

Company registration number: 00010553

**The Penrith Farmers' and Kidd's Plc**

**Financial statements  
For the year ended  
31 December 2018**



## **The Penrith Farmers' and Kidd's Plc**

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## The Penrith Farmers' and Kidd's Plc

### Company information

<b>Managing director</b>	Mr S J Lancaster		7 (7)
<b>Executive director</b>	Mrs R A Lightfoot		6 (7)
<b>Non-executive directors</b>	Mrs J Brown	(Resigned 31 December 2018)	7 (7)
	Mr S Dunn	(Appointed 15 October 2018)	1 (1)
	Mrs K M Milbourn		6 (7)
	Mr J D Rowlands		7 (7)
	Mr B P H Wharam		5 (7)
	Mr J S R Wilson		7 (7)

Attendance at directors' meetings are shown opposite the name of the director, with the maximum number possible shown in brackets

**Secretary** Mr J W Webb

**Company number** 00010553

**Registered office** Agricultural Hall  
Skirsgill  
Penrith  
CA11 ODN

**Auditor** robinson+co  
Oxford Chambers  
New Oxford Street  
Workington  
CA14 2LR

<b>Bankers</b>	Barclays Bank plc Barclays House Oxenholme Road Kendal LA9 7RL	Handelsbanken Enterprise House Gillan Way Penrith CA11 9BP
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**The Penrith Farmers' and Kidd's Plc**

**Directors and other information (continued)**

**Solicitors**

Baines Wilson LLP.  
2 Merchants Drive  
Carlisle  
CA3 0JW

## **The Penrith Farmers' and Kidd's Plc**

### **Chairperson's statement and business review**

**Year ended 31 December 2018**

#### **Overview**

I am pleased to report these financial results in these challenging times.

We continue to remain cautious on the residential property market outlook for 2019 given the current uncertainty over the UK and global political and economic environment along with the potential impacts on UK consumer confidence.

The end of Q4 2018 and the start of Q1 2019 have been particularly challenging. However, even though the final arrangements for the planned exit from the European Union are uncertain, we are beginning to see some resilience in our local markets with a view that more conventional trading will resume Q3 and Q4 2019.

Although Brexit and the current political environment continues to create uncertainty, the Company has a robust balance sheet and will seek to take opportunities as they are presented.

#### **Outlook**

The opportunities surrounding our enhanced property portfolio are beginning to present themselves at Eden 41 Business Park and with our refreshed Board, strong executive team and well-established financial position we are well placed to capitalise on the interest generating in this opportunity.

PFK continues to execute on strategy and are confident, with a strong brand, broad portfolio of property services and the benefits of excellent teams and culture, that we remain well positioned to be resistant to a broad range of potential market conditions to continue to grow Shareholder value.

**The Penrith Farmers' and Kidd's Plc**

**Chairperson's statement and business review (continued)**

**Year ended 31 December 2018**

**BUSINESS REVIEW**

**Overview of the financial statements**

As you are aware the Company changed its year end from the 31st August every year to 31st December. This resulted in a 16-month reporting period ending 31st December 2017.

As such, this reporting period will be compared to a 16-month reporting period. As a result of this, direct comparisons to the previous year's figures may prove difficult.

The enclosed financial statements show a profit after tax for the reporting period of £312,152 compared with the figure of £213,877 for the 16-month period ending 31st December 2017.

In line with good corporate governance, the Company's investment property assets have been revalued and the resulting surplus of £197,450 has been incorporated in to the profit and loss account and balance sheet. The movement in the valuation has been driven predominantly by the significant efforts made by the executive team in the land being branded Eden 41 Business Park, as well as market-driven movements, both positive and negative, across the rest of the investment property portfolio.

The details of the investment property revaluation will be integrated into our future strategy as appropriate, with the longer-term focus of maximising shareholder value.

It is recommended a final dividend of 25p per share shall be paid.

**Review of the business**

As Shareholders may be aware, the Board and the Executive Team took the decision to close the Appleby Office in January 2019 after approximately 25 years of trading in the Town. Whilst the closure of any part of a business is disappointing the Board recognise the importance of the business staying agile and cost effective whilst continuing to deliver the highest standards of service.

I can report the Appleby area has successfully been absorbed into the neighbouring offices of Kirkby Stephen and Penrith and that we continue to recognise the importance of High Street Agencies where our customers and clients can talk to us face to face.

