

Company registration number: 00010553  
England and Wales

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

**Financial statements**

**31 August 2015**

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## The Penrith Farmers' and Kidd's Plc

### Company information

<b>Managing director</b>	Mr S J Lancaster	(Appointed 2 February 2015)	4	(4)
<b>Executive director</b>	Mr D R Britton	(Appointed 2 March 2015)	3	(3)
<b>Non-executive directors</b>	Mrs J Brown		8	(8)
	Mrs K M Milbourn	(Appointed 1 September 2014)	8	(8)
	Mr R L Good		8	(8)
	Mr W F Mossop		8	(8)
	Mr J D Rowlands	(Appointed 3 July 2015)	-	-

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

**Secretary** Mr S J Lancaster

**Company number** 00010553 England and Wales

**Registered office** Agricultural Hall  
Skirsgill  
Penrith  
CA11 0DN

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

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

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

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

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

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

**Year ended 31 August 2015**

### **Introduction**

The enclosed financial statements show a profit for the year of £277,685 comparable with the figure of £296,382 (as restated under FRS 102) for the year to August 2014. Turnover has increased by 7% largely due to the estate agency section of the business. However all other disciplines have maintained or improved upon their market share.

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

The Directors have chosen early adoption of Financial Reporting Standard 102 (FRS 102 - compulsory from our accounting period commencing 1 September 2015). This has resulted in accelerated taxation savings. Details regarding the transition to FRS 102 are shown under notes 30 and 31 of the financial statements.

### **Head Office, Surveys and Valuations**

The Company's Head Office continues to administer the property portfolio and the management of the Company as a whole. As shareholders will be aware, Stephen Lancaster was appointed as Managing Director in March of this year. He has already carried out a comprehensive review of the Company's operations and, in particular, has instituted a thorough overhaul of the accounting procedures allowing for much clearer and more efficient control of all branches of the Company's business.

### **Estate Agency**

As previously mentioned the estate agency has had another successful year crowned with the gaining of an award for the best estate agency marketing in the North West of the UK by the organisers of the International Property Awards 2015-2016.

As I announced in last year's statement, we opened an estate agency office in Whitehaven on 10th November 2014. Although this year's accounts are affected by the opening costs of this venture, I am pleased to say that this branch showed its first profits in September 2015, less than a year after opening.

All finances and phases of operation in each of our six estate agency branches are tightly controlled and, as a result of the before mentioned overhaul of accounting procedures, much of this control is now delegated to local managers who have shown themselves to be highly motivated by such delegation. These managers are in turn given clear operating parameters, guidance and management accounts, all of which are overseen by the executive team from Head Office. From a client point of view, the emphasis is on efficiency and good communication. The Platinum sales package continues to be popular and successful, showing the Company building on its core value of good local service, dovetailed with excellent digital marketing skills.

The Commercial department has now been merged with Estate Agency. The market shows no particular signs of recovery or buoyancy. However the executive and the Board continue to look for opportunities in this sector.

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

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

**Year ended 31 August 2015**

**Furniture Sales**

Michael Roberts has recently been appointed as sale room manager at Skirsgill. He is an experienced valuer and auctioneer from Canterbury. He has plans to expand the operation of the sale room by way of live video streaming of the quarterly antique and collectors' sales to allow the auction to be both seen and heard by potential buyers anywhere in the UK and overseas. He has instituted a series of valuation sessions at the Company's estate agency offices throughout the county. We look forward to exciting times in the saleroom with Michael taking the business forward.

**Land Agency**

The level of sales instructions and management work remains high and a new Land Agent, Caroline Berry, has been appointed this year to join our established and experienced team.

The new year brings new opportunity and a fresh approach to Land Agency maximising the expertise the Company has in digital marketing.

**Property Portfolio**

The Company's properties continue to produce satisfactory returns. The only new property that has been added to the portfolio during the past year is the Whitehaven office for trading rather than investment purposes.

**Company Strategy**

The Board works to maintain and improve the Company's market share and profitability by way of prudent management and identifying geographical areas which we believe will suit the PFK brand and business model.

