

Company registration number: 00010553

The Penrith Farmers' and Kidd's Plc

**Financial statements
16 months from 1 September 2016 to
31 December 2017**

The Penrith Farmers' and Kidd's Plc

Contents

	Page
Company information	1 - 2
Chairperson's statement and business review	3 - 6
Strategic report	7 - 8
Directors' report	9 - 10
Independent auditor's report to the members	11 - 14
Statement of comprehensive income	15
Statement of financial position	16 - 17
Statement of changes in equity	18
Statement of cash flows	19 - 20
Notes to the financial statements	21 - 36

The Penrith Farmers' and Kidd's Plc

Company information

Managing director	Mr S J Lancaster		14 (14)
Executive directors	Mr D R Britton	(Resigned 8 March 2017)	6 (7)
	Mrs R A Lightfoot	(Appointed 22 May 2017)	4 (4)
Non-executive directors	Mrs J Brown		14 (14)
	Mr R L Good	(Retired 12 January 2017)	5 (5)
	Mrs K M Milbourn		13 (14)
	Mr J D Rowlands		14 (14)
	Mr B P H Wharam	(Appointed 26 September 2016)	10 (12)
	Mr J S R Wilson	(Appointed 26 September 2016)	10 (12)

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	(Appointed 24 April 2017)	
	Mr S J Lancaster	(Resigned 24 April 2017)	

Company number 00010553

Registered office Agricultural Hall
Skirsgill
Penrith
CA11 ODN

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

Bankers	Barclays Bank plc	Handelsbanken
	Barclays House	Enterprise House
	Oxenholme Road	Gillan Way
	Kendal	Penrith
	LA9 7RL	CA11 9BP

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

Period ended 31 December 2017

A time of change and progression - A Strategy for the Future

I am pleased to report significant progress since our changes in the executive leadership over the last few years at PFK.

Shortly after taking office as Managing Director, Stephen Lancaster, supported by a new and energetic leadership team, reviewed and refined the strategy of PFK. He set out the key milestones to achieving a progression in the strategic direction of the Company with the ultimate objective of improving value for all stakeholders.

You will have seen from our recent papers and the increased messaging to shareholders that proper governance and effective management is essential to our continued success, and with this in mind, the management have created an investors page on the PFK (www.pfk.co.uk) website. This new webpage provides further information in relation to our purpose, governance and future strategies, so I would urge you to visit the page.

Tireless work has been carried out with the shaping and expanding of teams on the property services side of the business. This time has been invested to ensure that as we progress this change, property services will continue to remain at the heart of our business, with the focus being on consolidation of our offering through the existing network of offices and our growing online and digital presence. This will ensure the highest standards of service being offered to existing and new customers and clients.

On the property investment side of our operations, benefits are already beginning to materialise and the future attractions of the business as an income generating, commercial rental company are becoming increasingly clearer.

In simple terms, we are evolving the business from a traditional property services business, with some investment properties, to a more progressive (investment) model with sustainable and visible income streams from well-run private rented commercial investments.

The PFK model will capture over time the full reversionary value of the investments; with the shorter term predictable cashflows being reinvested directly into further opportunities.

As the business progresses, the direction we are taking will help mitigate as far as possible any fluctuations to the net income of the business as a result of variable market forces.

As the government targets housing we believe there is potential significant growth in this sector as the growing population seeks employment as well as new homes.

As the transition from strategy to implementation progresses the Board has exercised patience where required and execution where needed. I would like to thank all of my colleagues on the Board for their continued support.

As always I would like to thank the workforce of PFK for their continued commitment and embracing the changes introduced.

Similarly, we continue to enjoy strong support from the majority of our shareholders and I thank them for their patience and continued support.

The Penrith Farmers' and Kidd's Plc

Chairperson's statement and business review (continued)

Period ended 31 December 2017

BUSINESS REVIEW

Overview of the financial statements

Last year we reported that the Company was changing its financial year end from the 31st August every year to 31st December.

