

The Penrith Farmers' and Kidd's Plc

**Directors' report and financial statements
for the year ended 31 August 2012**

Registration number 00010553



robinson+co

Chartered Accountants

Workington

The Penrith Farmers' and Kidd's Plc

Company information

31st August 2012

| | | | | |
|-----------------------------|--|---------------------|---|-----|
| Company Registration Number | 00010553 | | | |
| Registered office | Agricultural Hall Skirsgill Penrith Cumbria CA11 0DN | | | |
| Managing Director | Mr R C Morris | | 8 | (8) |
| Executive Directors | Mr W J Bashall | Resigned 30/11/2011 | 2 | (2) |
| | Mr K K C Blue | | 7 | (8) |
| Non-executive Directors | Mrs J Brown | | 8 | (8) |
| | Mr R L Good | (Chairman) | 8 | (8) |
| | Mr W F Mossop | | 8 | (8) |
| | Mr J Stalker | | 7 | (8) |

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

| | |
|------------|--|
| Secretary | Mr R C Morris |
| Bankers | Barclays Bank plc Barclays House Oxenholme Road Kendal LA9 7RL |
| Solicitors | Baines Wilson 2 Merchants Drive Carlisle CA3 0JW |
| Auditors | robinson+co Chartered Accountants Oxford Chambers New Oxford Street Workington CA14 2LR |

The Penrith Farmers' and Kidd's Plc

Annual Report for the year ended 31st August 2012

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The Penrith Farmers' and Kidd's Plc
Chairman's Statement and Business Review
for the year ended 31st August 2012

Introduction

The enclosed financial statements show a profit for the year of £98,147 after taxation, and it is recommended that a final dividend of 30p per share shall be paid

For the Company this has been a year of change and consolidation against a background of continuing national and international financial gloom and consequent flat markets. Despite the present difficult trading conditions, the Board are taking a cautiously optimistic view of the future and are planning to retain and expand the Company's position as suppliers of a quality service in the property market covering, as we do, estate agency, land agency, planning services, valuations and surveys, property lettings and furniture and antique sales.

Estate Agency

The local housing market remains depressed with a comparatively low volume of completed sales compared to the numbers of properties offered for sale and little sign of rising prices. However there has been some upturn in sales activity during the year with the Company retaining its market share of sales and the relatively new Cockermouth office increasing its share from fifth to second in the town on the basis of completed sales.

I have referred to change and, in this regard, Kyle Blue, manager of the Company's estate agencies for 20 years has decided to step back from the post. We thank him for his commitment and dedication to the Company although his friendly approach will still be evident for some time to come, albeit not in a management role. We have appointed Mr David Britton to take charge of the estate agencies in Penrith, Appleby and Kirkby Stephen. Already he has instigated new and rigorous management procedures to take this aspect of the Company's operation forward in changing times. New software has been installed in all the Company's estate agencies to ensure compatibility and to better serve the needs of modern selling methods.

The market in Commercial Sales and Lettings shows little sign of improvement but we do remain profitable in this area. A number of significant transactions took place including the sale of the Derwentwater Youth Hostel and the sale of two Lake District Guest Houses in the £1 million price bracket.

Residential Lettings continue to add to the Company's turnover and profits and, I am pleased to say that there has been particularly strong growth in such lettings at our Cockermouth office.

Furniture Sales

The saleroom has again had a busy and profitable year with the usual mix of standard furniture sales and catalogued antique sales plus an increasing number of specialist sales - jewellery, garden statuary and engineers and other work tools.

Land Agency

The past year has seen a policy of consolidation with an eye to future growth in the Land Agency department. Helen Lancaster has been in place as manager for most of the year and, under her guidance, the department has maintained its profitability. We retain our market share of farm and agricultural land sales and have increased the number of estates managed.

PF & K Finance Ltd

This company will be wound up on the imminent settlement of an outstanding debt on agreed terms.

The Penrith Farmers' and Kidd's Plc
Chairman's Statement and Business Review
for the year ended 31st August 2012

Property Portfolio

All the Company's properties are let, are well managed and are producing market returns for the Company. During the year we have had the opportunity to purchase 68 Main Street, Cockermouth both as a long term investment and, of course, the premises from which we run our estate agency in the town.

Head Office

The Company's Head Office continues to provide the management of the property portfolio and the overview of the Company as a whole. Valuations and energy surveys also add to turnover and profitability aided by the acquisition of the Andrew Green surveying practice in January, and new links are being forged with some of the larger lenders in the area with regard to valuation work.

Company Strategy

In a continuing flat property market the Board seeks to monitor the current operations of the Company so as to maintain its reputation, market share and profitability and to plan for future growth and investment where appropriate. The Board is grateful for the support, skills and hard work shown by all employees of the Company.



Robert Good
Chairman

22nd November 2012

The Penrith Farmers' and Kidd's Plc

Group Directors' Report for the year ended 31st August 2012

The directors present their annual report, together with the audited financial statements for the year ended 31st August 2012

Principal activities

The group is principally engaged in the provision of professional services, property ownership and carrying on the business of auctioneers, valuers, land and estate agents

Results and dividends

The profit for the year after taxation was £98,147 (2011 - profit £191,836)

The directors recommend payment of a final dividend of 30p per share (2011 - 30p per share)

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 August 2012 is shown below, together with those for 2011 and 2010 for comparative purposes

| | 2012 | 2011 | 2010 |
|------------------------------------|-------------------|-------------------|-------------------|
| - Turnover | £1,976,292 | £1,899,301 | £1,929,155 |
| - Turnover growth | 4.1% | (1.5)% | 18.3% |
| - Net profit/(loss) after taxation | £98,147 | £191,836 | £217,004 |
| - earnings per share | 31p | 60p | 68p |
| - return on capital employed * | 2% | 4% | 5% |

* calculated as profit before tax divided by net assets

Business review

The business review and details of future developments are included in the Chairman's Statement

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 Penrith Farmers' and Kidd's Plc

Group Directors' Report for the year ended 31st August 2012

Financial risk management objectives and policies (continued)

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 Services Authority, the Royal Institution of Chartered Surveyors and various other professional and regulatory bodies complements the existing internal control systems across the group.

