016.

G J R Bell, C Papworth, R Hirst, and N V Walker retired as directors on 23 June 2016.

J R Duffy was appointed Group CEO on 1 March 2017.

Directors who are also members hold shares in the society, in line with the membership rules.

Membership

At the balance sheet date the shareholding membership was 3,182 (2016 - 3,091).

Directors and officers liability insurance

The society maintains insurance for its directors and officers against liabilities in relation to the society.

Financial risk management objectives and policies

The society aims to minimise financial risk by a number of measures. The measures used by the directors to manage this risk include the preparation of profit and cash flow forecasts, regular monitoring of actual performance against these forecasts and ensuring that adequate financing facilities are in place to meet the requirements of the society. Trade debtors are also closely monitored and director personal guarantees are held for limited company members who joined the society from 2003, to keep the risk of bad debts to a minimum level.

For the
year ended
31 January 2017

Summary directors' report (continued)

Summary of Non Executive directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

| | 2017 £ | 2016 £ |
|-----------------------|-----------|-----------|
| Directors' emoluments | 132,408 | 126,469 |
| | <hr/> | <hr/> |
| | 132,408 | 126,469 |

No retirement benefits were accruing for Non Executive directors (2016 – nil) during the year in respect of defined contribution pension schemes.

Summary financial statements

This summary financial statement is only a summary of the information contained in the group financial statements and report of the directors as set out in the Anglia Farmers Limited group financial statements. It does not contain sufficient information to allow for a full understanding of the results of the group and state of affairs of the society or the group. Members may obtain a copy of the full group financial statements, free of charge, by contacting the society.

The financial statements of AF Affinity Limited, AF Biomass Limited, AF Finance Limited and AF Logic Limited are exempt from audit under section 479A of the Companies Act 2006 on the basis that Anglia Farmers Limited has guaranteed all outstanding liabilities, until they have been settled in full. The results of these companies included on page 27 are therefore unaudited.

Auditor

The auditors, Lovewell Blake LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Registered office:
Honingham Thorpe
Colton
Norwich
NR9 5BZ

Signed by order of the directors



D C Willis
Director

Approved by the directors on 27 April 2017

For the
year ended
31 January 2017

Independent auditor's statement to the members of Anglia Farmers Limited

We have examined the summary financial statements for the year ended 31 January 2017 which comprises the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows set out on pages 23 to 27 and the summary directors' report on pages 20 to 21.

This statement, including the opinion, is made solely to the society's members, as a body. Our work has been undertaken so that we might state to the society's members those matters we are required to state to them in such a statement and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the society and the society's members, as a body, for our work, for this statement, or for the opinions we have formed.

Respective responsibilities of the directors and the auditor

The directors are responsible for preparing the summary financial statements.

Our responsibility is to report to you our opinion on the consistency of the summary financial statements with the full annual financial statements. We also read the other information contained in the summary financial statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statements.

Basis of opinion

Our examination involved agreeing the balances disclosed in the summary financial statements to the full annual financial statements. Our audit report on the society's full annual financial statements describes the basis of our audit opinion on those financial statements.

Opinion

In our opinion the summary financial statements are consistent with the full annual financial statements of Anglia Farmers Limited for the year ended 31 January 2017.