Key developments during the period have included;-

**The Penrith Farmers' and Kidd's Plc**

**Chairperson's statement and business review (continued)**

**Year ended 31 December 2018**

**Continued enhancement of property portfolio**

As part of the on-going strategy to maximise asset returns, Head Office oversaw;-

- 20 acres of Land owned by the Company at the Junction of A6 and B5035, Penrith being granted outline planning permission for use Class B1/B2/B8 development. (Planning Permission Eden District Council 17/0928).
- This site being branded Eden 41 Business Park and is made available for Design & Build or Land Sales opportunities. Information is available at [www.eden41.co.uk](http://www.eden41.co.uk).
- The ongoing improvement of Trading Assets, including a new shopfront and refurbishment of the Devonshire Street Office in Penrith.
- Refurbishment and renegotiation of the Lease at the Agricultural Hotel, Penrith.

**Continued investment in branding and technology**

- Renewal of the trading website to a simpler functional website ([www.pfk.co.uk](http://www.pfk.co.uk)).
- Creation of PFK Investors website (<http://investors.pfk.co.uk/>).
- Highlighting, Purpose, Strategy, Corporate Governance and key messaging to Stakeholders.

**Investment in Health and Safety**

During the reporting period the Managing Director has headed up a Company-wide Health and Safety review. As a result, a Health and Safety Committee has been formed which meets periodically and ensures the Health and Safety culture within the Company is fit for purpose and delivered to teams.

## **The Penrith Farmers' and Kidd's Plc**

### **Chairperson's statement and business review (continued)**

**Year ended 31 December 2018**

#### **Board changes**

As a result of Jeanette Brown announcing she was to resign as Chairperson on the 31 December 2018 the Board sought to recruit a Non-executive Director with a strong financial acumen.

As a result of this process Stephen Dunn has accepted a position on the Board as well as being Chair of the Audit Committee.

Stephen is a qualified Chartered Accountant, Chartered Tax Adviser and Chartered Wealth Manager and has previously worked for KPMG for 40 years.

Following the appointment of John Rowlands as Chairman, John Wilson is now Chair of the Remuneration Committee.

#### **Trading update**

The Planning Department experienced a more challenging year than expected in 2018, however we are now seeing a slow return to more meaningful business with early enquiries increasing in 2019.

Land Agency finished 2018 well, but the looming uncertainty is undoubtedly tempering appetite to commit to new projects and looking to the future there is opportunity in the sector.

Surveys and Valuations performed in line with expectations in 2018, however it tends to track with the Estate Agency. The Brexit conundrum has forced some home-owners to stay put which has resulted in more re-mortgage valuations, but exacerbated the low housing stock for sale, which the country continues to sustain.

The Saleroom prevailed for a reasonable year. With a settled team a focus is being given to a more stable cashflow performance across 2019.

Estate Agency teams have worked well in the period with less stock. Sales have generally been in line with expectations, with rentals slipping. New experienced leadership in the department is a well-timed and a welcome boost.

The draft Tenant Fees Bill in November 2017 sets out the government's approach to banning lettings fees paid by tenants. This will take effect from 1 June 2019. Undoubtedly this will have an effect on the profitability of the department and we will be working hard to mitigate the effect of the ban.

Head Office have released the role of Head of Estate Agency and remain focussed on robust financial control and excellent reporting. They look to shape the future with strong leadership, new opportunities and driving the development and expansion of existing teams.



**The Penrith Farmers' and Kidd's Plc**

**Chairperson's statement and business review (continued)**

**Year ended 31 December 2018**

**Stephen Lancaster, Managing Director of Penrith Farmers' and Kidd's Plc commented:**

*"I am pleased with our performance in a difficult and variable market.*

*Through a longer term lens we remain focussed on creating and sustaining long-term value. We continue to recruit and retain the best talent with a commitment to excellent service and a strong company culture. Our teams know their markets and our customers as it is these relationships that are critical to locating new opportunities to derive value".*



**John Rowlands**

**Chairperson**

**18 March 2019**

**The Penrith Farmers' and Kidd's Plc**

**Strategic report  
Year ended 31 December 2018**

**Measurement of performance**

Measurement of performance against targets and the achievement of business objectives are by means of key performance indicators.

The actual performance against key performance indicators for the twelve months to 31 December 2018 is shown below, together with those for the sixteen months to 31 December 2017 for comparative purposes.

	<b>2018</b>	<b>16 months 2017</b>
- Turnover	£2,703,314	£3,623,910
- Turnover (decline)/growth *	<b>(0.5%)</b>	<b>10.2%</b>
- Net profit after taxation	£312,152	£213,877
- Earnings per share for the period	<b>98p</b>	<b>67p</b>
- Return on capital employed **	<b>5.9%</b>	<b>3.6%</b>

\* calculated based on average turnover due to difference in length of accounting periods but without any adjustments for seasonality.