Directors and their interests

The directors who served during the year and their interests are as stated below.

| | | Ordinary shares | |
|--------------------------------|---------------------|--|--|
| | | 31st August 2012 or date of resignation | 1st September 2011 or date of appointment |
| Executive Directors | | | |
| Mr W J Bashall | Resigned 30/11/2011 | 500 | 500 |
| Mr K K C Blue | | 280 | 280 |
| Mr R C Morris | | 2,634 | 2,584 |
| Non-executive Directors | | | |
| Mrs J Brown | | 250 | 250 |
| Mr R L Good | | 200 | 200 |
| Mr W F Mossop | | 300 | 300 |
| Mr J Stalker | | 683 | 683 |

Mr W F Mossop retires by rotation and, being eligible, offers himself for re-election.

Details of transactions with the directors are provided in note 28, all such transactions were at arm's length on normal commercial terms.

The directors have elected to disclose their interests in the group even though there is no longer a statutory duty to do so.

Payment policy

It is the group's policy to settle debts with its creditors on a timely basis, taking into consideration the terms and conditions offered by each supplier. At the 31st August 2012, the group's trade creditors expressed as a number of days was 20 days (2011 - 35 days).

Corporate governance

The group is committed to maintaining good corporate governance by operating within the spirit of the Code of Best Practice set out in the UK Corporate Governance Code even though adherence is not obligatory. The Board believes that the code provides a framework for the maintenance of robust systems and to achieve high standards of business integrity subject only to tests of reasonableness and proportionality.

The Penrith Farmers' and Kidd's Plc

Group Directors' Report for the year ended 31st August 2012

The Board

There are two permanent committees of the Board,

- 1 The Remuneration Committee is chaired by W F Mossop. The other members of the committee are J Brown, R L Good and J Stalker. All members are non executive directors. The committee reviews the basic salary, benefits in kind and terms and conditions of employment of the executive directors and senior staff. Fees for the non executive directors are recommended by the executive directors.
- 2 The Audit Committee is chaired by J Brown. The other members of the committee are R L Good, W F Mossop and J Stalker. All members are non executive directors. The committee undertakes reviews of the interim and annual report issued to shareholders, the accounting policies employed by the company, internal controls, compliance with financial reporting standards and the audit process carried out by Robinson+Co.

The roles of chairman and managing director are clearly defined, the non executive chairman ensures that the board meets on a regular basis and reviews financial performance and control, company strategy and a schedule of matters reserved specifically for its decision.

The non executive directors fulfil a crucial role in corporate accountability and provide constructive criticism and challenge to the strategic proposals of the executive directors.

Fixed assets

The investment properties were not revalued during the current or the previous year and the directors are not aware of any material change in value.

Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (UK GAAP).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the group and of the profit or loss of the group for that year. In preparing these the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 and the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and of the group and to 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 of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Penrith Farmers' and Kidd's Plc

Group Directors' Report for the year ended 31st August 2012

Directors' Responsibilities (continued)

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

So far as the directors are aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware.

Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

A resolution proposing that robinson+co be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 22nd November 2012 and signed by order of the Board by

A handwritten signature in black ink, appearing to read 'R C Morris', with a long horizontal stroke extending to the right.

Mr R C Morris
Secretary

Report of the Independent Auditors to the Members of

The Penrith Farmers' and Kidd's Plc

We have audited the financial statements of The Penrith Farmers' and Kidd's Plc for the year ended 31st August 2012 which comprise the group profit and loss account, the group statement of total recognised gains and losses, the group and parent company balance sheets, the group cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 5 and 6, the directors are responsible for preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31st August 2012 and of the group's profit for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and,
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the Independent Auditors to the Members of

The Penrith Farmers' and Kidd's Plc

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters. Under the Companies Act 2006 we are required 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 parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Mr Peter Ellwood, FCA

**Senior Statutory Auditor
for and on behalf of
robinson+co**

**Statutory Auditor and
Chartered Accountants**

**Oxford Chambers
New Oxford Street
Workington
CA14 2LR**

22nd November 2012

The Penrith Farmers' and Kidd's Plc

**Group Profit and Loss Account
for the year ended 31st August 2012**

| | Notes | 2012 £ | 2011 £ |
|--|-----------|----------------------|-----------------------|
| Turnover | 2 | 1,976,292 | 1,899,301 |
| Cost of sales | | <u>(179,541)</u> | <u>(157,603)</u> |
| Gross profit | | 1,796,751 | 1,741,698 |
| Administrative expenses | | (2,037,203) | (1,816,015) |
| Other operating income | | <u>354,574</u> | <u>317,646</u> |
| Group operating profit | 3 | 114,122 | 243,329 |
| Investment income | 5 | 22 | (394) |
| Interest receivable and similar income | 6 | 12,295 | 10,955 |
| Interest payable and similar charges | 7 | <u>(436)</u> | <u>-</u> |
| Profit on ordinary activities before taxation | | 126,003 | 253,890 |
| Tax on profit on ordinary activities | 10 | <u>(27,856)</u> | <u>(62,054)</u> |
| Profit on ordinary activities after taxation | 22 | <u>98,147</u> | <u>191,836</u> |

There are no recognised gains or losses other than the profit or loss for the above two financial years

None of the group's activities was acquired or discontinued during the above two financial years

The notes on pages 13 to 27 form an integral part of these financial statements.