This year's reporting period therefore covers a 16 month period from 1 September 2016 to 31 December 2017 and as a result of this, direct comparisons to the previous year's figures may prove difficult.

The enclosed financial statements show a profit for the reporting financial period of £213,877 compared with the figure of £81,349 for the year to 31 August 2016.

An interim dividend of 25p has already been paid and it is recommended that no final dividend shall be paid.

Review of the business

Further to my report in the interim statement, the Company is enduring testing times with negativity and uncertainty surrounding the Brexit negotiations, which continues to affect sentiment in the residential market as well as contributing to an unusual slowdown in the circulation of agricultural land.

Stephen Lancaster, Managing Director of Penrith Farmers' and Kidd's Plc, commented on the current market:

"Whilst each office will observe their own idiosyncrasies, the market remains broadly flat, and there is nothing to suggest there are any major price corrections on the horizon. As less property is coming to the market and low mortgage rates prevail, buyers are in a strong position and as such are negotiating harder. I say this as it is an important point, because it is the expertise of members of this company who work tirelessly to broker a successful transaction between these parties which invariably more internet based firms will struggle with."

Despite the challenges faced by many in the sector, the Company has continued to play to its strengths of the energy and flexibility of its management team supported by a robust financial base in order to capitalise on all relevant opportunities available.

As a result of this, the Company's share price continues to grow with the most recent trade pushing total Market Capitalisation to over £10 million.

The Penrith Farmers' and Kidd's Plc

Chairperson's statement and business review (continued)

Period ended 31 December 2017

Key developments during the period have included;-

Continued enhancement of property portfolio

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

- The submission and subsequent issuing of a "minded to approve", (subject to a Section 106 agreement) planning permission for Commercial Development over 20 acres of wholly owned Company land adjacent to **Stoneybeck** Roundabout, Penrith.
- The purchase of the freehold of the **Keswick** office during the period.
- The on-going improvement of trading assets, with the **Kirkby Stephen** office undergoing considerable improvement and futureproofing during the reporting period and enhancements to the **Penrith**, Devonshire Street office currently underway.
- The renegotiation and extension of some of the more significant leases within the portfolio.

Continued investment in branding and technology

All departments continue to develop and improve their web-based offerings including;-

- The new PFK domain name pfk.co.uk is now fully operational as we seek to simplify our digital offer, together with an ongoing brand refresh throughout all offices and departments. It is anticipated that the fully refreshed website enhancing the company's digital presence will be launched during the early summer.
- The **furniture saleroom** has increased its use of the successful internet platform which has resulted in average lot prices reaching new highs, with the more difficult to progress, higher value catalogue sales growing organically as our reach and expertise is increased and becomes more widely known.
- During the period, **surveys and valuations** have moved away from lower value bulk valuations to focusing on improving their digital offering as well as seeking opportunities from private client work through the Company's network of offices.

The Penrith Farmers' and Kidd's Plc

Chairperson's statement and business review (continued)

Period ended 31 December 2017

Stronger leadership and stronger teams

The Company continues to strengthen and develop its workforce with on-going recruitment and training at all levels, as well as taking advantage of the considerable "cross selling" opportunities which arise within its own departments:-

- As the result of a recent retirement in **land agency**, David Stout MRICS has joined the Company as its new Head of Department. David brings vast experience and leadership to this department at a key time. With this added impetus of new leadership supported by senior management, the department is driving forward with new connections as well as continuing to deliver an excellent standard of service to its existing client base.
- Despite key staff changes in the reporting period coupled with the national concerns of low stock levels, the **estate agency** has performed well as a result of concentrating on its teamwork and its client facing skills in the face of competition from internet-only based providers. The Eden Valley offices of **Kirkby Stephen, Appleby and Penrith** continue to complement each other well, as this market can give rise to individual office variances. **Keswick** performs robustly, and with the purchase of the office freehold secures the Company presence in the town. Property has sold exceptionally well with the market hitting new highs in the reporting period. **Cockermouth** is thriving under its new leadership and team, with **Whitehaven** having a strong year, with further promise. **Carlisle** is a comparatively larger competitive market, but the team works well with the added advantage of immediate Director support through Rachel Lightfoot who is based at this location.
- The **planning** department has performed well with strong leadership from the Director in charge. Recruitment for additional Chartered team members to assist with expansion plans is proving challenging; however focus is now being given to early recruitment through graduate/apprenticeship programmes. Cross selling planning services from its base in the **Carlisle** office throughout the rest of our network has been successful with reciprocal departments gaining invaluable early insight into future client projects.