LoveWell Blake LLP

LOVEWELL BLAKE LLP
Chartered Accountants & Statutory Auditor

Bankside 300
Peachman Way
Broadland Business Park
Norwich
NR7 0LB

8 May 2017

For the
year ended
31 January 2017

Summary consolidated statement of comprehensive income

| | 2017 | 2016 |
|---|--|--|
| | Anglia Farmers Limited <i>Consolidated</i> £ | Anglia Farmers Limited <i>Consolidated</i> £ |
| Turnover | 234,211,771 | 230,917,748 |
| Cost of sales | (227,490,975) | (224,406,846) |
| Gross surplus | <u>6,720,796</u> | <u>6,510,902</u> |
| Administrative expenses | (7,016,437) | (6,774,617) |
| Other operating income | 1,056,001 | 1,135,021 |
| Operating surplus | <u>760,360</u> | <u>871,306</u> |
| Interest receivable | 70,064 | 74,564 |
| Interest payable and similar charges | (64,859) | (63,240) |
| Surplus before payments to members | <u>765,565</u> | <u>882,630</u> |
| Payments to members | (526,110) | (536,977) |
| Surplus on ordinary activities before taxation | <u>239,455</u> | <u>345,653</u> |
| Tax on surplus on ordinary activities | (9,634) | (22,456) |
| Surplus for the financial year | <u>229,821</u> | <u>323,197</u> |

An analysis of the consolidated results for the year by Company is set out on page 27.

For the year ended 31 January 2017

Company number: IP29539R

Summary consolidated statement of financial position

| | 2017 £ | 2017 £ | 2016 £ | 2016 £ |
|--|---------------------|------------------|---------------------|------------------|
| Fixed assets | | | | |
| Tangible assets | | 3,322,732 | | 3,154,102 |
| Investments | | 172 | | 4,168 |
| | | <u>3,322,904</u> | | <u>3,158,270</u> |
| Current assets | | | | |
| Stocks | 2,064,568 | | 980,938 | |
| Debtors | 24,320,022 | | 20,764,702 | |
| Cash at bank | <u>1,989,630</u> | | <u>4,948,410</u> | |
| | 28,374,220 | | 26,694,050 | |
| Creditors: Amounts falling due within one year | <u>(27,844,382)</u> | | <u>(26,193,290)</u> | |
| Net current assets | | <u>529,838</u> | | <u>500,760</u> |
| Total assets less current liabilities | | 3,852,742 | | 3,659,030 |
| Creditors: Amounts falling due after more than one year | | (812,276) | | (851,882) |
| Provisions | | | | |
| Taxation including deferred tax | | (607) | | - |
| | | <u>3,039,859</u> | | <u>2,807,148</u> |
| Capital and reserves | | | | |
| Share capital | | 117,145 | | 114,255 |
| Income and expenditure account | | 2,922,714 | | 2,692,893 |
| Members' funds | | <u>3,039,859</u> | | <u>2,807,148</u> |

These summary financial statements were approved by the directors and authorised for issue on 27 April 2017, and are signed on their behalf by:

N Savory



P Crick



For the
year ended
31 January 2017

Company number: IP29539R

Summary consolidated statement of changes in equity

| | Share capital £ | Income and expenditure account £ | Total £ |
|--|--------------------|---|------------------|
| At 1 February 2015 | 112,825 | 2,369,696 | 2,482,521 |
| Surplus for the year | – | 323,197 | 323,197 |
| Total comprehensive income for the year | – | 323,197 | 323,197 |
| Issue of shares | 6,370 | – | 6,370 |
| Redemption of shares | (4,940) | – | (4,940) |
| Total investments by and distributions to members | 1,430 | – | 1,430 |
| At 31 January 2016 | 114,255 | 2,692,893 | 2,807,148 |
| Surplus for the year | – | 229,821 | 229,821 |
| Total comprehensive income for the year | – | 229,821 | 229,821 |
| Issue of shares | 5,430 | – | 5,430 |
| Redemption of shares | (2,540) | – | (2,540) |
| Total investments by and distributions to members | 2,890 | – | 2,890 |
| At 31 January 2017 | 117,145 | 2,922,714 | 3,039,859 |

