

Company Registration No. 00010553 (England and Wales)

**THE PENRITH FARMERS' AND KIDD'S PLC**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2020**



# THE PENRITH FARMERS' AND KIDD'S PLC

## COMPANY INFORMATION

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<b>Directors</b>	Mr S Dunn	14 (14)
	Mrs K M Milbourn	14 (14)
	Mr J D Rowlands	14 (14)
	Mr B P H Wharam	14 (14)
	Mr A Green	12 (12)
	Mrs L M Lancaster	5 (5)
	Mr J W Webb	10 (10)

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  
Cumbria  
CA11 0DN

**Auditor** RSM UK Audit LLP  
Chartered Accountants  
Bluebell House  
Brian Johnson Way  
Preston  
Lancashire  
PR2 5PE

**Bankers** Barclays Bank plc  
Oxenholme Road  
Kendal  
Cumbria  
LA9 7RL

Handelsbanken  
1 Merchant's Drive  
Parkhouse  
Carlisle  
CA3 0JW

**Solicitors** Baines Wilson LLP  
2 Merchants Drive  
Carlisle  
CA3 0JW

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# THE PENRITH FARMERS' AND KIDD'S PLC

## STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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The directors present the strategic report for the year ended 31 December 2020.

### Chairman's statement and business review

As I foreshadowed in my statement last year, it is with no exaggeration to say that 2020 has been a very turbulent and difficult year, affecting not only the economy and the organisations which operate within it, but also the individuals and families who have suffered from the devastating effects of the COVID-19 pandemic as it has swept across the world. The Board's thoughts and best-wishes are with all of our stakeholders as we continue to navigate these unprecedented times together.

It has been a period of significant change within the business, but our staff have remained resilient, dedicated and positive throughout. All staff, including senior management and the Board, have worked tirelessly to protect and grow the Company's assets and to ensure we exit this period in as robust a position as we can manage.

As the promising early success of the vaccination programme starts to take effect, we can now, tentatively, begin to start thinking about the future as central government's plans to remove the social and economic restrictions that have dominated our lives for the past 12 months begin to take shape. The Company's efforts made in 2020 to consolidate operations, reduce cost-base and create a management structure appropriate for the business, leaves us well placed to tackle any challenges that we may face and strike at any opportunities we may find.

### Board Changes

As reported in the 2019 Report and Financial Statements and the 2020 Interim Statement, 2020 has seen significant change in the composition of the Executive team. Managing Director Stephen Lancaster left the Company on 30 June 2020 and Executive Director Rachel Lightfoot left on 26 June 2020, both to pursue other opportunities.

Andrew Green was appointed to the board on 15 April 2020 and was appointed as Managing Director on 22 July 2020. Our Company Secretary, Joseph Webb, was appointed to the Board on 29 April 2020 and Lynne Lancaster, who was appointed to the Board on 19 August 2020, completed the new Executive team which, I am pleased to report, has settled in very well.

These changes, against the background of the emergency measures that were needed to be put in place as a result of the pandemic, placed a great strain on the board and I would particularly like to note the contribution of my fellow non-executives. Their contribution went far beyond the necessary increased frequency of formal board meetings whilst taking a cut in pay during the first wave.

The Board's structure remained stable throughout the remainder of 2020, after the publication of Interim Statement, but there are now some further changes to notify you of.

John Wilson, who has made a huge contribution to PFK since his appointment four years ago, resigned as a Director of the Company on 19 February 2021. The Board wish to thank John for his hard work and contribution to the Company throughout his time as a non-executive Director and wish him all the very best for the future.

It is also the appropriate moment to inform shareholders of my notice of resignation as Chairman of the Company and from the Board, with effect from the close of the forthcoming AGM. I have been a Director of PFK for over five and a half years, serving as Chair since Jeanette Brown's departure at the end of 2018 and also adopting the role of executive Chairman for a short while during the interim period between Stephen Lancaster's departure as Managing Director and Andrew Green's subsequent appointment. I have enjoyed my time with PFK immensely and have seen the Company change significantly during my tenure.

# THE PENRITH FARMERS' AND KIDD'S PLC

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### Board Changes (continued)

I feel I am leaving the Company in very capable hands, with the remaining executive and non-executive Board members having the optimal technical and financial skill-sets and experience to manage, protect and enhance the Company's existing assets whilst simultaneously looking for new opportunities to drive the Company further forward. The Board will be chaired by Bernard Wharam after my departure. Bernard has been a board member for the last four years and has gained a thorough understanding of the business in this time. He has worked closely with Andrew and the whole team over the past 12 months in terms of our internal processes and customer offerings. His in-depth retail knowledge of operational improvement and key performance indicators have been invaluable to the whole business through this period of change. I feel he will be overseeing and contributing to an organisation with a very solid foundation that can continue to be built upon. Further information on Bernard and the rest of the Company directors can be found on the PFK investors website.