Jeanette Brown

Chairperson

19 March 2018

The Penrith Farmers' and Kidd's Plc

Strategic report

Period ended 31 December 2017

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 sixteen months to 31 December 2017 is shown below, together with those for the twelve months to 31 August 2016 for comparative purposes.

	16 months	
	2017	2016
- Turnover	£3,623,910	£2,465,255
- Turnover growth *	10.2%	0.6%
- Net profit after taxation	£213,877	£81,349
- Earnings per share for the period	67p	26p
- Return on capital employed **	3.6%	1.9%

* 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 (after adjusting for investment write offs) divided by net assets at the balance sheet date.

Shareholders funds at 31 December 2017 amounted to £5,623,557 (2016 - £5,489,238) 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) Period ended 31 December 2017

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 19 March 2018 and signed on behalf of the board by:

Mr S J Lancaster
Director

The Penrith Farmers' and Kidd's Plc
Directors' report
for the period ended 31 December 2017

The directors present their report and the financial statements of the company for the period ended 31 December 2017.

Directors

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

Mr S J Lancaster	
Mr D R Britton	(Resigned 8 March 2017)
Mrs R A Lightfoot	(Appointed 22 May 2017)
Mrs J Brown	
Mr R L Good	(Retired 12 January 2017)
Mrs K M Milbourn	
Mr J D Rowlands	
Mr B P H Wharam	(Appointed 26 September 2016)
Mr J S R Wilson	(Appointed 26 September 2016)

Mrs K M Milbourn retires by rotation and, being eligible, offers herself for re-election.

Dividends

The directors paid an interim dividend of 25p per share on 9 March 2018.

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 period ended 31 December 2017**

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 period. 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
- 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.

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.

A resolution to reappoint robinson+co as auditor will be proposed at the forthcoming Annual General Meeting.

Signed on behalf of the board of directors

S J Lancaster
Director

Approved by the board: 19 March 2018

The Penrith Farmers' and Kidd's Plc

Independent auditor's report to the members of The Penrith Farmers' and Kidd's Plc Period ended 31 December 2017

Opinion

We have audited the financial statements of The Penrith Farmers' and Kidd's Plc for the period ended 31 December 2017 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).

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 auditors 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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the period 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) Period ended 31 December 2017

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 period 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) Period ended 31 December 2017

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)
Period ended 31 December 2017**

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.

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

19 March 2018

The Penrith Farmers' and Kidd's Plc

Statement of comprehensive income
Period ended 31 December 2017

	Note	01/09/16 to 31/12/17 £	Year ended 31/08/16 £
Turnover	3	3,623,910	2,465,255
Cost of sales		(389,300)	(245,607)
Gross profit		3,234,610	2,219,648
Administrative expenses		(3,317,126)	(2,423,872)
Other operating income	4	351,824	305,519
Operating profit	5	269,308	101,295
Fair value adjustments on financial assets		(298)	(75)
Income from other fixed asset investments	9	37	37
Other interest receivable and similar income	10	4,368	4,965
Interest payable and similar expenses	11	-	(252)
Profit before taxation		273,415	105,970
Tax on profit on ordinary activities	12	(59,538)	(24,621)
Profit for the financial period and total comprehensive income		<u>213,877</u>	<u>81,349</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 2017