The Penrith Farmers' and Kidd's Plc

Group Balance Sheet as at 31st August 2012

| | Notes | 2012 £ | 2011 £ |
|---|-------|-------------------------|-------------------------|
| Fixed Assets | | | |
| Intangible assets | 13 | 272,363 | 36,300 |
| Tangible assets | 14 | 4,376,777 | 4,259,159 |
| Investments | 15 | 276 | 276 |
| | | <u>4,649,416</u> | <u>4,295,735</u> |
| Current Assets | | | |
| Debtors falling due within one year | 16 | 740,279 | 825,964 |
| Cash at bank and in hand | | 685,817 | 989,052 |
| | | <u>1,426,096</u> | <u>1,815,016</u> |
| Creditors, amounts falling due within one year | 17 | <u>(242,376)</u> | <u>(301,859)</u> |
| Net Current Assets | | <u>1,183,720</u> | <u>1,513,157</u> |
| Total Assets Less Current Liabilities | | <u>5,833,136</u> | <u>5,808,892</u> |
| Creditors amounts falling due after more than one year | 18 | (21,822) | - |
| Provision for Liabilities and Charges | 19 | <u>(31,543)</u> | <u>(31,798)</u> |
| Net Assets | | <u><u>5,779,771</u></u> | <u><u>5,777,094</u></u> |
| Capital and Reserves | | | |
| Called up share capital | 21 | 318,233 | 318,233 |
| Share premium account | 22 | 237,144 | 237,144 |
| Revaluation reserve | 22 | 1,432,813 | 1,432,813 |
| Profit and loss account | 22 | 3,791,581 | 3,788,904 |
| Equity Shareholders' Funds | 23 | <u><u>5,779,771</u></u> | <u><u>5,777,094</u></u> |

The financial statements were approved by the Board on 22nd November 2012 and signed on its behalf by


R. J. Good

Director

R C Morris



Director

Registration number 00010553

The notes on pages 13 to 27 form an integral part of these financial statements.

The Penrith Farmers' and Kidd's Plc

Company Balance Sheet as at 31st August 2012

| | Notes | 2012 £ | 2011 £ |
|--|-------|-------------------------|-------------------------|
| Fixed Assets | | | |
| Intangible assets | 13 | 272,363 | 36,300 |
| Tangible assets | 14 | 4,376,777 | 4,259,159 |
| Investments | 15 | 250,276 | 250,276 |
| | | <u>4,899,416</u> | <u>4,545,735</u> |
| Debtors falling due within one year | 16 | 687,792 | 748,909 |
| Cash at bank and in hand | | <u>643,143</u> | <u>969,866</u> |
| | | 1,330,935 | 1,718,775 |
| Creditors: amounts falling due within one year | 17 | <u>(241,776)</u> | <u>(301,259)</u> |
| Net Current Assets | | <u>1,089,159</u> | <u>1,417,516</u> |
| Total Assets Less Current Liabilities | | <u>5,988,575</u> | <u>5,963,251</u> |
| Creditors: amounts falling due after more than one year | 18 | (21,822) | - |
| Provision for Liabilities and Charges | 19 | <u>(31,543)</u> | <u>(31,798)</u> |
| Net Assets | | <u><u>5,935,210</u></u> | <u><u>5,931,453</u></u> |
| Capital and Reserves | | | |
| Called up share capital | 21 | 318,233 | 318,233 |
| Share premium account | 22 | 237,144 | 237,144 |
| Revaluation reserve | 22 | 1,432,813 | 1,432,813 |
| Profit and loss account | 22 | 3,947,020 | 3,943,263 |
| Shareholders' Funds | 23 | <u><u>5,935,210</u></u> | <u><u>5,931,453</u></u> |

The financial statements were approved by the Board on 22nd November 2012 and signed on its behalf by

R L Good

Director

R C Morris

Director

Registration number 00010553

The notes on pages 13 to 27 form an integral part of these financial statements.

The Penrith Farmers' and Kidd's Plc

**Group Cash Flow Statement
for the year ended 31st August 2012**

| | Notes | 2012 £ | 2011 £ |
|--|-------|------------------|-----------------|
| Reconciliation of operating profit to net cash inflow from operating activities | | | |
| Operating profit | | 114,122 | 243,329 |
| Amortisation and depreciation | | 116,435 | 63,599 |
| (Profit)/loss on sale of tangible fixed assets | | (200) | 2,562 |
| Decrease/(increase) in debtors | | 85,685 | (38,077) |
| Decrease in creditors | | (49,499) | (14,006) |
| Net cash inflow from operating activities | | <u>266,543</u> | <u>257,407</u> |
| CASH FLOW STATEMENT | | | |
| Net cash inflow from operating activities | | 266,543 | 257,407 |
| Returns on investments and servicing of finance | 24 | 11,881 | 10,977 |
| Taxation | 24 | (41,945) | (67,739) |
| Capital expenditure and financial investment | 24 | (443,666) | (120,561) |
| | | (207,187) | 80,084 |
| Equity dividends paid | | (95,470) | (95,470) |
| | | (302,657) | (15,386) |
| Financing | 24 | (578) | - |
| Decrease in cash in the year | | <u>(303,235)</u> | <u>(15,386)</u> |
| Reconciliation of net cash flow to movement in net funds (Note 25) | | | |
| Decrease in cash in the year | | (303,235) | (15,386) |
| Cash inflow from decrease in debts and lease financing | | 578 | - |
| Change in net funds resulting from cash flows | | (302,657) | (15,386) |
| New finance leases and hire purchase contracts | | (26,250) | - |
| Movement in net funds in the year | | <u>(328,907)</u> | <u>(15,386)</u> |
| Net funds at 1st September 2011 | | <u>989,052</u> | 1,004,438 |
| Net funds at 31st August 2012 | | <u>660,145</u> | <u>989,052</u> |