I wish all of PFK's shareholders the very best for the future.

### Overview of 2020

The enclosed financial statements show a profit before tax of £590,830 (2019: £579,858) representing an increase of 1.9% from the previous year. These results are encouraging and despite the understandable impact of the pandemic, reflect that we have been able to initiate positive changes in the trading operations of the business, whilst simultaneously benefitting from significant enhancements to other assets.

Prior to the effect of property revaluations and disposals, the company generated a profit before tax of £125,120 (2019: Loss of £241,958) despite rental income decreasing £73,324 compared to the prior period. Whilst there are significant period-specific government grants included in these results, their payment was designed to mitigate some of the impact of the turbulent trading conditions, so it is hoped this income can be replicated in 2021 through trading-environment improvements and changes we have implemented within the business. There were also one-off costs related to the period including the disposal and write-off of assets no longer in use by the business and statutory redundancy payments which, in combination, total over £100,000.

Revenue has seen a 4.3% fall from the previous year, but when consideration is given to the closure of the Sale Room in August 2020, revenue from directly comparable operations is very similar year-on-year. This is particularly encouraging since for part of the period we were unable to operate in many of our departments as the nationwide COVID restrictions were implemented.

The decisions made in late 2019 with regards to how we market our client's properties have saved just over £98,000 in direct expenses with minimal, if any, impact to our revenue. There have also been significant savings in our administrative expenses as we have continued to focus on leaner measures and targeting expenditure where it can have the most impact. We have been proactive in the period to reduce our staff numbers where appropriate, whilst simultaneously not replacing staff in areas considered unnecessary or no longer operating. Many of these changes have been made in the latter half of the period and so their full effects will not be realised until the interim and full-period results for 2021 are published.

Net Assets have risen 6.5% to £6,696,237 (2019: £6,288,644) and whilst much of this is down to the revaluation of parts of our investment property, there is a corresponding increase in cash reserves which stand at £2,724,904 at the 31 December 2020 which is an increase of £406,872 from the prior period. Proactive working capital management alongside cash generating operations have enabled this liquidity growth whilst other negative impacts in the year, such as a significant write-off of assets no longer in use by the business and an impairment to some of our operating property, have had no cash-impact. Taxation and social security creditors are up significantly as the Company took advantage of the Deferred VAT payments scheme. This deferred approximately £89,000 from being paid to HMRC in April 2020 to the scheme's expiry date in March 2021.

# THE PENRITH FARMERS' AND KIDD'S PLC

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### Review of the operating departments

After the pandemic began and the first of the national lockdowns was enforced, the outlook for Estate Agency became clearer rather more quickly than it did for other industries, with the national government placing a clear emphasis on the importance of the housing market remaining operational. Subsequently, in conjunction with the Stamp Duty holiday announced in July 2020, market activity accelerated in the second half of the year and the appetite for property moves in our regions, both from within and from the wider United Kingdom, quickly returned.

Whilst activity in Estate Agency was buoyant, we made the decision to consolidate our branch network with the closure of the Kirkby Stephen and Whitehaven offices with their respective regions now being serviced by our Penrith and Cockermouth offices. Having established a presence in these areas over a considerable period of time, we were able to reduce costs significantly, whilst retaining a high proportion of our income and providing further focus on getting the balance right between our digital and high-street offerings. We also made the decision to trigger a break-clause in our lease relating to the Carlisle branch office on Devonshire Street. All operations in Carlisle have now been moved in to our Rosehill office, creating a new land and property services hub which is more accessible to clients and far more cost-effective.

Activity in our land agency department, encompassing farm sales, estate management and other professional work, has remained strong throughout the year as we continue to support our long-standing clients whilst our surveys and planning departments have benefitted from the increased activity in the housing market and delivered encouraging results.

Our Furniture and Antiques Sale Room was a major casualty of the impact of the pandemic and operations in this area ceased permanently in the financial period with the final sale being on 31 August 2020. The Sale Room was a well-known and for many, much-loved part of our operations and was a staple in the lives of many buyers, sellers and observers alike, as well as housing some of our longest-serving employees. This made the decision all the more difficult to make, but as the market for household items and antiques continues to evolve, the Board could not guarantee the financial viability of the department in to the future, particularly whilst the various social restrictions were in place across the nation, making operations extremely difficult and costly.

The prime location of the Sale Room meant we received lots of interest from third parties with regards the use of the property but whilst simultaneously reviewing this interest and investigating whether it's most profitable use would be for new or existing internal operations; we were approached by the NHS to use the premises as a vaccination centre. A commercial agreement was reached at the beginning of 2021 to license the premises to the NHS for a limited time and this will be reviewed with them as the year progresses. It was felt by the Board that the license agreement negotiated, correctly balanced the objectives of the Company and its shareholders, with an obligation to be proactive in helping the region as a whole overcome the difficulties of the past 12 months.