	Note	31/12/17		31/08/16	
		£	£	£	£
Fixed assets					
Intangible assets	14	10,232		-	
Tangible assets	15	1,188,290		963,205	
Investment property	16	3,809,374		3,759,215	
Investments	17	3,171		3,469	
			5,011,067		4,725,889
Current assets					
Debtors	18	374,947		444,506	
Cash at bank and in hand		706,428		755,905	
			1,081,375		1,200,411
Creditors: amounts falling due within one year					
	19	(415,940)		(380,706)	
Net current assets			665,435		819,705
Total assets less current liabilities			5,676,502		5,545,594
Provisions for liabilities					
Deferred taxation	20	(52,945)		(56,356)	
Net assets			5,623,557		5,489,238
Capital and reserves					
Called up share capital	23	318,233		318,233	
Share premium account	24	237,144		237,144	
Fair value reserve	24	1,477,238		1,477,536	
Retained earnings	24	3,590,942		3,456,325	
Shareholders funds			5,623,557		5,489,238

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

The Penrith Farmers' and Kidd's Plc

Statement of financial position (continued)
31 December 2017

These financial statements were approved by the board of directors and authorised for issue on 19 March 2018, and are signed on behalf of the board by:

Mrs J Brown
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
Period ended 31 December 2017

	Called up share capital £	Share premium account £	Fair value reserve £	Retained earnings £	Total £
At 1 September 2015	318,233	237,144	1,477,611	3,454,459	5,487,447
Profit for the period	-	-	-	81,349	81,349
Other comprehensive income for the period:					
Transfer from fair value reserve to retained earnings	-	-	(75)	75	-
Total comprehensive income for the period	-	-	(75)	81,424	81,349
Dividends paid	-	-	-	(79,558)	(79,558)
Total investments by and distributions to owners	-	-	-	(79,558)	(79,558)
At 31 August 2016 and 1 September 2016	318,233	237,144	1,477,536	3,456,325	5,489,238
Profit for the period	-	-	-	213,877	213,877
Other comprehensive income for the period:					
Transfer from fair value reserve to retained earnings	-	-	(298)	298	-
Total comprehensive income for the period	-	-	(298)	214,175	213,877
Dividends paid	-	-	-	(79,558)	(79,558)
Total investments by and distributions to owners	-	-	-	(79,558)	(79,558)
At 31 December 2017	318,233	237,144	1,477,238	3,590,942	5,623,557

The Penrith Farmers' and Kidd's Plc

Statement of cash flows
Period ended 31 December 2017

	01/09/16 to 31/12/17 £	Year ended 31/08/16 £
Cash flows from operating activities		
Profit for the financial period	213,877	81,349
<i>Adjustments for:</i>		
Depreciation of tangible assets	127,298	84,538
Amortisation of intangible assets	173	-
Fair value adjustments on financial assets	298	75
Income from other fixed asset investments	(37)	(37)
Other interest receivable and similar income	(4,368)	(4,965)
Interest payable and similar expenses	-	252
Loss on disposal of tangible assets	5,044	2,123
Tax on profit on ordinary activities	59,538	24,621
Accrued (income)/expenses	(13,299)	18,903
<i>Changes in:</i>		
Decrease in trade and other debtors	69,559	122,479
(Decrease)/Increase in trade and other creditors	(4,208)	48,830
Cash generated from operations	<u>453,875</u>	<u>378,168</u>
Interest paid	-	(252)
Interest received	4,368	4,965
Tax (paid)/received	<u>(10,209)</u>	<u>41,660</u>
Net cash from operating activities	<u><u>448,034</u></u>	<u><u>424,541</u></u>
Cash flows from investing activities		
Purchase of tangible assets	(407,585)	(222,124)
Proceeds from sale of tangible assets	-	6,104
Purchase of intangible assets	(10,405)	-
Dividends received	<u>37</u>	<u>37</u>
Net cash used in investing activities	<u><u>(417,953)</u></u>	<u><u>(215,983)</u></u>