The notes on pages 13 to 27 form an integral part of these financial statements.

The Penrith Farmers' and Kidd's Plc

Notes to Financial Statements for the year ended 31st August 2012

1. Accounting Policies

1.1. Accounting convention

The financial statements are prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention as modified by the revaluation of certain fixed assets

The directors have reviewed the accounting policies in accordance with Financial Reporting Standard No 18 - Accounting Policies, and consider them to be the most appropriate policies and estimation techniques

The principal accounting policies of the group have remained unchanged from the previous year and are set out below

1.2. Basis of Consolidation

The group financial statements consolidate the accounts of The Penrith Farmers' and Kidd's Plc and all its subsidiary undertakings made up to 31st August 2012

1.3. Turnover

Turnover is the total amount receivable by the group in respect of commissions and fees earned excluding VAT and trade discounts, together with finance charges receivable on the provision of all forms of credit facilities

1.4. Income from property

Income from property is stated net of attributable expenses

1.5. Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 5 years

1.6. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost net of depreciation. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life. The rates generally applicable are

| | | |
|----------------------|---|--|
| Freehold properties | - | 2% - Straight line |
| Leasehold properties | - | Straight line over the life of the lease |
| Plant and machinery | - | 10 - 20% - Straight line |
| Motor vehicles | - | 25% - Reducing balance |

The Penrith Farmers' and Kidd's Plc

Notes to Financial Statements for the year ended 31st August 2012

1.6 Tangible fixed assets and depreciation (continued)

Investment properties

In accordance with Statement of Standard Accounting Practice No 19, certain of the group's properties are held for long term investment and are included in the balance sheet at their open market values. The surpluses or deficits on revaluation of investment properties are transferred to the investment property revaluation reserve.

Depreciation is not provided in respect of freehold investment properties. This policy represents a departure from statutory accounting principles, which requires depreciation to be provided on all fixed assets. The directors consider that this policy is necessary in order that the financial statements may give a true and fair view, because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation. Depreciation is only one of the many factors reflected in the valuation and the amount which might have been shown cannot be separately identified or quantified.

1.7. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Assets in respect of monies advanced under hire purchase agreements are excluded from the fixed assets of the group and reported in the balance sheet as a debtor for the amount expected to be received from that agreement (net of future period finance charges). Receipts from hire purchase agreements contain a capital element which reduces the debtor and an interest charge which is credited to revenue.

Income receivable from hire purchase agreements is included within gross earnings and is credited to the profit and loss account to give a constant periodic rate of return on the net cash investment.

1.8. Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.9. Pensions

The pension costs charged against profit represents the amount payable to the personal pension schemes of certain directors and employees in respect of the accounting period.

The Penrith Farmers' and Kidd's Plc

Notes to Financial Statements for the year ended 31st August 2012

1.10 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

No deferred tax liability has been recognised on the revaluation of investment properties as at the date of the balance sheet there was no foreseeable intention to dispose of these properties

1.11. Dividends

Dividends proposed after the balance sheet date are not recognised as a liability at the balance sheet date because they do not meet the criteria of a present obligation in FRS 12. Such dividends are disclosed in the note to the financial statements

2. Turnover

The turnover is attributable to carrying on the business of auctioneers, valuers and land and estate agents

The analysis of turnover by class of business is shown below but the directors consider that the disclosure of segmental profit or loss would be unfairly prejudicial to the interests of the group

| | 2012 | 2011 |
|-------------|-------------------------|-------------------------|
| | £ | £ |
| Finance | 3,112 | 8,919 |
| Land Agency | 596,441 | 613,432 |
| Planning | 94,010 | 78,291 |
| Head Office | 31,023 | 41,237 |
| Estates | 965,161 | 838,800 |
| Furniture | 286,545 | 318,622 |
| | <u>1,976,292</u> | <u>1,899,301</u> |

Income from the residential survey department and the other operating income including income from property is managed by head office

The total turnover of the group for the year has been derived from its principal activities wholly undertaken in the UK