\*\* calculated as profit before tax averaged over 12 months divided by net assets at the balance sheet date.

Shareholders funds at 31 December 2018 amounted to £5,856,151 (2017 - £5,623,557) and the directors consider this to be satisfactory.

**Business review**

The business review and details of future developments are shown in the chairperson's statement.

**The Penrith Farmers' and Kidd's Plc**

**Strategic report (continued)  
Year ended 31 December 2018**

**Financial risk management objectives and policies**

The directors acknowledge their responsibility for the system of internal control and the management of all forms of business risk which continues to be an important factor in the protection of value for shareholders. Any system can only be designed to manage rather than eliminate risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against failing to achieve objectives or material misstatement or loss.

A wide range of corporate policies deal with, amongst other things, corporate governance, management accounting, financial reporting, environment and social responsibility, health and safety, information technology, and risk management generally. In addition, the individual departments provide monthly reports on performance and engage in regular dialogue with the managing director on progress.

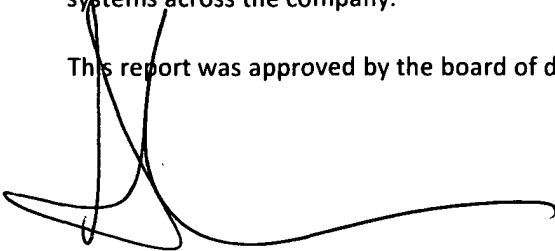
Key business risks are identified and evaluated and the effectiveness of financial controls and processes is monitored. Any changes in the status and control of risks are notified to the Board. Specific risks in respect of external economic factors regarding finance availability and interest rates affecting the housing market are regularly evaluated.

The audit committee reviews the adequacy of internal financial controls and deals with matters raised by the external auditors and reports to the Board accordingly. The external auditors have the opportunity for direct access to the committee without the executive directors being present.

The health and safety of our staff, customers and visitors remains of utmost importance and our appointed safety, fire and first aid officers are provided with training, access to appropriate equipment and opportunities to discuss their roles beyond legislative requirements.

Compliance with the requirements of the Financial Conduct Authority, the Royal Institution of Chartered Surveyors and various other professional and regulatory bodies complements the existing internal control systems across the company.

This report was approved by the board of directors on 18 March 2019 and signed on behalf of the board by:



**Mr S J Lancaster  
Director**

**The Penrith Farmers' and Kidd's Plc**

**Directors' report  
for the year ended 31 December 2018**

The directors present their report and the financial statements of the company for the year ended 31 December 2018.

**Directors**

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

Mr S J Lancaster

Mrs R A Lightfoot

Mrs J Brown

(Resigned 31 December 2018)

Mr S Dunn

(Appointed 15 October 2018)

Mrs K M Milbourn

Mr J D Rowlands

Mr B P H Wharam

Mr J S R Wilson

Mr J Rowlands retires by rotation and, being eligible, offers himself for re-election.

**Dividends**

The directors recommend payment of a dividend of 25p per share (2017 - 25p per share).

**Auditor**

Following a tender process, Penrith Farmers' and Kidd's plc are proposing a resolution to appoint RSM as auditor of the Company in accordance with Section 489 of the Companies Act 2006 at the forthcoming Annual General Meeting.

**Future developments**

Details of future developments are set out in the Chairman's report.

**Disclosure of information in the strategic report.**

In accordance with section 414C(11) of the Companies Act 2006 the information regarding financial risk management objectives and policies has been detailed in the strategic report.

**The Penrith Farmers' and Kidd's Plc**

**Directors' report (continued)  
for the year ended 31 December 2018**

**Directors responsibilities statement**

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

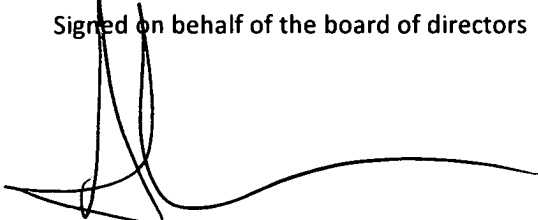
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Auditor**

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

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all 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 auditor is aware of that information.