In order to safeguard the longer term development potential of the Skirsgill site we are working with consultants to ensure the site is promoted fully within the draft Eden Local Plan, which is at the consultation stage

The Board continues to appreciate and to be grateful for the support, skills and hard work shown by all employees of the Company.



**Robert Good**  
**Chairman**

**16 November 2015**

## The Penrith Farmers' and Kidd's Plc

### Strategic report Year ended 31 August 2015

#### Measurement of performance

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

The actual performance against key performance indicators for the twelve months to 31 August 2015 is shown below, together with those for 31 August 2014 and 31 August 2013 for comparative purposes. These financial statements for the year ended 31 August 2015 are the first financial statements that comply with FRS 102. The date of transition is 1 September 2013.

	2015	As restated 2014	As restated 2013
- Turnover	2,449,704	£2,282,829	£2,103,642
- Turnover growth	7.3%	8.5%	6.6%
- Net profit after taxation	£277,685	£296,382	# 177,855
- Earnings per share	87p	93p	56p
- Return on capital employed *	4.4%	7.2%	3.9%

\* calculated as profit before tax (after adjusting for investment write offs) divided by net assets.

# after adjusting for investment write offs.

Shareholders funds at 31 August 2015 amounted to £5,487,448 (2014 - £5,337,056) and the directors consider this to be satisfactory.

#### Business review

The business review and details of future developments are shown 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 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 Penrith Farmers' and Kidd's Plc**

**Strategic report (continued)**  
**Year ended 31 August 2015**

**Financial risk management objectives and policies (continued)**

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 16 November 2015 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to be 'S J Lancaster', written over a horizontal line.

**S J Lancaster**  
**Director**

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

### **Directors report Year ended 31 August 2015**

The directors present their report and the financial statements of the company for the year ended 31 August 2015.

#### **Principal activities**

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

#### **Directors**

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

S J Lancaster	(Appointed 2 February 2015)
R C Morris	(Resigned 28 February 2015)
K K C Blue	(Resigned 2 March 2015)
J Brown	
R L Good	
W F Mossop	
J Stalker	(Retired 20 January 2015)
K M Milbourn	(Appointed 1 September 2014)
D R Britton	(Appointed 2 March 2015)
J D Rowlands	(Appointed 3 July 2015)

Mr W F Mossop retires by rotation and is not offering himself for re-election.

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

#### **Dividends**

The directors recommend payment of a dividend of 25p per share (2014 - 40p per share).

#### **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)**

**Year ended 31 August 2015**

**Statement of directors responsibilities**

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

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

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

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

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

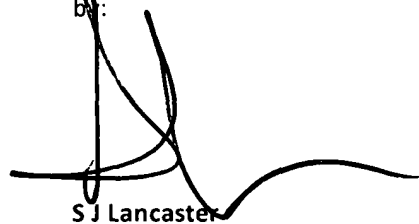
**Auditor**

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.

This report was approved by the board of directors on 16 November 2015 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to read 'S J Lancaster', is written over a horizontal line.

**S J Lancaster**  
**Director**

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

### **Independent auditor's report to the shareholders of The Penrith Farmers' and Kidd's Plc Year ended 31 August 2015**

We have audited the financial statements of The Penrith Farmers' and Kidd's Plc for the year ended 31 August 2015 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and 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 shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on 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 Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

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 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. In addition, we read all the financial and non-financial information in the Directors report and the Strategic report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the Directors report and the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

**Independent auditor's report to the shareholders of  
The Penrith Farmers' and Kidd's Plc (continued)  
Year ended 31 August 2015**

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

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.*



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

16 November 2015

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

**Statement of comprehensive income**  
**( previously Profit and loss account and Statement of recognised gains and losses )**  
**Year ended 31 August 2015**

	Note	2015 £	2014 £
<b>Turnover</b>	<b>3</b>	2,449,704	2,282,829
Cost of sales		(194,762)	(150,849)
<b>Gross profit</b>		2,254,942	2,131,980
Administrative expenses		(2,325,954)	(2,108,480)
Other operating income	<b>4</b>	311,058	313,636
Fair value adjustments on investment properties		-	42,065
Fair value adjustments on financial assets		(261)	(447)
<b>Operating profit</b>	<b>5</b>	239,785	378,754
Income from other financial assets	<b>9</b>	37	37
Other interest receivable and similar income	<b>10</b>	1,807	5,049
Interest payable and similar charges	<b>11</b>	(908)	(1,569)
<b>Profit on ordinary activities before taxation</b>		240,721	382,271
Tax on profit on ordinary activities	<b>12</b>	36,964	(85,889)
<b>Profit for the financial year and total comprehensive income</b>		<u>277,685</u>	<u>296,382</u>

All the activities of the company are from continuing operations.