The Penrith Farmers' and Kidd's Plc

Notes to Financial Statements for the year ended 31st August 2012

| | | |
|--|-------------------|-------------------|
| 3. Operating profit | 2012 | 2011 |
| | £ | £ |
| Operating profit is stated after charging | | |
| Amortisation of intangible assets | 59,163 | 19,800 |
| Depreciation | | |
| - tangible assets, owned | 57,272 | 43,799 |
| Loss on disposal of tangible fixed assets | - | 2,562 |
| Operating lease rentals | 40,510 | 29,631 |
| Auditors' remuneration (Note 4) | 16,375 | 16,050 |
| Auditors' remuneration from non-audit work (Note 4) | 18,585 | 15,530 |
| | <u> </u> | <u> </u> |
| and after crediting | | |
| Profit on disposal of tangible fixed assets | 200 | - |
| Income from property | 324,645 | 290,603 |
| | <u> </u> | <u> </u> |
| 4. Auditors' remuneration | 2012 | 2011 |
| | £ | £ |
| Auditors' remuneration - audit of the financial statements | 16,375 | 16,050 |
| | <u> </u> | <u> </u> |
| Auditors' remuneration - other fees | | |
| - taxation services | 565 | 555 |
| - other services | 18,020 | 14,975 |
| | <u> </u> | <u> </u> |
| | 18,585 | 15,530 |
| | <u> </u> | <u> </u> |
| 5. Income from investments | 2012 | 2011 |
| | £ | £ |
| Dividend received | 22 | 22 |
| Profit/(loss) on disposal of investments | - | (416) |
| | <u> </u> | <u> </u> |
| | 22 | (394) |
| | <u> </u> | <u> </u> |
| 6. Interest receivable and similar income | 2012 | 2011 |
| | £ | £ |
| Bank interest | 11,259 | 10,614 |
| Other interest | 1,036 | 341 |
| | <u> </u> | <u> </u> |
| | 12,295 | 10,955 |
| | <u> </u> | <u> </u> |

The Penrith Farmers' and Kidd's Plc

Notes to Financial Statements for the year ended 31st August 2012

| | | |
|---|------------------------------|------------------------------|
| 7. Interest payable and similar charges | 2012 £ | 2011 £ |
| Finance charges in respect of hire purchase contracts | <u>436</u> | <u>-</u> |
| 8. Employees | | |
| Number of employees | | |
| The average monthly numbers of employees (including the directors) during the year were | | |
| | 2012 Number | 2011 Number |
| Office, sales and management | <u>63</u> | <u>57</u> |
| Employment costs | 2012 £ | 2011 £ |
| Wages and salaries | 1,277,768 | 1,145,213 |
| Social security costs | 115,428 | 105,971 |
| Other pension costs | 72,202 | 67,209 |
| | <u>1,465,398</u> | <u>1,318,393</u> |
| 8.1. Directors' remuneration | 2012 £ | 2011 £ |
| Emoluments and other benefits | 160,698 | 223,115 |
| Pension contributions to money purchase pension schemes | 15,188 | 16,670 |
| | <u>175,886</u> | <u>239,785</u> |
| | Number | Number |
| Number of directors participating in money purchase pension schemes | <u>3</u> | <u>3</u> |
| Highest Paid Director | £ | £ |
| <i>Amounts included above</i> | | |
| Emoluments and other benefits | 85,032 | 84,353 |
| Pension contributions | 8,939 | 7,183 |
| | <u>93,971</u> | <u>91,536</u> |

The total remuneration of the non-executive directors included in the above emoluments during the year was £22,980 (2011 - £22,875)

The Penrith Farmers' and Kidd's Plc

Notes to Financial Statements for the year ended 31st August 2012

9. Pension costs

The company pays contributions to the personal pension schemes of certain directors and employees. The schemes and their assets are held by independent managers.

10. Tax on profit on ordinary activities

| Analysis of charge in period | 2012 £ | 2011 £ |
|--|-----------|-----------|
| Current tax | | |
| UK corporation tax | 28,112 | 41,945 |
| Total current tax charge | 28,112 | 41,945 |
| Deferred tax (See note 19) | | |
| Timing differences, origination and reversal | (256) | 20,109 |
| Total deferred tax | (256) | 20,109 |
| Tax on profit on ordinary activities | 27,856 | 62,054 |

Factors affecting tax charge for period

The small profit rate of corporation tax in the UK at 31st August 2012 is 20% (2011 - standard rate 26%). The tax charge is explained below.

| | 2012 £ | 2011 £ |
|---|-----------|-----------|
| Profit on ordinary activities before taxation | 126,003 | 253,890 |
| Profit on ordinary activities multiplied by standard small rate of corporation tax at 20% (2011 full standard rate 26%) | 25,201 | 66,011 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 49 | 616 |
| Depreciation for period in excess of capital allowances | 2,866 | (17,734) |
| Loss on sale of investments | - | 108 |
| Franked investment income | (4) | (6) |
| Change in rate of corporation tax in year | - | 2,189 |
| Marginal relief | - | (9,239) |
| Current tax charge for period | 28,112 | 41,945 |

11. Profit for the year attributable to shareholders

As permitted by Section 408 of the Companies Act 2006 the Profit and Loss Account of the parent company has not been included in these financial statements.

The group profit for the year includes £99,227 (2011 - £192,284) after tax which is dealt with in the financial statements of the company.

The Penrith Farmers' and Kidd's Plc

Notes to Financial Statements for the year ended 31st August 2012

| | | |
|---|----------------------|-----------------------|
| 12. Dividends | 2012 | 2011 |
| | £ | £ |
| Dividends on equity shares: | | |
| Final ordinary dividend paid - 30p per share (2011 - 30p) | <u>95,470</u> | <u>95,470</u> |
| Final Proposed Dividend | | |
| A dividend for the year ended 31st August 2012 of 30p per share is proposed (2011 - 30p) | | |
| 13. Intangible fixed assets | | Goodwill |
| | | £ |
| Company and Group | | |
| Cost | | |
| At 1st September 2011 | | 151,866 |
| Additions | | <u>295,226</u> |
| and At 31st August 2012 | | <u>447,092</u> |
| Provision for | | |
| diminution in value | | |
| At 1st September 2011 | | 115,566 |
| Charge for year | | <u>59,163</u> |
| At 31st August 2012 | | <u>174,729</u> |
| Net book values | | |
| At 31st August 2012 | | <u>272,363</u> |
| At 31st August 2011 | | <u>36,300</u> |