We have been the recipient of substantial government grants in the period which total just over £250,000. These have come from the use of two grant schemes, namely the retail, hospitality and leisure grant fund, as well as the coronavirus job retention scheme. These grant receipts are presented within other operating income, but the Board feel they should be considered by shareholders alongside the results of our trading operations, since they were designed to mitigate the negative effects on trading operations that the pandemic have undoubtedly had.

Gross rental income for the period is reduced from £256,222 to £182,898 largely due to the prior year having 6 months' worth of rental income from the site sold to Highways England in 2019. We did, however, also make some allowances for hospitality-based tenants suffering from the COVID-related social restrictions which has negatively affected rental income in this financial period, but which did manage to keep the relationship tenable.

# THE PENRITH FARMERS' AND KIDD'S PLC

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### **Review of the operating departments (continued)**

Whilst all of our Investment property continues to be let, there have been significant developments with regards the land known as Eden 41 Business Park, located near Stoneybeck at junction 41 of the M6. At the end of the financial period an agreement to sell this land, subject to contract, was agreed and is the primary determinant of the significant uplift in our investment property portfolio valuation. After the departure of the Company's previous executive team, it was felt by the Board that the most appropriate course of action was to realise the value of the asset now, whilst deadlines on planning applications draw ever-nearer. The sale process remains ongoing and we hope to update shareholders with further news as and when we can.

#### **Outlook and principal risks facing the business**

The government's 'roadmap out of lockdown' announced in February 2021 and being initiated at the present time, provides some insight in to how we can return to pre-pandemic operating conditions, but it must also be considered with caution. Even if implemented without any amendments, the road to economic recovery will be long and full of challenges.

The first lockdown towards the beginning of the pandemic in March 2020 put a halt to many of our estate agency's activities, such as performing instructions and viewings, but the industry was given special dispensation and restarted activity swiftly. If the 'roadmap' appeared to be faltering then the department is well placed to continue operations, with procedures already in place for safe visiting of properties, enhanced focus on virtual tours and strict adherence to all health and safety guidelines.

The country's exit from the European Union has understandably been overshadowed by other events and its effects are yet to be fully understood. We remain operating within a Stamp Duty holiday which has undoubtedly had a significant impact on market activity and will, based on budget announcements by the Chancellor on 3 March 2021, come to an end on current terms on 30 June 2021, and then on reduced terms until 30 September 2021. This will place a significant strain on estate agents and conveyancers alike as clients strive to complete on property purchases before these dates, but we are well placed to cope with the strain with a dedicated sales progression team in place working to finalise transactions and protect our sales pipeline.

At the time of writing, the sale of the site at Stoneybeck remains ongoing with all efforts being made to complete on the transaction as soon as possible. There has been a significant uplift in the valuation of the site recognised in the attached financial statements, based primarily on the sale price agreed, but there is always a risk that significant deals of this nature can encounter problems. We are spending considerable time and effort internally, whilst employing the services of experienced legal advisors and consultants, to mitigate the risk that any potential problems may bring.

As a business we can only influence what we have an element of control over and we will continue to navigate this period cautiously and with all our best efforts. The significant structural and operational changes made in the business throughout 2020 leaves us in a far better position to exit this period successfully and I am optimistic about the Company's abilities to grow and to continue to deliver shareholder value.

#### **Dividend**

In the previous year, given the huge uncertainties surrounding the impact of COVID-19, and in common with very many businesses, the board felt it was prudent not to recommend the payment of a dividend. A year on, having successfully navigated 2020, and with growing confidence on an end to the worst of the pandemic, we now consider that it is appropriate to recommence dividend payments. Accordingly, we have paid an interim dividend of £0.25p per share to make up for the payment missed last year and this has been paid in the tax year 2020/21. We also propose to declare a dividend of £0.25p per share in respect of 2020 at the forthcoming AGM.

The company has been successful, over the last couple of years, in maximising and realising value from its asset base. Whilst maintaining adequate resources to protect us from the vagaries of trading conditions and to enable us to exploit opportunities as they arise, we intend to pass back to shareholders the benefit of such realisations by way of special dividend as they arise and hope to give you an update on the position in the 2021 Interim Statement.

# THE PENRITH FARMERS' AND KIDD'S PLC

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 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 2020 is shown below, together with the twelve months to 31 December 2019 for comparative purposes.

	2020	2019
Turnover	£2,432,417	£2,541,370
Turnover (decline)/growth	(4.3%)	(6.0%)
Net profit after taxation	£407,593	£512,051
Earnings per share for the period	128p	161p
Return on capital employed	8.8%	9.1%

Shareholders' funds at 31 December 2020 amounted to £6,696,237 (2019 - £6,288,644) and the directors consider this to be satisfactory.

# THE PENRITH FARMERS' AND KIDD'S PLC

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The board of directors of Penrith Farmers' and Kidd's PLC consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefits of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 December 2020 and in the decisions regarding the operational and strategic plans going forward.