The Penrith Farmers' and Kidd's Plc

Statement of cash flows (continued)
Period ended 31 December 2017

	01/09/16 to 31/12/17 £	Year ended 31/08/16 £
Cash flows from financing activities		
Payment of finance lease liabilities	-	(12,139)
Equity dividends paid	(79,558)	(79,558)
Net cash used in financing activities	<u>(79,558)</u>	<u>(91,697)</u>
Net increase/(decrease) in cash and cash equivalents	(49,477)	116,861
Cash and cash equivalents at beginning of period	<u>755,905</u>	<u>639,044</u>
Cash and cash equivalents at end of period	<u><u>706,428</u></u>	<u><u>755,905</u></u>

The Penrith Farmers' and Kidd's Plc

Notes to the financial statements as at 31 December 2017

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 2017

2. Accounting policies (continued)

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at a revalued amount, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Brand development costs - Straight line over 5 years

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

Tangible assets

Tangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated depreciation and impairment losses.

Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in capital and reserves, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in capital and reserves in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in capital and reserves in respect of that asset, the excess shall be recognised in profit or loss.

The Penrith Farmers' and Kidd's Plc

Notes to the financial statements (continued) as at 31 December 2017

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 2017

2. Accounting policies (continued)

Hire purchase and finance leases

Assets held under finance leases are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

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.

3. Turnover

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

The Penrith Farmers' and Kidd's Plc

Notes to the financial statements (continued)
as at 31 December 2017

4. Other operating income

	01/09/16 to 31/12/17	Year ended 31/08/16
	£	£
Rental income (net of expenses)	346,631	299,041
Other operating income (net of expenses)	5,193	6,478
	<u>351,824</u>	<u>305,519</u>

5. Operating profit

Operating profit is stated after charging/(crediting):

	01/09/16 to 31/12/17	Year ended 31/08/16
	£	£
Amortisation of intangible assets	173	-
Depreciation of tangible assets	127,298	84,538
Loss on disposal of tangible assets	5,043	2,123
Operating lease rentals	56,585	41,120
Fees payable for the audit of the financial statements	17,000	16,725
Income from property	<u>(346,631)</u>	<u>(299,041)</u>

6. Auditors remuneration

	01/09/16 to 31/12/17	Year ended 31/08/16
	£	£
Fees payable to robinson+co		
Fees payable for the audit of the financial statements	<u>17,000</u>	<u>16,725</u>
Fees payable to the company's auditor and its associates for other services:		
Taxation compliance services	585	590
Other non-audit services	<u>13,066</u>	<u>15,790</u>
	<u>13,651</u>	<u>16,380</u>

The Penrith Farmers' and Kidd's Plc

Notes to the financial statements (continued)
as at 31 December 2017

7. Staff costs

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

	01/09/16 to 31/12/17	Year ended 31/08/16
Office, sales and management	65	62
	<u>65</u>	<u>62</u>

The aggregate payroll costs incurred during the period were:

	01/09/16 to 31/12/17	Year ended 31/08/16
	£	£
Wages and salaries	2,126,091	1,558,831
Social security costs	187,904	144,659
Other pension costs	118,535	91,464
	<u>2,432,530</u>	<u>1,794,954</u>

The Penrith Farmers' and Kidd's Plc

Notes to the financial statements (continued)
as at 31 December 2017

8. Directors remuneration

The directors aggregate remuneration in respect of qualifying services was:

	01/09/16 to 31/12/17	Year ended 31/08/16
	£	£
Remuneration	321,953	267,906
Company contributions to pension schemes in respect of qualifying services	20,723	14,483
	<u>342,676</u>	<u>282,389</u>

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

	01/09/16 to 31/12/17	Year ended 31/08/16
	Number	Number
Defined contribution plans	<u>3</u>	<u>2</u>

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

	01/09/16 to 31/12/17	Year ended 31/08/16
	£	£
Aggregate remuneration	199,806	152,681
Company contributions to pension plans in respect of qualifying services	14,618	8,900
	<u>214,424</u>	<u>161,581</u>

The total remuneration of the non-executive directors included in the above emoluments during the extended period was £40,634 (year to 31 August 2016 - £26,893). The number of non-executive directors at the period end was 5 (2016 - 4).