Signed on behalf of the board of directors



**S J Lancaster  
Director**

Approved by the board: 18 March 2019

## **The Penrith Farmers' and Kidd's Plc**

### **Independent auditor's report to the members of The Penrith Farmers' and Kidd's Plc Year ended 31 December 2018**

#### **Opinion**

We have audited the financial statements of The Penrith Farmers' and Kidd's Plc for the year ended 31 December 2018 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **The Penrith Farmers' and Kidd's Plc**

### **Independent auditor's report to the members of The Penrith Farmers' and Kidd's Plc (continued) Year ended 31 December 2018**

#### **Other Information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

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

## **The Penrith Farmers' and Kidd's Plc**

### **Independent auditor's report to the members of The Penrith Farmers' and Kidd's Plc (continued) Year ended 31 December 2018**

#### **Responsibilities of directors**

As explained more fully in the directors responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



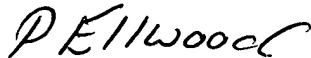
**The Penrith Farmers' and Kidd's Plc**

**Independent auditor's report to the members of  
The Penrith Farmers' and Kidd's Plc (continued)  
Year ended 31 December 2018**

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Mr Peter Ellwood, FCA (Senior Statutory Auditor)

For and on behalf of  
robinson+co  
Chartered Accountants and Statutory Auditors  
Oxford Chambers  
New Oxford Street  
Workington  
CA14 2LR

18 March 2019

The Penrith Farmers' and Kidd's Plc

Statement of comprehensive income  
Year ended 31 December 2018

	Note	Year ended 31/12/18 £	01/09/16 to 31/12/17 £
<b>Turnover</b>	<b>3</b>	2,703,314	3,623,910
Cost of sales		(334,807)	(389,300)
<b>Gross profit</b>		2,368,507	3,234,610
Administrative expenses		(2,493,241)	(3,317,126)
Other operating income	<b>4</b>	467,642	351,824
<b>Operating profit</b>	<b>5</b>	342,908	269,308
Fair value adjustments on financial assets		(187)	(298)
Income from other fixed asset investments	<b>9</b>	75	37
Other interest receivable and similar income	<b>10</b>	2,255	4,368
<b>Profit before taxation</b>		345,051	273,415
Tax on profit on ordinary activities	<b>11</b>	(32,899)	(59,538)
<b>Profit for the financial year and total comprehensive income</b>		<u>312,152</u>	<u>213,877</u>

All the activities of the company are from continuing operations.

The notes on pages 21 to 36 form part of these financial statements.

The Penrith Farmers' and Kidd's Plc

Statement of financial position  
31 December 2018

	Note	31/12/18		31/12/17	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	13	8,816		10,232	
Tangible assets	14	1,185,122		1,188,290	
Investment property	15	4,060,000		3,809,374	
Investments	16	2,984		3,171	
			5,256,922		5,011,067
<b>Current assets</b>					
Debtors	17	412,807		374,947	
Cash at bank and in hand		687,976		706,428	
		1,100,783		1,081,375	
<b>Creditors: amounts falling due within one year</b>	18	(450,437)		(415,940)	
<b>Net current assets</b>			650,346		665,435
<b>Total assets less current liabilities</b>			5,907,268		5,676,502
<b>Provisions for liabilities</b>					
Deferred taxation	19	(51,117)		(52,945)	
<b>Net assets</b>			5,856,151		5,623,557
<b>Capital and reserves</b>					
Called up share capital	22	318,233		318,233	
Share premium account	23	237,144		237,144	
Fair value reserve	23	1,674,501		1,477,238	
Retained earnings	23	3,626,273		3,590,942	
<b>Shareholders funds</b>			5,856,151		5,623,557

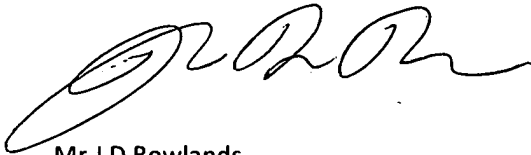
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**The Penrith Farmers' and Kidd's Plc**

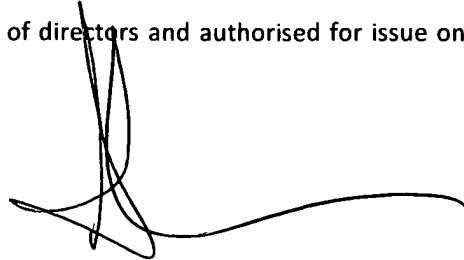
**Statement of financial position (continued)**

**31 December 2018**

These financial statements were approved by the board of directors and authorised for issue on 18 March 2019, and are signed on behalf of the board by:



Mr J D Rowlands  
Director



Mr S J Lancaster  
Director

Company registration number: 00010553

**The notes on pages 21 to 36 form part of these financial statements.**

The Penrith Farmers' and Kidd's Plc

Statement of changes in equity  
Year ended 31 December 2018

	Called up share capital £	Share premium account £	Fair value reserve £	Retained earnings £	Total £
<b>At 1 September 2016</b>	318,233	237,144	1,477,536	3,456,325	5,489,238
Profit for the year	-	-	-	213,877	213,877
Other comprehensive income for the year:					
Transfer between fair value reserve and retained earnings	-	-	(298)	298	-
<b>Total comprehensive income for the year</b>	-	-	(298)	214,175	213,877
Dividends paid	-	-	-	(79,558)	(79,558)
<b>Total investments by and distributions to owners</b>	-	-	-	(79,558)	(79,558)
<b>At 31 December 2017 and 1 January 2018</b>	318,233	237,144	1,477,238	3,590,942	5,623,557
Profit for the year	-	-	-	312,152	312,152
Transfer between fair value reserve and retained earnings	-	-	197,263	(197,263)	-
<b>Total comprehensive income for the year</b>	-	-	197,263	114,889	312,152
Dividends paid	-	-	-	(79,558)	(79,558)
<b>Total investments by and distributions to owners</b>	-	-	-	(79,558)	(79,558)
<b>At 31 December 2018</b>	<u>318,233</u>	<u>237,144</u>	<u>1,674,501</u>	<u>3,626,273</u>	<u>5,856,151</u>

The Penrith Farmers' and Kidd's Plc

Statement of cash flows  
Year ended 31 December 2018

	Year ended 31/12/18	01/09/16 to 31/12/17
	£	£
<b>Cash flows from operating activities</b>		
Profit for the financial year	312,152	213,877
<i>Adjustments for:</i>		
Depreciation of tangible assets	102,433	127,298
Amortisation of intangible assets	2,214	173
Fair value adjustment of investment property	(197,450)	-
Fair value adjustments on financial assets	187	298
Income from other fixed asset investments	(75)	(37)
Other interest receivable and similar income	(2,255)	(4,368)
Loss on disposal of tangible assets	-	5,044
Tax on profit on ordinary activities	32,899	59,538
Accrued expenses/(income)	37,392	(13,299)
<i>Changes in:</i>		
(Increase)/Decrease in trade and other debtors	(37,860)	69,559
Increase/(Decrease) in trade and other creditors	25,385	(4,208)
Cash generated from operations	<u>275,022</u>	<u>453,875</u>
Interest received	2,255	4,368
Tax (paid)/received	(63,007)	(10,209)
Net cash from operating activities	<u>214,270</u>	<u>448,034</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(152,441)	(407,585)
Purchase of intangible assets	(798)	(10,405)
Dividends received	75	37
Net cash used in investing activities	<u>(153,164)</u>	<u>(417,953)</u>
<b>Cash flows from financing activities</b>		
Equity dividends paid	(79,558)	(79,558)
Net cash used in financing activities	<u>(79,558)</u>	<u>(79,558)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>(18,452)</u>	<u>(49,477)</u>
<b>Cash and cash equivalents at beginning of year</b>	<u>706,428</u>	<u>755,905</u>
<b>Cash and cash equivalents at end of year</b>	<u>687,976</u>	<u>706,428</u>

**The Penrith Farmers' and Kidd's Plc**

**Notes to the financial statements  
as at 31 December 2018**

**1. Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

**2. Accounting policies**

**Basis of preparation**

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain fixed assets and liabilities and investment properties measured at fair value in accordance with the accounting policies set out below.

The financial statements are prepared in pounds sterling, which is the functional currency of the entity.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

**Income from property**

Income from property is stated net after attributable expenses.

**Taxation**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

**Operating leases**

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.





**The Penrith Farmers' and Kidd's Plc**

**Notes to the financial statements (continued)  
as at 31 December 2018**

**2. Accounting policies (continued)**

**Depreciation**

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	- Straight line over 50 years
Short leasehold property	- Straight line over the life of the lease
Plant and machinery	- 10 - 20% straight line

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

**Investment property**

Investment property is measured initially at cost, which includes purchase price and any directly attributable expenditure. Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in profit or loss.

If a reliable measure of fair value is not available without undue cost or effort it shall be transferred to tangible assets and accounted for under the cost model until it is expected that fair value will be reliably measurable on an on-going basis.