Our decisions are designed to have a long-term beneficial impact on the company and to contribute to its success in delivering a high quality, professional service in the sectors in which we operate. We will continue to operate our business within tight budgetary controls and in line with regulatory standards.

Our employees are fundamental to the delivery of the decisions which are made. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and well-being of our employees is one of our primary considerations in the way we do business.

Our duties as a 'Regulated by RICS' company provide customers with confidence and security in relation to the services we provide. Adherence to this accreditation assures both existing and potential clients that the Company behaves ethically and acts with integrity and honesty and has the required skills and competencies to do the job.

We aim to act responsibly and fairly in how we engage with our suppliers, our advisors and bankers and always aim to co-operate with our regulators in an efficient and timely manner. These stakeholders are integral to the successful delivery of the decisions which are made.

Penrith Farmers' and Kidd's PLC has a long and established history in the local and wider Cumbrian community and, as such, we take into account the impact of the company's operations on the community, the environment and our wider, societal responsibilities. As the Board of Directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours.

As the Board of Directors, our intention is to behave responsibly toward our shareholders and treat them fairly and equally so they too may benefit from the decisions that are made and the delivery of them.

On behalf of the board



Mr J D Rowlands  
Director

Date: 16<sup>th</sup> April 2021



# THE PENRITH FARMERS' AND KIDD'S PLC

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

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The directors present their annual report and financial statements for the year ended 31 December 2020.

#### Principal activities

The principal activities of the company continued to be that of the professional services, property ownership and carrying on the business of land and estate agents.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr S Dunn	
Mr S J Lancaster	(Resigned 30 June 2020)
Mrs R A Lightfoot	(Resigned 26 June 2020)
Mrs K M Milbourn	
Mr J D Rowlands	
Mr B P H Wharam	
Mr J S R Wilson	(Resigned 19 February 2021)
Mr A M Green	(Appointed 15 April 2020)
Mrs L M Lancaster	(Appointed 19 August 2020)
Mr J W Webb	(Appointed 29 April 2020)

#### Results and dividends

The results for the year are set out on page 12.

Ordinary dividends were paid amounting to £nil (2019: £79,558) in respect of the previous financial years. The directors recommend payment of 25p per share in respect of the financial year to 31 December 2020. An interim dividend of 25p per share was paid on 31 March 2021.

#### Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments and outlook and the statement of how directors have paid regard to the need to foster the company's business relationships with suppliers, customers and others, and the effect of that, including on the principal decisions taken by the company during the financial year.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr J D Rowlands

Director

Date: 16<sup>th</sup> April 2021

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# **THE PENRITH FARMERS' AND KIDD'S PLC**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors are responsible for preparing the Strategic Report and the 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PENRITH FARMERS' AND KIDD'S PLC**

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### **Opinion**

We have audited the financial statements of The Penrith Farmers' and Kidd's plc (the 'company') for the year ended 31 December 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **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.

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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PENRITH FARMERS' AND KIDD'S PLC (CONTINUED)**

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### **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 strategic report and 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 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.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 8, 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.

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PENRITH FARMERS' AND KIDD'S PLC (CONTINUED)**

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### **The extent to which the audit was considered capable of detecting irregularities, including fraud (continued)**

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and compliance with the Companies Act 2006. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included, reviewing financial statement disclosures.

The audit engagement team identified the risk of management override of controls and valuation of investment properties as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and challenging judgments and estimates applied in the valuation of investment properties using data obtained from a valuation specialist to assist in assessing the fair value of investment properties within the property portfolio.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

### **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.

*RSM UK Audit LLP*

Ian Taylor (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Bluebell House  
Brian Johnson Way  
Preston  
Lancashire, PR2 5PE

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20 April 2021

# THE PENRITH FARMERS' AND KIDD'S PLC

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	2,432,417	2,541,370
Cost of sales		(188,029)	(328,839)
<b>Gross profit</b>		<b>2,244,388</b>	<b>2,212,531</b>
Administrative expenses		(2,568,268)	(2,723,304)
Other operating income	7	903,959	259,733
Profit on disposal of investment property		-	821,816
<b>Operating profit</b>	6	<b>580,079</b>	<b>570,776</b>
Interest receivable and similar income	9	9,994	8,944
Other gains and losses	10	757	138
<b>Profit before taxation</b>		<b>590,830</b>	<b>579,858</b>
Tax on profit	11	(183,237)	(67,807)
<b>Profit for the financial year</b>		<b>407,593</b>	<b>512,051</b>