9. Income from other fixed asset investments

	01/09/16 to 31/12/17	Year ended 31/08/16
	£	£
Dividends received	<u>37</u>	<u>37</u>

The Penrith Farmers' and Kidd's Plc

Notes to the financial statements (continued)
as at 31 December 2017

10. Other interest receivable and similar income

	01/09/16 to 31/12/17	Year ended 31/08/16
	£	£
Bank deposits	4,357	3,996
Other interest receivable and similar income	11	969
	<u>4,368</u>	<u>4,965</u>

11. Interest payable and similar expenses

	01/09/16 to 31/12/17	Year ended 31/08/16
	£	£
Other loans made to the company:		
Hire purchase contracts	-	252
	<u>-</u>	<u>252</u>

The Penrith Farmers' and Kidd's Plc

Notes to the financial statements (continued)
as at 31 December 2017

12. Tax on profit

Major components of tax expense

	01/09/16 to 31/12/17 £	Year ended 31/08/16 £
Current tax:		
UK current tax expense	63,055	10,304
Adjustments in respect of previous periods	(106)	-
Total current tax	<u>62,949</u>	<u>10,304</u>
Deferred tax:		
Origination and reversal of timing differences	(3,411)	14,317
Tax on profit	<u><u>59,538</u></u>	<u><u>24,621</u></u>

Reconciliation of tax expense

The tax assessed on the profit for the period is higher than (2016: higher than) the standard rate of corporation tax in the UK of 19.00% (2016: 20.00%).

	01/09/16 to 31/12/17 £	Year ended 31/08/16 £
Profit before taxation	<u>273,415</u>	<u>105,970</u>
Profit multiplied by rate of tax	51,949	21,194
Adjustments in respect of prior periods	(106)	-
Effect of expenses not deductible for tax purposes	(142)	1,202
Effect of capital allowances and depreciation	10,293	2,330
Effect of fair value adjustments on investments	(476)	(95)
Effect of fair value adjustments on financial assets	(77)	(3)
Changes as a result of change of rate of corporation tax in year	(1,896)	-
Franked investment income	(7)	(7)
Tax on profit	<u><u>59,538</u></u>	<u><u>24,621</u></u>

The Penrith Farmers' and Kidd's Plc

Notes to the financial statements (continued)
as at 31 December 2017

13. Dividends

Equity dividends

	01/09/16 to 31/12/17	Year ended 31/08/16
	£	£
Dividends paid during the period	79,558	79,558

	01/09/16 to 31/12/17	Year ended 31/08/16
	£	£
Dividends paid after the period end and not recognised as a liability	79,558	79,558

14. Intangible assets

	Brand development costs	Total
	£	£
Cost		
At 1 September 2016	-	-
Additions	10,405	10,405
At 31 December 2017	10,405	10,405
Amortisation		
At 1 September 2016	-	-
Charge for the period	173	173
At 31 December 2017	173	173
Carrying amount		
At 31 December 2017	10,232	10,232
At 31 August 2016	-	-

The Penrith Farmers' and Kidd's Plc

Notes to the financial statements (continued)
as at 31 December 2017

15. Tangible assets

	Freehold property £	Short leasehold property £	Plant and machinery £	Total £
Cost				
At 1 September 2016	890,147	50,824	599,605	1,540,576
Additions	293,833	-	63,593	357,426
Disposals	-	(4,495)	(25,585)	(30,080)
At 31 December 2017	<u>1,183,980</u>	<u>46,329</u>	<u>637,613</u>	<u>1,867,922</u>
Depreciation				
At 1 September 2016	299,625	3,756	273,990	577,371
Charge for the year	26,457	6,777	94,064	127,298
Disposals	-	(2,811)	(22,226)	(25,037)
At 31 December 2017	<u>326,082</u>	<u>7,722</u>	<u>345,828</u>	<u>679,632</u>
Carrying amount				
At 31 December 2017	<u>857,898</u>	<u>38,607</u>	<u>291,785</u>	<u>1,188,290</u>
At 31 August 2016	<u>590,522</u>	<u>47,068</u>	<u>325,615</u>	<u>963,205</u>