The notes on pages 14 to 30 form part of these financial statements.

The Penrith Farmers' and Kidd's Plc

Statement of financial position  
( previously Balance sheet )  
31 August 2015

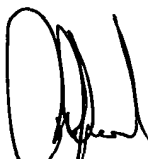
	Note	2015 £	£	2014 £	£
<b>Fixed assets</b>					
Property, plant and equipment	14	4,593,060		4,427,809	
Financial assets	15	3,544		3,805	
			4,596,604		4,431,614
<b>Current assets</b>					
Debtors	16	608,646		583,511	
Cash at bank and in hand		639,044		738,699	
			1,247,690		1,322,210
<b>Creditors: amounts falling due within one year</b>	17	(314,807)		(367,285)	
<b>Net current assets</b>			932,883		954,925
<b>Total assets less current liabilities</b>			5,529,487		5,386,539
<b>Creditors: amounts falling due after more than one year</b>	18		-		(12,140)
<b>Provisions for liabilities</b>	21		(42,039)		(37,343)
<b>Net assets</b>			5,487,448		5,337,056
<b>Capital and reserves</b>					
Called up share capital	23		318,233		318,233
Share premium account	24		237,144		237,144
Fair value Reserve/Revaluation reserve	24		1,477,611		1,477,872
Retained earnings/Profit and loss account	24		3,454,460		3,303,807
<b>Shareholders funds</b>			5,487,448		5,337,056

The notes on pages 14 to 30 form part of these financial statements.

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

**Statement of financial position (continued)**  
**( previously Balance sheet )**  
**31 August 2015**

These financial statements were approved by the board of directors and authorised for issue on 16 November 2015, and are signed on behalf of the board by:



R L Good  
Director



S J Lancaster  
Director

Company registration number: 00010553

**The notes on pages 14 to 30 form part of these financial statements.**

The Penrith Farmers' and Kidd's Plc

Statement of changes in equity  
Year ended 31 August 2015

	Called up share capital	Share premium account	Fair value reserve (previously Revaluation reserve)	Retained earnings (previously Profit and loss account)	Total
	£	£	£	£	£
<b>At 1 September 2013 (as previously reported)</b>	318,233	237,144	1,432,278	3,814,493	5,802,148
Effects of changes in accounting policies	-	-	-	(136,019)	(136,019)
Re-classification of intangible assets			-	(212,843)	(212,843)
Effect of changes in short term employee benefits			-	(2,064)	(2,064)
Effect of revaluation of financial assets			3,976	-	3,976
Effect of provisions for deferred tax on fair value revaluations			-	(821)	(821)
<b>At 1 September 2013 (restated)</b>	<u>318,233</u>	<u>237,144</u>	<u>1,436,254</u>	<u>3,462,746</u>	<u>5,454,377</u>
Profit for the year				296,382	296,382
Other comprehensive income for the year:					
Transfer to fair value reserve from retained earnings			41,618	(41,618)	-
	<u>-</u>	<u>-</u>	<u>41,618</u>	<u>254,764</u>	<u>296,382</u>
Dividends paid				(413,703)	(413,703)
<b>Total investments by and distributions to owners</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(413,703)</u>	<u>(413,703)</u>
<b>At 31 August 2014</b>	<u>318,233</u>	<u>237,144</u>	<u>1,477,872</u>	<u>3,303,807</u>	<u>5,337,056</u>
Profit for the year				277,685	277,685
Other comprehensive income for the year:					
Transfer to fair value reserve from retained earnings			(261)	261	-
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>-</u>	<u>(261)</u>	<u>277,946</u>	<u>277,685</u>
Dividends paid				(127,293)	(127,293)
<b>Total investments by and distributions to owners</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(127,293)</u>	<u>(127,293)</u>
<b>At 31 August 2015</b>	<u><u>318,233</u></u>	<u><u>237,144</u></u>	<u><u>1,477,611</u></u>	<u><u>3,454,460</u></u>	<u><u>5,487,448</u></u>