The Penrith Farmers' and Kidd's Plc

Notes to Financial Statements for the year ended 31st August 2012

14. Tangible fixed assets

| The Group | Land and Buildings | | | | | Total |
|--------------------------|------------------------------|----------------------------|---------------------------------|----------------------------|-----------------------|------------------|
| | Investment properties | Freehold properties | Short leasehold property | Plant and machinery | Motor vehicles | |
| | £ | £ | £ | £ | £ | £ |
| Cost or valuation | | | | | | |
| At 1st September 2011 | 3,680,000 | 613,783 | 6,907 | 314,968 | - | 4,615,658 |
| Reclassification | - | 2,412 | (2,412) | - | - | - |
| Additions | - | 122,978 | - | 24,162 | 27,750 | 174,890 |
| Disposals | - | - | - | (200) | - | (200) |
| At 31st August 2012 | <u>3,680,000</u> | <u>739,173</u> | <u>4,495</u> | <u>338,930</u> | <u>27,750</u> | <u>4,790,348</u> |
| Depreciation | | | | | | |
| At 1st September 2011 | - | 222,060 | 67 | 134,372 | - | 356,499 |
| Reclassification | - | 67 | (67) | - | - | - |
| On disposals | - | - | - | (200) | - | (200) |
| Charge for the year | - | 12,939 | 412 | 42,187 | 1,734 | 57,272 |
| At 31st August 2012 | <u>-</u> | <u>235,066</u> | <u>412</u> | <u>176,359</u> | <u>1,734</u> | <u>413,571</u> |
| Net book values | | | | | | |
| At 31st August 2012 | <u>3,680,000</u> | <u>504,107</u> | <u>4,083</u> | <u>162,571</u> | <u>26,016</u> | <u>4,376,777</u> |
| At 31st August 2011 | <u>3,680,000</u> | <u>391,723</u> | <u>6,840</u> | <u>180,596</u> | <u>-</u> | <u>4,259,159</u> |
| The Company | | | | | | |
| | £ | £ | £ | £ | £ | £ |
| Cost or valuation | | | | | | |
| At 1st September 2011 | 3,680,000 | 613,783 | 6,907 | 304,765 | - | 4,605,455 |
| Reclassification | - | 2,412 | (2,412) | - | - | - |
| Additions | - | 122,978 | - | 24,162 | 27,750 | 174,890 |
| Disposals | - | - | - | (200) | - | (200) |
| At 31st August 2012 | <u>3,680,000</u> | <u>739,173</u> | <u>4,495</u> | <u>328,727</u> | <u>27,750</u> | <u>4,780,145</u> |
| Depreciation | | | | | | |
| At 1st September 2011 | - | 222,060 | 67 | 124,169 | - | 346,296 |
| Reclassification | - | 67 | (67) | - | - | - |
| On disposals | - | - | - | (200) | - | (200) |
| Charge for the year | - | 12,939 | 412 | 42,187 | 1,734 | 57,272 |
| At 31st August 2012 | <u>-</u> | <u>235,066</u> | <u>412</u> | <u>166,156</u> | <u>1,734</u> | <u>403,368</u> |
| Net book values | | | | | | |
| At 31st August 2012 | <u>3,680,000</u> | <u>504,107</u> | <u>4,083</u> | <u>162,571</u> | <u>26,016</u> | <u>4,376,777</u> |
| At 31st August 2011 | <u>3,680,000</u> | <u>391,723</u> | <u>6,840</u> | <u>180,596</u> | <u>-</u> | <u>4,259,159</u> |

Included in the figures for cost or valuation of properties for the group and the company at 2012 is £3,680,000 (2011 - £3,680,000) in respect of the carrying value of investment properties

The Penrith Farmers' and Kidd's Plc

Notes to Financial Statements for the year ended 31st August 2012

14. Tangible fixed assets (continued)

Assets held under finance leases or hire purchase contracts for the group and the company are included in the figures as follows

| Asset description | 2012 | | 2011 | |
|-------------------|---------------|--------------|------------|--------------|
| | Net | Depreciation | Net | Depreciation |
| | book value | charge | book value | charge |
| | £ | £ | £ | £ |
| Motor vehicles | <u>26,016</u> | <u>1,734</u> | <u>-</u> | <u>-</u> |

The gross amount of buildings of the group and the company on which depreciation is being provided is as follows

| | 2012 | 2011 |
|-----------------|----------------|----------------|
| | £ | £ |
| Freehold | 739,173 | 613,783 |
| Short leasehold | <u>4,495</u> | <u>6,907</u> |
| | <u>743,668</u> | <u>620,690</u> |

The figures stated above for the group and the company for cost or valuation include valuations as follows

| | Leasehold land and buildings | | Freehold land and buildings | |
|--------------|------------------------------|--------------|-----------------------------|------------------|
| | 2012 | 2011 | 2012 | 2011 |
| | £ | £ | £ | £ |
| At cost | <u>4,495</u> | <u>6,907</u> | <u>739,173</u> | <u>613,783</u> |
| At valuation | <u>-</u> | <u>-</u> | <u>3,680,000</u> | <u>3,680,000</u> |

The investment properties were revalued on 31st August 2010 by Mr K K C Blue, MRICS who is a director of the company. The basis of valuation used was market value.