**Fixed asset investments**

Financial investments are measured at fair value with changes in fair value being recognised in profit or loss.

**Impairment**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

**The Penrith Farmers' and Kidd's Plc**

**Notes to the financial statements (continued)  
as at 31 December 2018**

**2. Accounting policies (continued)**

**Provisions**

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised in finance costs in profit or loss in the period it arises.

**Defined contribution plans**

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

**Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are not considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

***Valuation of investment properties***

As described in note 15 to the financial statements, investment properties are stated at fair value based on the valuation performed by an independent professional valuer Carigiet Cowen, Chartered Surveyors with recent experience in the location and category of property valued. The valuer used observable market prices adjusted as necessary for any difference in the future, location or condition of the specified asset.

The Penrith Farmers' and Kidd's Plc

Notes to the financial statements (continued)  
as at 31 December 2018

3. Turnover

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

4. Other operating income

	Year ended 31/12/18	01/09/16 to 31/12/17
	£	£
Gross rental income	329,990	403,414
Expenses relating to rental income	(64,081)	(56,783)
Rental income (net of expenses)	<u>265,909</u>	<u>346,631</u>
Gross other operating income	6,225	9,171
Expenses relating to other operating income	(1,942)	(3,978)
Other operating income (net of expenses)	<u>4,283</u>	<u>5,193</u>
Revaluation of investment properties	197,450	-
	<u><u>467,642</u></u>	<u><u>351,824</u></u>

5. Operating profit

Operating profit is stated after charging/(crediting):

	Year ended 31/12/18	01/09/16 to 31/12/17
	£	£
Amortisation of intangible assets	2,214	173
Depreciation of tangible assets	102,433	127,298
Loss on disposal of tangible assets	-	5,043
Operating lease rentals	33,377	56,585
Fees payable for the audit of the financial statements	15,000	17,000
Income from property	<u>(265,909)</u>	<u>(346,631)</u>

The Penrith Farmers' and Kidd's Plc

Notes to the financial statements (continued)  
as at 31 December 2018

6. Auditors remuneration

	Year ended 31/12/18	01/09/16 to 31/12/17
	£	£
<b>Fees payable to robinson+co</b>		
Fees payable for the audit of the financial statements	15,000	17,000
Fees payable to the company's auditor and its associates for other services:		
Taxation compliance services	600	585
Other non-audit services	7,343	13,066
	<u>7,943</u>	<u>13,651</u>

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	Year ended 31/12/18	01/09/16 to 31/12/17
Office, sales and management	64	65

The aggregate payroll costs incurred during the year were:

	Year ended 31/12/18	01/09/16 to 31/12/17
	£	£
Wages and salaries	1,651,309	2,126,091
Social security costs	141,175	187,904
Other pension costs	99,930	118,535
	<u>1,892,414</u>	<u>2,432,530</u>

The Penrith Farmers' and Kidd's Plc

Notes to the financial statements (continued)  
as at 31 December 2018

8. Directors remuneration

The directors aggregate remuneration in respect of qualifying services was:

	Year ended 31/12/18	01/09/16 to 31/12/17
	£	£
Remuneration	266,387	321,953
Company contributions to pension schemes in respect of qualifying services	21,305	20,723
	<u>287,692</u>	<u>342,676</u>

The number of directors who accrued benefits under company pension plans was as follows:

	Year ended 31/12/18	01/09/16 to 31/12/17
	Number	Number
Defined contribution plans	<u>2</u>	<u>3</u>

Remuneration of the highest paid director in respect of qualifying services:

	Year ended 31/12/18	01/09/16 to 31/12/17
	£	£
Aggregate remuneration	166,174	199,806
Company contributions to pension plans in respect of qualifying services	16,480	14,618
	<u>182,654</u>	<u>214,424</u>

The total remuneration of the non-executive directors included in the above emoluments during the year was £31,090 (extended period to 31 December 2017 - £40,634). The number of non-executive directors at the year end was 5 (2017 - 5).