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

**Statement of cash flows**  
**Year ended 31 August 2015**

	<b>2015</b>		<b>2014</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>				
Profit for the financial year		277,685		296,382
<i>Adjustments for:</i>				
Depreciation of property, plant and equipment		72,141		64,977
Fair value adjustment on investment property		-		(42,065)
Fair value adjustment on financial assets		261		447
Income from other financial assets		(37)		(37)
Other interest receivable and similar income		(1,807)		(5,049)
Interest payable and similar charges		908		1,569
(Gain)/loss on disposal of property, plant and equipment		(1,775)		-
Tax on profit on ordinary activities		(36,964)		85,889
Accrued expenses/(income)		8,445		104
(Increase)/decrease in trade and other debtors		16,526		79,955
Increase in trade and other creditors		16,378		17,158
Cash generated from operations		351,761		499,330
Interest paid		(908)		(1,569)
Interest received		1,807		5,049
Tax paid		(84,268)		(29,893)
Net cash from operating activities		268,392		472,917
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(238,218)		(48,073)	
Proceeds from sale of property, plant and equipment	2,600		-	
Proceeds from sale of subsidiary	-		93,368	
Dividends received	37		37	
Net cash (used in)/from investing activities		(235,581)		45,332
<b>Cash flows from financing activities</b>				
Payment of finance lease liabilities	(5,173)		(4,511)	
Equity dividends paid	(127,293)		(413,703)	
Net cash used in financing activities		(132,466)		(418,214)
<b>Net increase/(decrease) in cash and cash equivalents</b>		(99,655)		100,035
<b>Cash and cash equivalents at beginning of year</b>		738,699		638,664
<b>Cash and cash equivalents at end of year</b>		639,044		738,699

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

### **Notes to the financial statements Year ended 31 August 2015**

#### **1. Statement of compliance**

These financial statements have been prepared in accordance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'. There were no material departures from this standard.

#### **2. Accounting policies**

##### **Basis of preparation**

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

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

##### **Transition to FRS 102**

The financial statements for the year ended 31 August 2015 are the first financial statements that comply with FRS 102. The date of transition is 1 September 2013. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 30.

##### **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)**

**Year ended 31 August 2015**

**2. Accounting policies (continued)**

**Property, plant and equipment**

Property, plant and equipment are initially recorded at cost, and are subsequently stated at cost less any accumulated depreciation and impairment losses.

Any property, plant and equipment 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.

**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
Motor vehicles	-	25% reducing balance

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of property, plant and equipment, 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 the statement of comprehensive income.

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.

**Financial assets**

Financial assets are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses. Financial investments are measured at fair value with changes in fair value being recognised in profit or loss.

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

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

**Year ended 31 August 2015**

**2. Accounting policies (continued)**

**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.

**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**

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are recognised in the statement of comprehensive income when due.

**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)**

**Year ended 31 August 2015**

**4. Other operating income**

	<b>2015</b>	2014
	<b>£</b>	£
Income from property (net of expenses)	304,338	307,623
Other operating income	6,720	6,013
	<u>311,058</u>	<u>313,636</u>

**5. Operating profit**

Operating profit is stated after charging/(crediting):

	<b>£</b>	£
Depreciation of property, plant and equipment	72,141	64,977
(Gain)/loss on disposal of property, plant and equipment	(1,775)	-
Fair value adjustments on investment properties	-	(42,065)
Fair value adjustments on financial assets	261	447
Operating lease rentals	40,942	30,340
Defined contribution plans expense	75,724	76,561
Fees payable for the audit of the financial statements	16,635	16,150
Income from property	<u>(304,388)</u>	<u>(307,623)</u>

**6. Auditor's remuneration**

	<b>2015</b>	2014
	<b>£</b>	£
<b>Fees payable to auditor</b>		
Fees payable for the audit of the financial statements	<u>16,635</u>	<u>16,150</u>
Fees payable to the company's auditor and its associates for other services:		
Taxation compliance services	585	565
Other non-audit services	<u>17,670</u>	<u>17,980</u>
	<u>18,255</u>	<u>18,545</u>