The carrying value of investment properties of the group and the company was

| | £ |
|--|------------------|
| At 1st September 2011 and 31st August 2012 | <u>3,680,000</u> |

No provision has been made in the deferred taxation account for the estimated corporation tax that would be payable on disposal at this valuation because, in the opinion of the directors, those assets are unlikely to be disposed of in the foreseeable future. See note 20.

The Penrith Farmers' and Kidd's Plc

Notes to Financial Statements for the year ended 31st August 2012

14. Tangible fixed assets (continued)

If the investment properties having a valuation of £3,680,000 had not been revalued, they would have been included on the historical cost basis for the group and the company at the following amounts

| | £ |
|--------------------------|-------------------------|
| Cost | 2,337,775 |
| Accumulated depreciation | <u>(953,770)</u> |
| Net book amount | |
| At 31 August 2012 | <u><u>1,384,005</u></u> |
| Net book amount | |
| At 31 August 2011 | <u><u>1,430,760</u></u> |

15 Fixed Asset Investments

| Group | Investments other than loans £ | Total £ |
|--|---|-------------------|
| Cost | | |
| At 1st September 2011 and at 31st August 2012 | <u>276</u> | <u>276</u> |
| Net book values | | |
| At 31st August 2012 | <u><u>276</u></u> | <u><u>276</u></u> |
| At 31st August 2011 | <u><u>276</u></u> | <u><u>276</u></u> |

| The company | Shares in group undertakings £ | Investments other than loans £ | Total £ |
|--|---|---|-----------------------|
| Cost | | | |
| At 1st September 2011 and at 31st August 2012 | <u>250,000</u> | <u>276</u> | <u>250,276</u> |
| Net book values | | | |
| At 31st August 2012 | <u><u>250,000</u></u> | <u><u>276</u></u> | <u><u>250,276</u></u> |
| At 31st August 2011 | <u><u>250,000</u></u> | <u><u>276</u></u> | <u><u>250,276</u></u> |

At 31st August 2012 the company held 20% or more of the allotted share capital of the following

| | Class of share capital held | Proportion held | Nature of business |
|--------------------------------|--------------------------------|--------------------|-------------------------|
| Subsidiary undertakings | | | |
| PF & K Finance Limited | Ordinary | 100% | Provision of finance |

The Penrith Farmers' and Kidd's Plc

Notes to Financial Statements for the year ended 31st August 2012

16. Debtors

| | The group | | The company | |
|---|----------------|----------------|----------------|----------------|
| | 2012 | 2011 | 2012 | 2011 |
| | £ | £ | £ | £ |
| Amounts falling due within one year: | | | | |
| Trade debtors | 346,042 | 396,186 | 346,042 | 396,186 |
| Finance receivables | 52,487 | 77,055 | - | - |
| Other debtors | 55,500 | 56,100 | 55,500 | 56,100 |
| Prepayments and accrued income | 286,250 | 296,623 | 286,250 | 296,623 |
| | <u>740,279</u> | <u>825,964</u> | <u>687,792</u> | <u>748,909</u> |

Of the finance receivables disclosed above £52,487 (2011 - £77,055) represents the company's net investment in hire purchase agreements

The cost of assets acquired by the company during the year for leasing under hire purchase agreements amounted to £Nil (2011 - £Nil) The aggregate rentals receivable in respect of hire purchase agreements was £Nil (2011 - £Nil)

17. Creditors: amounts falling due within one year

| | The group | | The company | |
|---|----------------|----------------|----------------|----------------|
| | 2012 | 2011 | 2012 | 2011 |
| | £ | £ | £ | £ |
| Net obligations under finance leases and hire purchase contracts | 3,850 | - | 3,850 | - |
| Trade creditors | 46,743 | 76,742 | 46,743 | 76,742 |
| Corporation tax | 28,112 | 41,945 | 28,112 | 41,945 |
| Other taxes and social security costs | 103,815 | 114,222 | 103,815 | 114,222 |
| Other creditors | 4,611 | 4,631 | 4,611 | 4,631 |
| Accruals and deferred income | 55,245 | 64,319 | 54,645 | 63,719 |
| | <u>242,376</u> | <u>301,859</u> | <u>241,776</u> | <u>301,259</u> |

Group bank overdraft facilities are secured by a fixed charge over certain of the freehold properties and fixed and floating charges over all other group assets Company bank overdrafts are secured by a fixed charge over certain of the freehold properties and a cross guarantee given by its subsidiary undertaking PF & K Finance Limited

Hire purchase and finance lease obligations are secured on the assets to which they relate

The Penrith Farmers' and Kidd's Plc

Notes to Financial Statements for the year ended 31st August 2012

18. Creditors: amounts falling due after more than one year

| | The group | | The company | |
|--|---------------|----------|---------------|----------|
| | 2012 | 2011 | 2012 | 2011 |
| | £ | £ | £ | £ |
| Net obligations under finance leases and hire purchase contracts | <u>21,822</u> | <u>-</u> | <u>21,822</u> | <u>-</u> |

Hire purchase and finance lease obligations are secured on the assets to which they relate

Net obligations under finance leases and hire purchase contracts

| | | | | |
|--------------------------------------|---------------|----------|---------------|----------|
| Repayable within one year | 3,850 | - | 3,850 | - |
| Repayable between one and five years | <u>21,822</u> | <u>-</u> | <u>21,822</u> | <u>-</u> |
| | <u>25,672</u> | <u>-</u> | <u>25,672</u> | <u>-</u> |