**THE PENRITH FARMERS' AND KIDD'S PLC****STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020**

	Notes	2020		2019	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	14		19,596		6,575
Tangible assets	15		970,849		1,107,857
Investment properties	16		3,398,994		2,912,793
Investments	17		3,879		3,122
			<u>4,393,318</u>		<u>4,030,347</u>
<b>Current assets</b>					
Debtors	18	363,006		450,632	
Cash at bank and in hand		2,724,904		2,318,032	
		<u>3,087,910</u>		<u>2,768,664</u>	
<b>Creditors: amounts falling due within one year</b>	19	(502,921)		(362,766)	
<b>Net current assets</b>			<u>2,584,989</u>		<u>2,405,898</u>
<b>Total assets less current liabilities</b>			<u>6,978,307</u>		<u>6,436,245</u>
<b>Provisions for liabilities</b>	21		(282,070)		(147,601)
<b>Net assets</b>			<u><u>6,696,237</u></u>		<u><u>6,288,644</u></u>
<b>Capital and reserves</b>					
Called up share capital	24		318,233		318,233
Share premium account	25		237,144		237,144
Fair value reserve	26		1,964,348		1,497,881
Profit and loss reserves	27		4,176,512		4,235,386
<b>Total equity</b>			<u><u>6,696,237</u></u>		<u><u>6,288,644</u></u>

The financial statements were approved by the board of directors and authorised for issue on 16<sup>th</sup> April 2021 and are signed on its behalf by:

  
 Mr J D Rowlands  
 Director

# THE PENRITH FARMERS' AND KIDD'S PLC

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2019</b>		318,233	237,144	1,674,501	3,626,273	5,856,151
<b>Year ended 31 December 2019:</b>						
Profit and total comprehensive income for the year		-	-	-	512,051	512,051
Dividends	12	-	-	-	(79,558)	(79,558)
Transfers		-	-	(176,620)	176,620	-
<b>Balance at 31 December 2019</b>		318,233	237,144	1,497,881	4,235,386	6,288,644
<b>Year ended 31 December 2020:</b>						
Profit and total comprehensive income for the year		-	-	-	407,593	407,593
Transfers		-	-	466,467	(466,467)	-
<b>Balance at 31 December 2020</b>		318,233	237,144	1,964,348	4,176,512	6,696,237



# THE PENRITH FARMERS' AND KIDD'S PLC

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020		2019	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	28		457,718		(196,995)
Income taxes refunded/(paid)			28,677		(34,764)
<b>Net cash inflow/(outflow) from operating activities</b>			<b>486,395</b>		<b>(231,759)</b>
<b>Investing activities</b>					
Purchase of intangible assets		(22,178)		-	
Purchase of tangible fixed assets		(48,097)		(36,594)	
Proceeds on disposal of tangible fixed assets		1,249		-	
Purchase of investment property		(20,491)		(18,263)	
Proceeds on disposal of investment property		-		1,987,286	
Interest received		9,957		8,869	
Other investment income received		37		75	
<b>Net cash (used in)/generated from investing activities</b>			<b>(79,523)</b>		<b>1,941,373</b>
<b>Financing activities</b>					
Dividends paid				(79,558)	
<b>Net cash used in financing activities</b>					<b>(79,558)</b>
<b>Net increase in cash and cash equivalents</b>			<b>406,872</b>		<b>1,630,056</b>
Cash and cash equivalents at beginning of year			2,318,032		687,976
<b>Cash and cash equivalents at end of year</b>			<b>2,724,904</b>		<b>2,318,032</b>

# THE PENRITH FARMERS' AND KIDD'S PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

#### Company information

The Penrith Farmers' and Kidd's plc is a public company limited by shares and is registered and incorporated in England and Wales. The registered office is Agricultural Hall, Skirsgill, Penrith, Cumbria, CA11 0DN.

The company's principal activities and nature of its operations are disclosed in the Directors' Report on page 6.

#### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized companies (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### Going concern

Whilst, at the time of signing, there is uncertainty as to the progress of the government's 'roadmap out of lockdown' and the period of time the UK economy will take to fully recover when restrictions are lifted, the directors believe that the Company is in a strong position to withstand both foreseeable and unforeseeable changes to the economic outlook.

The Company holds significant, liquid assets to service current liabilities and the potential for losses whilst holding an investment property portfolio which generates strong rents and which are marketable assets for sale should that be necessary. The executive team are continually monitoring and updating future projections on a rolling 12-month basis and producing monthly, department-level management accounts which are compared to projections and prior periods, to ensure the Board are in a strong position to react swiftly to any changes in the economic environment. The changes implemented throughout 2020 to reduce the Company's fixed cost-base safeguards our assets further. Accordingly, the directors do not believe there is any significant uncertainty over the Company's ability to trade as a going concern and that the preparation of the financial statements on a going concern basis remains appropriate.

#### Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account discounts.

Turnover from estate agency and land agency commissions earned, stated net of VAT, in the connection with the sale of land and properties is recognised on exchange of contracts.

Turnover generated by the sale room represents commissions earned, stated net of VAT, from the sale of items, recognised at the point of sale.

#### Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation.

# THE PENRITH FARMERS' AND KIDD'S PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies (Continued)

Amortisation, recognised in administrative expenses, is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Software	20% straight line
Brands	20% straight line

#### Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold buildings	2% straight line
Leasehold buildings	Straight line over the life of the lease
Plant and equipment	10 - 20% straight line

Land is not depreciated.