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

**Notes to the financial statements (continued)**  
**Year ended 31 August 2015**

**7. Staff costs**

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

	<b>2015</b>	2014
Office, sales and management	<u>63</u>	<u>62</u>

The aggregate payroll costs incurred during the year were:

	<b>2015</b>	2014
	£	£
Wages and salaries	1,471,179	1,328,819
Social security costs	133,584	117,181
Other pension costs	<u>75,724</u>	<u>76,561</u>
	<u>1,680,487</u>	<u>1,522,561</u>

**8. Directors' remuneration**

The directors aggregate remuneration in respect of qualifying services was:

	<b>2015</b>	2014
	£	£
Remuneration	223,315	139,186
Company contributions to pension schemes in respect of qualifying services	<u>14,510</u>	<u>18,920</u>
	<u>237,825</u>	<u>158,106</u>

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

	<b>2015</b>	2014
	Number	Number
Money purchase schemes	<u>4</u>	<u>2</u>

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

	<b>2015</b>	2014
	£	£
Aggregate remuneration	85,167	87,612
Company contributions to pension plans in respect of qualifying services	<u>700</u>	<u>16,096</u>
	<u>85,867</u>	<u>103,708</u>

The total remuneration of the non-executive directors included in the above emoluments during the year was £27,176 (2014 - £22,950). The number of non-executive directors at the year end was 5 (2014 - 4).

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

**Notes to the financial statements (continued)**  
**Year ended 31 August 2015**

**9. Income from financial assets**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Dividends received	<u>37</u>	<u>37</u>

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

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Bank deposits	1,711	4,254
Other interest receivable and similar income	96	795
	<u>1,807</u>	<u>5,049</u>

**11. Interest payable and similar charges**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Hire purchase interest	<u>908</u>	<u>1,569</u>

The Penrith Farmers' and Kidd's Plc

Notes to the financial statements (continued)

Year ended 31 August 2015

12. Tax on profit on ordinary activities

Major components of tax (income)/expense

	2015	2014
	£	£
<b>Current tax:</b>		
UK current tax expense	-	84,268
Adjustments in respect of previous periods	(41,660)	-
Total UK current tax	(41,660)	84,268
Total current tax	(41,660)	84,268
<b>Deferred tax:</b>		
Origination and reversal of timing differences	4,696	1,621
<b>Tax on profit on ordinary activities</b>	<b>(36,964)</b>	<b>85,889</b>

Reconciliation of tax (income)/expense

The tax assessed on the profit on ordinary activities for the year is lower than (2014: higher than) the standard rate of corporation tax in the UK of 20% (2014: 21%).

A reconciliation is given below:

	2015	2014
	£	£
Profit on ordinary activities before taxation	240,721	382,271
Profit on ordinary activities by rate of tax	48,144	80,277
Adjustments in respect of prior periods	(41,660)	-
Effect of expenses not deductible for tax purposes	(876)	2,829
Effect of capital allowances and depreciation	(6,450)	3,760
Utilisation of tax losses	(35,810)	-
Effect of fair value adjustments on investment properties	(272)	(4,331)
Effect of fair value adjustments on financial assets	(33)	(74)
Franked investment income	(7)	(8)
Changes as a result of change of rate of corporation tax in year	-	4,726
Marginal relief	-	(5,907)
Tax effect of transition to FRS 102	-	4,617
<b>Tax on profit on ordinary activities</b>	<b>(36,964)</b>	<b>85,889</b>

The Penrith Farmers' and Kidd's Plc

Notes to the financial statements (continued)  
Year ended 31 August 2015

13. Dividends

Equity dividends

	2015	2014
	£	£
Dividends paid during the year	<u>127,293</u>	<u>413,703</u>
	2015	2014
	£	£
Dividends proposed after the year end and not recognised as a liability	<u>79,558</u>	<u>127,293</u>