9. Income from other fixed asset investments

	Year ended 31/12/18	01/09/16 to 31/12/17
	£	£
Dividends received	<u>75</u>	<u>37</u>

**The Penrith Farmers' and Kidd's Plc**

**Notes to the financial statements (continued)  
as at 31 December 2018**

**10. Other interest receivable and similar income**

	<b>Year ended</b>	<b>01/09/16 to</b>
	<b>31/12/18</b>	<b>31/12/17</b>
	<b>£</b>	<b>£</b>
Bank deposits	2,255	4,357
Other interest receivable and similar income	-	11
	<u>2,255</u>	<u>4,368</u>

The Penrith Farmers' and Kidd's Plc

Notes to the financial statements (continued)  
as at 31 December 2018

11. Tax on profit

Major components of tax expense

	Year ended 31/12/18	01/09/16 to 31/12/17
	£	£
<b>Current tax:</b>		
UK current tax expense	34,764	63,055
Adjustments in respect of previous periods	(37)	(106)
Total current tax	<u>34,727</u>	<u>62,949</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(1,828)	(3,411)
<b>Tax on profit</b>	<u><u>32,899</u></u>	<u><u>59,538</u></u>

Reconciliation of tax expense

The tax assessed on the profit for the year is lower than (2017: higher than) the standard rate of corporation tax in the UK of 19.00% (2017: 19.00%).

	Year ended 31/12/18	01/09/16 to 31/12/17
	£	£
Profit before taxation	<u>345,051</u>	<u>273,415</u>
Profit multiplied by rate of tax	65,560	51,949
Adjustments in respect of prior periods	(37)	(106)
Effect of expenses not deductible for tax purposes	443	(142)
Effect of capital allowances and depreciation	4,462	10,293
Effect of fair value adjustments on investments	(37,516)	(476)
Effect of fair value adjustments on financial assets	1	(77)
Changes as a result of change of rate of corporation tax in year	-	(1,896)
Dividend income	(14)	(7)
<b>Tax on profit</b>	<u><u>32,899</u></u>	<u><u>59,538</u></u>

The Penrith Farmers' and Kidd's Plc

Notes to the financial statements (continued)  
as at 31 December 2018

12. Dividends

Equity dividends

	Year ended 31/12/18	01/09/16 to 31/12/17
	£	£
Dividends paid during the year	<u>79,558</u>	<u>79,558</u>
Dividends paid after the year end and not recognised as a liability	<u>79,558</u>	<u>79,558</u>

13. Intangible assets

	Brand development costs	Total
	£	£
<b>Cost</b>		
At 1 January 2018	10,405	10,405
Additions	<u>798</u>	<u>798</u>
<b>At 31 December 2018</b>	<u>11,203</u>	<u>11,203</u>
<b>Amortisation</b>		
At 1 January 2018	173	173
Charge for the year	<u>2,214</u>	<u>2,214</u>
<b>At 31 December 2018</b>	<u>2,387</u>	<u>2,387</u>
<b>Carrying amount</b>		
<b>At 31 December 2018</b>	<u>8,816</u>	<u>8,816</u>
At 31 December 2017	<u>10,232</u>	<u>10,232</u>



The Penrith Farmers' and Kidd's Plc

Notes to the financial statements (continued)  
as at 31 December 2018

14. Tangible assets

	Freehold property £	Short leasehold property £	Plant and machinery £	Total £
<b>Cost</b>				
At 1 January 2018	1,183,980	46,329	637,613	1,867,922
Additions	39,003	1,821	58,441	99,265
<b>At 31 December 2018</b>	<u>1,222,983</u>	<u>48,150</u>	<u>696,054</u>	<u>1,967,187</u>
<b>Depreciation</b>				
At 1 January 2018	326,082	7,722	345,828	679,632
Charge for the year	24,072	4,861	73,500	102,433
<b>At 31 December 2018</b>	<u>350,154</u>	<u>12,583</u>	<u>419,328</u>	<u>782,065</u>
<b>Carrying amount</b>				
<b>At 31 December 2018</b>	<u>872,829</u>	<u>35,567</u>	<u>276,726</u>	<u>1,185,122</u>
At 31 December 2017	<u>857,898</u>	<u>38,607</u>	<u>291,785</u>	<u>1,188,290</u>

15. Investment property

<b>Market value</b>	<b>£</b>
At 1 January 2018	3,809,374
Additions	53,176
Fair value adjustments	197,450
<b>At 31 December 2018</b>	<u>4,060,000</u>

The investment properties were revalued on 31 December 2018 by Carigiet Cowen. The basis of the valuation used was open market value. If investment properties were included on the balance sheet on an historical cost basis, then the carrying amount would be £1,033,900 (2017 - £1,080,890).

Additions to investment property in the period represent a combination of third-party costs and an apportionment of internal time.