No depreciation is charged on assets disposed of during the year.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

#### Fixed asset investments

Interests in unlisted investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in profit or loss. Transaction costs are expensed to profit or loss as incurred.

#### Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

#### Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

# THE PENRITH FARMERS' AND KIDD'S PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies (Continued)

##### **Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

##### **Basic financial assets**

Basic financial assets, which include trade debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

##### **Other financial assets**

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### **Basic financial liabilities**

Basic financial liabilities, including trade and other creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

##### **Equity instruments**

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

# THE PENRITH FARMERS' AND KIDD'S PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### 1 Accounting policies (Continued)

##### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits, as such deferred tax assets on fair value losses on investment properties have not been recognised.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the company to consume substantially all of its economic benefit), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

##### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### **Retirement benefits**

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

# THE PENRITH FARMERS' AND KIDD'S PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### 1 Accounting policies (Continued)

##### **Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

##### **Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Included in government grant income received during the year ended 31 December 2020 is income related to the government's Coronavirus Job Retention Scheme and income related to the Retail, hospitality and leisure grant fund.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### 2 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 associated assumptions are based on historical experience and other factors that are 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.

##### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### **Valuation of investment properties**

At 31 December 2020 the directors carried out a valuation of the investment property based on a market value basis with reference to rental yield, incorporating the perceived risks that the commercial property market may experience in the near and distant future, except in the case of land held with commercial planning permission which has been valued on a market rate basis.

#### 3 Turnover and other revenue

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

# THE PENRITH FARMERS' AND KIDD'S PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Office, sales and management	58	63

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	1,479,296	1,600,290
Social security costs	138,261	151,671
Pension costs	101,972	112,696
	<u>1,719,529</u>	<u>1,864,657</u>

### 5 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	280,806	256,193
Company pension contributions to defined contribution schemes	12,834	22,179
	<u>293,640</u>	<u>278,372</u>

The number of directors for whom retirement benefits have accrued under defined contribution schemes amounted to 5 (2019 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	75,658	156,490
Company pension contributions to defined contribution schemes	4,270	17,140

The total remuneration of non-executive directors included in the above emoluments during the year was £31,100 (2019: £32,380). The number of non-executive directors at the year end was 5 (2019: 5).

# THE PENRITH FARMERS' AND KIDD'S PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

<b>6</b>	<b>Operating profit</b>	<b>2020</b>	<b>2019</b>
	Operating profit for the year is stated after charging/(crediting):	£	£
	Government grants	(251,097)	-
	Depreciation of owned tangible fixed assets	86,770	113,859
	Impairment of owned tangible fixed assets	20,674	-
	Loss on disposal of tangible fixed assets	60,486	-
	Profit on disposal of investment property	-	(821,816)
	Amortisation of intangible assets	2,582	2,241
	Loss on write off of tangible fixed assets	15,926	-
	Loss on write off of intangible fixed assets	6,575	-
	Operating lease charges	68,338	42,744
		<u>          </u>	<u>          </u>
<b>7</b>	<b>Other operating income</b>	<b>2020</b>	<b>2019</b>
		£	£
	Gross rental income	182,898	256,222
	Rental income	182,898	256,222
	Gross other operating income	4,254	3,511
	Government grants	251,097	-
	Fair value uplift of investment property	465,710	-
	Other operating income	721,061	3,511
		<u>          </u>	<u>          </u>
		903,959	259,733
		<u>          </u>	<u>          </u>
<b>8</b>	<b>Auditor's remuneration</b>	<b>2020</b>	<b>2019</b>
	Fees payable to the company's auditor and its associates:	£	£
	<b>For audit services</b>		
	Audit of the financial statements of the company	20,750	17,000
		<u>          </u>	<u>          </u>
	<b>For other services</b>		
	Taxation compliance services	3,675	3,500
	All other non-audit services	2,625	3,450
		<u>          </u>	<u>          </u>
		6,300	6,950
		<u>          </u>	<u>          </u>



# THE PENRITH FARMERS' AND KIDD'S PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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<b>9 Interest receivable and similar income</b>	<b>2020</b>	<b>2019</b>
	£	£
<b>Interest income</b>		
Interest on bank deposits	9,800	8,869
Other interest income	157	-
	<u>9,957</u>	<u>8,869</u>
<b>Total interest revenue</b>	<b>9,957</b>	<b>8,869</b>
<b>Income from fixed asset investments</b>		
Income from other fixed asset investments	37	75
	<u>37</u>	<u>75</u>
<b>Total income</b>	<b>9,994</b>	<b>8,944</b>
	<u><u>9,994</u></u>	<u><u>8,944</u></u>
<b>10 Other gains and losses fixed asset investments</b>	<b>2020</b>	<b>2019</b>
	£	£
<b>Fair value gains/(losses) on financial instruments</b>		
Change in value of financial assets held at fair value through profit or loss	757	138
	<u>757</u>	<u>138</u>
<b>11 Taxation</b>	<b>2020</b>	<b>2019</b>
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	48,768	-
Adjustments in respect of prior periods	-	(28,677)
	<u>48,768</u>	<u>(28,677)</u>
<b>Total current tax</b>	<b>48,768</b>	<b>(28,677)</b>
	<u>48,768</u>	<u>(28,677)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	134,469	96,484
	<u>134,469</u>	<u>96,484</u>
<b>Total tax charge</b>	<b>183,237</b>	<b>67,807</b>
	<u><u>183,237</u></u>	<u><u>67,807</u></u>