16. Investment property

	£
Market value	
At 1 September 2016	3,759,215
Additions	50,159
At 31 December 2017	<u>3,809,374</u>

The investment properties were revalued on 31 August 2014 by Mr K K C Blue MRICS a registered valuer, who was, at that time, a director of the company. The basis of the valuation used was open market value. No valuation was carried out at 31 December 2017.

The Penrith Farmers' and Kidd's Plc

Notes to the financial statements (continued)
as at 31 December 2017

17. Investments

	Other investments other than loans £	Total £
Cost or valuation		
At 1 September 2016	3,469	3,469
Revaluations	(298)	(298)
At 31 December 2017	<u>3,171</u>	<u>3,171</u>
Carrying amount		
At 31 December 2017	<u>3,171</u>	<u>3,171</u>
At 31 August 2016	<u>3,469</u>	<u>3,469</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 £
At 31 December 2017		
Aggregate cost	276	276
Aggregate depreciation	-	-
Historical carrying amount	<u>276</u>	<u>276</u>
At 31 August 2016		
Aggregate cost	276	276
Aggregate depreciation	-	-
Historical carrying amount	<u>276</u>	<u>276</u>

The Penrith Farmers' and Kidd's Plc

Notes to the financial statements (continued)
as at 31 December 2017

18. Debtors

	31/12/17	31/08/16
	£	£
Trade debtors	183,321	316,891
Prepayments and accrued income	158,536	97,615
Other debtors	33,090	30,000
	<u>374,947</u>	<u>444,506</u>

19. Creditors: amounts falling due within one year

	31/12/17	31/08/16
	£	£
Trade creditors	78,507	92,898
Accruals and deferred income	87,830	101,129
Corporation tax	63,044	10,304
Taxation and social security costs	169,464	161,174
Other creditors	17,095	15,201
	<u>415,940</u>	<u>380,706</u>

20. Provisions

	Deferred tax (note 21)	Total
	£	£
At 1 September 2016	56,356	56,356
Reduction	(3,411)	(3,411)
At 31 December 2017	<u>52,945</u>	<u>52,945</u>

The Penrith Farmers' and Kidd's Plc

Notes to the financial statements (continued)
as at 31 December 2017

21. Deferred tax

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

	31/12/17	31/08/16
	£	£
Included in provisions (note 20)	52,945	56,356
	<u>52,945</u>	<u>56,356</u>

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

	31/12/17	31/08/16
	£	£
Accelerated capital allowances	48,826	51,670
Fair value adjustment of investment property	3,660	4,136
Other revaluations	459	550
	<u>52,945</u>	<u>56,356</u>

22. Employee benefits

The amount recognised in profit or loss in relation to defined contribution plans was £118,535 (2016: £91,464).

23. Called up share capital

Issued, called up and fully paid

	31/12/17		31/08/16	
	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 2017

24. 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 comprehensive income (previously the Statement of recognised gains and losses).

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.

25. Operating leases

The company as lessee

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

	31/12/17	31/08/16
	£	£
Not later than 1 year	29,031	43,702
Later than 1 year and not later than 5 years	60,729	139,275
Later than 5 years	-	917
	<u>89,760</u>	<u>183,894</u>

26. 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 £118,535 (2016 - £91,464). The contributions included in creditors at the period end were £11,995 (2016 - £11,224).

The Penrith Farmers' and Kidd's Plc

**Notes to the financial statements (continued)
as at 31 December 2017**

27. 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.

28. Controlling party

There is no overall controlling party.