For the
year ended
31 January 2017

Summary consolidated statement of cash flows

| | 2017 £ | 2016 £ |
|---|-------------------------|-------------------------|
| Cash flows from operating activities | | |
| Profit for the financial year | 229,821 | 323,197 |
| <i>Adjustments for:</i> | | |
| Depreciation of tangible assets | 473,316 | 392,760 |
| Amortisation of investments | 3,996 | 3,996 |
| Other interest receivable and similar income | (70,064) | (74,564) |
| Interest payable and similar charges | 64,859 | 63,240 |
| Gains on disposal of tangible assets | (511) | (7,045) |
| Tax on profit on ordinary activities | 9,634 | 22,456 |
| Accrued expenses | 196,143 | 17,682 |
| Payments to members | 526,110 | 536,977 |
| Changes in: | | |
| Stocks | (1,083,630) | (210,659) |
| Trade and other debtors | (3,556,973) | 3,616,138 |
| Trade and other creditors | 1,629,376 | 543,847 |
| Cash (used in) / generated from operations | <u>(1,577,923)</u> | <u>5,228,025</u> |
| Interest paid | (64,859) | (63,240) |
| Interest received | 70,064 | 74,564 |
| Tax paid | (7,716) | - |
| Net cash (used in) / from operating activities | <u>(1,580,434)</u> | <u>5,239,349</u> |
| Cash flows from investing activities | | |
| Proceeds from sale of tangible assets | 45,950 | 33,479 |
| Purchase of tangible assets | (687,385) | (529,176) |
| Net cash used in investing activities | <u>(641,435)</u> | <u>(495,697)</u> |
| Cash flows from financing activities | | |
| Issue of shares | 5,430 | 6,370 |
| Redemption of shares | (2,540) | (4,940) |
| Repayments of borrowings | (213,691) | (615,779) |
| Payments to members | (526,110) | (536,977) |
| Net cash used in financing activities | <u>(736,911)</u> | <u>(1,151,326)</u> |
| Net (decrease) / increase in cash and cash equivalents | (2,958,780) | 3,592,326 |
| Cash and cash equivalents at beginning of year | 4,948,410 | 1,356,084 |
| Cash and cash equivalents at end of year | <u>1,989,630</u> | <u>4,948,410</u> |

For the
year ended
31 January 2017

Company number: IP29539R

Appendix to the Summary consolidated statement of comprehensive income

| | | | | | | 2017 | 2016 |
|---|-----------------------------------|-----------------------------|----------------------------|----------------------------|--------------------------|--|--|
| | Anglia Farmers Limited £ | AF Affinity Limited £ | AF Biomass Limited £ | AF Finance Limited £ | AF Logic Limited £ | Anglia Farmers Limited <i>Consolidated</i> £ | Anglia Farmers Limited <i>Consolidated</i> £ |
| Turnover | 230,144,497 | 8,305,102 | 4,024,927 | 34,115 | 1,017,883 | 234,211,771 | 230,917,748 |
| Cost of sales | (224,073,092) | (7,985,785) | (3,756,318) | - | (990,533) | (227,490,975) | (224,406,846) |
| Gross surplus | 6,071,405 | 319,317 | 268,609 | 34,115 | 27,350 | 6,720,796 | 6,510,902 |
| Administrative expenses | (6,458,435) | (223,761) | (196,999) | (22,620) | (225,899) | (7,016,437) | (6,774,617) |
| Other operating income | 1,161,549 | 5,729 | - | - | - | 1,056,001 | 1,135,021 |
| Operating surplus / (deficit) | 774,519 | 101,285 | 71,610 | 11,495 | (198,549) | 760,360 | 871,306 |
| Interest receivable | 70,064 | - | - | - | - | 70,064 | 74,564 |
| Interest payable and similar charges | (63,060) | - | (1,799) | - | - | (64,859) | (63,240) |
| Surplus / (deficit) before payments to members | 781,523 | 101,285 | 69,811 | 11,495 | (198,549) | 765,565 | 882,630 |
| Payments to members | (526,110) | - | - | - | - | (526,110) | (536,977) |
| Surplus / (deficit) on ordinary activities before taxation | 255,413 | 101,285 | 69,811 | 11,495 | (198,549) | 239,455 | 345,653 |
| Tax on surplus / (deficit) on ordinary activities | - | (15,599) | (8,931) | (2,355) | 17,251 | (9,634) | (22,456) |
| Surplus / (deficit) for the financial year | 255,413 | 85,686 | 60,880 | 9,140 | (181,298) | 229,821 | 323,197 |



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