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# THE PENRITH FARMERS' AND KIDD'S PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 11 Taxation (Continued)

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	590,830	579,858
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	112,258	110,173
Tax effect of expenses that are not deductible in determining taxable profit	461	778
Tax effect of income not taxable in determining taxable profit	(88,629)	(156,171)
Unutilised tax losses carried forward	-	28,677
Change in unrecognised deferred tax assets	-	112,601
Adjustments in respect of financial assets	-	(28,677)
Effects of capital allowances and depreciation	21,575	426
Chargeable gains	137,578	-
Exempt ABGH distributions	(6)	-
Taxation charge for the year	183,237	67,807

The chancellor stated his intention to maintain the main rate of corporation tax at 19% from 1 April 2020. The change was substantively enacted on 11 March 2020. The deferred tax has been calculated using this rate.

### 12 Dividends

	2020 £	2019 £
Final paid	-	79,558

### 13 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2020 £	2019 £
In respect of:			
Property, plant and equipment	15	20,674	-
Recognised in:			
Administrative expenses		20,674	-

# THE PENRITH FARMERS' AND KIDD'S PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 13 Impairments (Continued)

The impairment losses in respect of financial assets are recognised in other gains and losses in the income statement.

The impairment in the year relates to the reduction in recoverable amount of freehold property.

### 14 Intangible fixed assets

	Software £	Brands £	Total £
<b>Cost</b>			
At 1 January 2020	-	11,203	11,203
Additions - separately acquired	22,178	-	22,178
Disposals	-	(11,203)	(11,203)
	<hr/>	<hr/>	<hr/>
At 31 December 2020	22,178	-	22,178
	<hr/>	<hr/>	<hr/>
<b>Amortisation and impairment</b>			
At 1 January 2020	-	4,628	4,628
Amortisation charged for the year	2,582	-	2,582
Disposals	-	(4,628)	(4,628)
	<hr/>	<hr/>	<hr/>
At 31 December 2020	2,582	-	2,582
	<hr/>	<hr/>	<hr/>
<b>Carrying amount</b>			
At 31 December 2020	19,596	-	19,596
	<hr/>	<hr/>	<hr/>
At 31 December 2019	-	6,575	6,575
	<hr/>	<hr/>	<hr/>

## THE PENRITH FARMERS' AND KIDD'S PLC

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

#### 15 Tangible fixed assets

	Freehold buildings	Leasehold buildings	Plant and equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2020	1,229,092	54,275	720,414	2,003,781
Additions	-	-	48,097	48,097
Disposals	-	(48,151)	(288,414)	(336,565)
At 31 December 2020	1,229,092	6,124	480,097	1,715,313
<b>Depreciation and impairment</b>				
At 1 January 2020	374,715	17,982	503,227	895,924
Depreciation charged in the year	24,582	1,225	60,963	86,770
Impairment losses	20,674	-	-	20,674
Eliminated in respect of disposals	-	(17,443)	(241,461)	(258,904)
At 31 December 2020	419,971	1,764	322,729	744,464
<b>Carrying amount</b>				
At 31 December 2020	809,121	4,360	157,368	970,849
At 31 December 2019	854,377	36,293	217,187	1,107,857

More information on impairment movements in the year is given in note 13.

# THE PENRITH FARMERS' AND KIDD'S PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 16 Investment property

	2020 £
<b>Fair value</b>	
At 1 January 2020	2,912,793
Additions	20,491
Net gains or losses through fair value adjustments	465,710
At 31 December 2020	<u>3,398,994</u>

At 31 December 2020 the directors carried out a valuation of the investment property based on a market value basis with reference to rental yield, incorporating the perceived risks that the residential and commercial property markets may experience in the near and distant future, except in the case of land held with commercial planning permission which has been valued on a market rate basis. The directors feel it is appropriate to recognise a fair value uplift.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	2020 £	2019 £
Cost	1,653,416	1,632,925
Accumulated depreciation	(837,119)	(804,051)
Carrying amount	<u>816,297</u>	<u>828,874</u>

### 17 Fixed asset investments

	2020 £	2019 £
Unlisted investments	<u>3,879</u>	<u>3,122</u>

This represents holdings of 440 £0.50 (2019: 440 £0.50) Ordinary shares at par value and 306 £0.01 (2019: 306 £0.01) Ordinary-A shares in L & K Group plc at par value.