19. Provisions for liabilities and charges

The group and company

**Deferred
taxation
(Note 20)
£**

| | |
|-----------------------|---------------|
| At 1st September 2011 | 31,798 |
| Movements in the year | (256) |
| At 31st August 2012 | <u>31,542</u> |

20. Provision for deferred taxation

Company and Group

| | | |
|--------------------------------|---------------|---------------|
| Accelerated capital allowances | <u>31,543</u> | <u>31,798</u> |
|--------------------------------|---------------|---------------|

No deferred tax liability has been recognised on the revaluation of investment properties as, at the balance sheet date there was no binding commitment to sell these properties

The amount of tax which would become payable if the properties were sold, is estimated at £Nil (2011 - £Nil)

21. Share capital

| | 2012 £ | 2011 £ |
|---|----------------|----------------|
| Allotted, called up and fully paid equity | | |
| 318,233 Ordinary shares of £1 each | <u>318,233</u> | <u>318,233</u> |

The Penrith Farmers' and Kidd's Plc

Notes to Financial Statements for the year ended 31st August 2012

| 22. Equity Reserves | Share premium account £ | Investment property revaluation reserve £ | Profit and loss account £ | Total £ |
|----------------------------|----------------------------------|---|------------------------------------|-------------------------|
| The group | | | | |
| At 1st September 2011 | 237,144 | 1,432,813 | 3,788,904 | 5,458,861 |
| Profit for the year | - | - | 98,147 | 98,147 |
| Dividends paid | - | - | (95,470) | (95,470) |
| At 31st August 2012 | <u><u>237,144</u></u> | <u><u>1,432,813</u></u> | <u><u>3,791,581</u></u> | <u><u>5,461,538</u></u> |
| The company | | | | |
| At 1st September 2011 | 237,144 | 1,432,813 | 3,943,263 | 5,613,220 |
| Profit for the year | - | - | 99,227 | 99,227 |
| Dividends paid | - | - | (95,470) | (95,470) |
| At 31st August 2012 | <u><u>237,144</u></u> | <u><u>1,432,813</u></u> | <u><u>3,947,020</u></u> | <u><u>5,616,977</u></u> |

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

| 23. Reconciliation of movements in shareholders' funds | 2012 £ | 2011 £ |
|--|-------------------------|-------------------------|
| The group | | |
| Profit for the year | 98,147 | 191,836 |
| Dividends paid | (95,470) | (95,470) |
| | <u>2,677</u> | <u>96,366</u> |
| Opening shareholders' funds | 5,777,094 | 5,680,728 |
| Closing shareholders' funds | <u><u>5,779,771</u></u> | <u><u>5,777,094</u></u> |
| The company | | |
| Profit for the year | 99,227 | 192,284 |
| Dividends paid | (95,470) | (95,470) |
| | <u>3,757</u> | <u>96,814</u> |
| Opening shareholders' funds | 5,931,453 | 5,834,639 |
| Closing shareholders' funds | <u><u>5,935,210</u></u> | <u><u>5,931,453</u></u> |

The Penrith Farmers' and Kidd's Plc

Notes to Financial Statements for the year ended 31st August 2012

24. Gross cash flows

| | 2012 £ | 2011 £ |
|---|------------------|------------------|
| Returns on investments and servicing of finance | | |
| Interest received | 12,295 | 10,955 |
| Interest paid | (436) | - |
| Dividends received | 22 | 22 |
| | <u>11,881</u> | <u>10,977</u> |
| Taxation | | |
| Corporation tax paid | <u>(41,945)</u> | <u>(67,739)</u> |
| Capital expenditure and financial investment | | |
| Payments to acquire intangible assets | (295,226) | - |
| Payments to acquire tangible assets | (148,640) | (120,895) |
| Receipts from sales of tangible assets | 200 | - |
| Receipts from sales of investments | - | 334 |
| | <u>(443,666)</u> | <u>(120,561)</u> |
| Financing | | |
| Capital element of finance leases and hire purchase contracts | <u>(578)</u> | <u>-</u> |

25. Analysis of changes in net

| | Opening balance £ | Cash flows £ | Other changes £ | Closing balance £ |
|--|-------------------------|--------------------|-----------------------|-------------------------|
| Cash at bank and in hand | 989,052 | (303,235) | | 685,817 |
| Finance leases and hire purchase contracts | - | 578 | (26,250) | (25,672) |
| Net | <u>989,052</u> | <u>(302,657)</u> | <u>(26,250)</u> | <u>660,145</u> |

26. Capital commitments

Neither the group nor the company had entered into contracts for capital items at 31st August 2012 or 31st August 2011

The Penrith Farmers' and Kidd's Plc

Notes to Financial Statements for the year ended 31st August 2012

27. Leasing commitments

At 31st August 2012 the company had commitments under non-cancellable operating leases as follows

| | Land and buildings | |
|----------------------------|---------------------------|-----------------------|
| | 2012 | 2011 |
| | £ | £ |
| Payable: | | |
| Within one year | 25,346 | 35,558 |
| Between one and five years | 76,717 | 135,717 |
| In over five years | 45,080 | 66,080 |
| | <u>147,143</u> | <u>237,355</u> |

28 Transactions with directors and other related parties

Material transactions with other related parties

During the year ended 31st August 2012 the company obtained services to the value of £47,786 (2011 - £46,901) from Cumberland & Westmorland Herald Limited Mr W F Mossop, a director of The Penrith Farmers' and Kidd's Plc, is also a director of Cumberland & Westmorland Herald Limited