The Penrith Farmers' and Kidd's Plc

Notes to the financial statements (continued)  
as at 31 December 2018

16. Investments

	Other investments other than loans £	Total £
<b>Cost or valuation</b>		
At 1 January 2018	3,171	3,171
Revaluations	(187)	(187)
<b>At 31 December 2018</b>	<u>2,984</u>	<u>2,984</u>
<b>Carrying amount</b>		
At 31 December 2018	<u>2,984</u>	<u>2,984</u>
At 31 December 2017	<u>3,171</u>	<u>3,171</u>

This represents holdings of 440 £0.50p Ordinary shares and 306 £0.01p Ordinary-A shares in L & K Group plc.

**Investments held at valuation**

In respect of investments held at valuation, the comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

	Other investments other than loans £	Total £
<b>At 31 December 2018</b>		
Aggregate cost	276	276
Aggregate depreciation	-	-
<b>Historical carrying amount</b>	<u>276</u>	<u>276</u>
<b>At 31 December 2017</b>		
Aggregate cost	276	276
Aggregate depreciation	-	-
<b>Historical carrying amount</b>	<u>276</u>	<u>276</u>

The Penrith Farmers' and Kidd's Plc

Notes to the financial statements (continued)  
as at 31 December 2018

17. Debtors

	<b>31/12/18</b>	31/12/17
	£	£
Trade debtors	263,343	183,321
Prepayments and accrued income	149,464	158,536
Other debtors	-	33,090
	<u>412,807</u>	<u>374,947</u>

18. Creditors: amounts falling due within one year

	<b>31/12/18</b>	31/12/17
	£	£
Trade creditors	92,258	78,507
Accruals and deferred income	125,222	87,830
Corporation tax	34,764	63,044
Taxation and social security costs	181,805	169,464
Other creditors	16,388	17,095
	<u>450,437</u>	<u>415,940</u>

19. Provisions

	Deferred tax (note 20)	Total
	£	£
At 1 January 2018	52,945	52,945
Reduction	(1,828)	(1,828)
<b>At 31 December 2018</b>	<u>51,117</u>	<u>51,117</u>

The Penrith Farmers' and Kidd's Plc

Notes to the financial statements (continued)  
as at 31 December 2018

20. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	31/12/18	31/12/17
	£	£
Included in provisions (note 19)	51,117	52,945
	<u>51,117</u>	<u>52,945</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	31/12/18	31/12/17
	£	£
Accelerated capital allowances	47,033	48,826
Fair value adjustment of investment property	3,660	3,660
Other revaluations	424	459
	<u>51,117</u>	<u>52,945</u>

21. Employee benefits

The amount recognised in profit or loss in relation to defined contribution plans was £99,930 (2017: £118,535).

22. Called up share capital

Issued, called up and fully paid

	31/12/18		31/12/17	
	No	£	No	£
Ordinary shares of £ 1.00 each	318,233	318,233	318,233	318,233
	<u>318,233</u>	<u>318,233</u>	<u>318,233</u>	<u>318,233</u>

The Penrith Farmers' and Kidd's Plc

Notes to the financial statements (continued)  
as at 31 December 2018

23. Reserves

**Share premium account**

This reserve records the amount above the nominal value received for the shares allotted, less transaction costs.

**Fair value reserve**

This reserve records the value of asset revaluations and fair value movements on assets recognised in other operating income.

The balances on the share premium account and the fair value reserve may not be distributed legally under section 831(4) of the Companies Act 2006.

**Retained earnings**

This reserve records retained earnings and accumulated losses which may be legally distributed.

24. Operating leases

**The company as lessee**

The total future minimum lease payments under non-cancellable operating leases are as follows:

	31/12/18	31/12/17
	£	£
Not later than 1 year	25,729	29,031
Later than 1 year and not later than 5 years	30,000	60,729
	<u>55,729</u>	<u>89,760</u>

25. Pension commitments

The company operates defined contribution schemes on behalf of certain directors and certain employees. The assets of the schemes are held separately from those of the company in independently administered funds. The pension charge represents contributions payable by the company to the funds and amounted to £99,930 (2017 - £118,535). The contributions included in creditors at the year end were £13,383 (2017 - £11,995).

**The Penrith Farmers' and Kidd's Plc**

**Notes to the financial statements (continued)**

**as at 31 December 2018**

**26. Statutory information**

The Penrith Farmers' and Kidd's Plc is a public limited company, limited by shares, domiciled in England and Wales, registration number 00010553. The registered office is Agricultural Hall, Skirsgill, Penrith, CA11 0DN.

The principal activity of the company is the provision of professional services, property ownership and carrying on the business of auctioneers, valuers, land and estate agents. There was no significant change during the year under review.

**27. Controlling party**

There is no overall controlling party.