# THE PENRITH FARMERS' AND KIDD'S PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 17 Fixed asset investments (Continued)

##### Movements in fixed asset investments

	Investments other than loans £
<b>Cost or valuation</b>	
At 1 January 2020	3,122
Fair value movements	757
	<u>3,879</u>
At 31 December 2020	3,879
<b>Carrying amount</b>	
At 31 December 2020	<u>3,879</u>
At 31 December 2019	<u>3,122</u>

#### 18 Debtors

	2020 £	2019 £
<b>Amounts falling due within one year:</b>		
Trade debtors	213,381	230,070
Corporation tax recoverable	-	28,677
Prepayments and accrued income	149,625	191,885
	<u>363,006</u>	<u>450,632</u>

#### 19 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	42,948	55,104
Corporation tax	48,768	-
Other taxation and social security	294,064	180,350
Other creditors	13,557	17,986
Accruals and deferred income	103,584	109,326
	<u>502,921</u>	<u>362,766</u>

#### 20 Financial instruments

	2020 £	2019 £
<b>Carrying amount of financial assets</b>		
Instruments measured at fair value through profit or loss	<u>3,879</u>	<u>3,122</u>

# THE PENRITH FARMERS' AND KIDD'S PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

<b>21 Provisions for liabilities</b>		<b>2020</b>	<b>2019</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
Deferred tax liabilities	22	282,070	147,601
		<u>          </u>	<u>          </u>

### 22 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	<b>Liabilities</b>	<b>Liabilities</b>
	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Balances:</b>		
Fixed asset timing differences	24,314	27,423
Capital gains	257,756	120,178
	<u>          </u>	<u>          </u>
	282,070	147,601
	<u>          </u>	<u>          </u>

	<b>2020</b>
	<b>£</b>
<b>Movements in the year:</b>	
Liability at 1 January 2020	147,601
Charge to profit or loss	134,469
	<u>          </u>
Liability at 31 December 2020	282,070
	<u>          </u>

### 23 Retirement benefit schemes

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	101,972	112,696
	<u>          </u>	<u>          </u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

At the year end, unpaid pension contributions amounting to £11,735 (2019: £15,190) were included within other creditors.

# THE PENRITH FARMERS' AND KIDD'S PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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<b>24 Share capital</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Ordinary share capital Issued and fully paid</b>		
318,233 Ordinary shares of £1 each	318,233	318,233
	<u>318,233</u>	<u>318,233</u>
	<u>318,233</u>	<u>318,233</u>

All shares have full voting, distribution and capital rights and are non-redeemable.

### **25 Share premium account**

Records amounts received above the nominal value of the shares allotted, less any transaction costs incurred.

### **26 Fair value reserve**

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

Any gains or losses on fair value adjustments that are recognised in the Statement of Comprehensive Income are transferred to the fair value reserve in the year that they arise. Upon realisation of the fair value gains or losses due to disposals of related assets, the relevant amount is transferred into profit and loss reserves.

### **27 Profit and loss reserves**

Records accumulated profits and losses, net of distributions to owners.



# THE PENRITH FARMERS' AND KIDD'S PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

<b>28 Cash generated from operations</b>		
	<b>2020</b>	<b>2019</b>
	£	£
Profit for the year after tax	407,593	512,051
<b>Adjustments for:</b>		
Taxation charged	183,237	67,807
Investment income	(9,994)	(8,944)
Loss on disposal of tangible fixed assets	60,486	-
Gain on disposal of investment property	-	(821,816)
Amortisation and impairment of intangible assets	2,582	2,241
Depreciation and impairment of tangible fixed assets	107,444	113,859
Other gains and losses	(466,467)	(138)
Non-cash movements - loss on write off of intangible fixed assets	6,575	-
Non-cash movements - loss on write off of tangible fixed assets	15,926	-
<b>Movements in working capital:</b>		
Decrease/(increase) in debtors	58,949	(9,148)
Increase/(decrease) in creditors	91,387	(52,907)
<b>Cash generated from/(absorbed by) operations</b>	<u>457,718</u>	<u>(196,995)</u>

<b>29 Analysis of changes in net funds</b>			
	<b>1 January</b>	<b>Cash flows</b>	<b>31 December</b>
	<b>2020</b>		<b>2020</b>
	£	£	£
Cash at bank and in hand	2,318,032	406,872	2,724,904
	<u>2,318,032</u>	<u>406,872</u>	<u>2,724,904</u>

### 30 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>2020</b>	<b>2019</b>
	£	£
Within one year	31,694	49,194
Between one and five years	13,655	79,350
	<u>45,349</u>	<u>128,544</u>

### 31 Ultimate controlling party

The Directors consider there to be no ultimate controlling party.