14. Property, plant and equipment

	Freehold property	Short leasehold property	Plant and machinery	Motor vehicles	Investment properties	Total
	£	£	£	£	£	£
<b>Cost or fair value</b>						
At 1 September 2014	739,172	4,495	373,320	27,750	3,759,215	4,903,952
Additions	120,294	-	117,924	-	-	238,218
Disposals	-	-	(5,377)	-	-	(5,377)
<b>At 31 August 2015</b>	<u>859,466</u>	<u>4,495</u>	<u>485,867</u>	<u>27,750</u>	<u>3,759,215</u>	<u>5,136,793</u>
<b>Depreciation</b>						
At 1 September 2014	264,633	1,312	197,083	13,116	-	476,144
Charge for the year	17,189	450	50,843	3,659	-	72,141
Disposals	-	-	(4,552)	-	-	(4,552)
<b>At 31 August 2015</b>	<u>281,822</u>	<u>1,762</u>	<u>243,374</u>	<u>16,775</u>	<u>-</u>	<u>543,733</u>
<b>Carrying amount</b>						
<b>At 31 August 2015</b>	<u>577,644</u>	<u>2,733</u>	<u>242,493</u>	<u>10,975</u>	<u>3,759,215</u>	<u>4,593,060</u>
At 31 August 2014	<u>474,539</u>	<u>3,183</u>	<u>176,237</u>	<u>14,634</u>	<u>3,759,215</u>	<u>4,427,808</u>

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

**Notes to the financial statements (continued)**  
**Year ended 31 August 2015**

**14. Property, plant and equipment (continued)**

Included within the above is investment property as follows:

	<b>£</b>
<b>At 31 August 2015</b>	<b>3,759,215</b>

The investment properties were revalued on 31 August 2014 by Mr K K C Blue MRICS a registered valuer, who was a director of the company. The basis of the valuation used was open market value. No valuation was carried out at 31 August 2015.

**Property, plant and equipment held at valuation**

In respect of property, plant and equipment 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:

	<b>Investment properties</b>
	<b>£</b>
<b>At 31 August 2015</b>	<b>1,280,721</b>
<b>At 31 August 2014</b>	<b>1,327,711</b>

The depreciation charge in respect of investment properties would have been £46,990 (2014 - £46,990).

**Obligations under finance leases**

Included within the carrying value of property, plant and equipment are the following amounts relating to assets held under finance leases or hire purchase agreements:

	<b>Motor vehicles</b>
	<b>£</b>
<b>At 31 August 2015</b>	<b>10,975</b>
<b>At 31 August 2014</b>	<b>14,634</b>

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

**Notes to the financial statements (continued)**  
**Year ended 31 August 2015**

**15. Financial assets**

	<b>Other investments other than loans £</b>
<b>Fair value</b>	
At 1 September 2014	3,805
Revaluations	(261)
<b>At 31 August 2015</b>	<u>3,544</u>
<b>Carrying amount</b>	
<b>At 31 August 2015</b>	<u>3,544</u>
At 31 August 2014	<u>3,805</u>

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

**Financial assets held at valuation**

In respect of financial assets 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:

	<b>Other investments other than loans £</b>
<b>Historical carrying value at 31 August 2015</b>	<u>276</u>
Historical carrying value at 31 August 2014	<u>276</u>

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

**Notes to the financial statements (continued)**  
**Year ended 31 August 2015**

**16. Debtors**

	<b>2015</b>	2014
	<b>£</b>	<b>£</b>
Trade debtors	427,021	351,332
Prepayments and accrued income	84,465	175,044
Other debtors	97,160	57,135
	<u>608,646</u>	<u>583,511</u>

**17. Creditors: amounts falling due within one year**

	<b>2015</b>	2014
	<b>£</b>	<b>£</b>
Trade creditors	40,907	40,038
Accruals and deferred income	82,225	65,701
Corporation tax	-	84,268
Social security and other taxes	163,759	151,054
Obligations under finance leases	12,139	5,172
Other creditors	15,777	21,052
	<u>314,807</u>	<u>367,285</u>

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

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

	<b>2015</b>	2014
	<b>£</b>	<b>£</b>
Obligations under finance leases	<u>-</u>	<u>12,140</u>

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

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

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

**Year ended 31 August 2015**

**19. Obligations under finance leases and hire purchase contracts**

**Company lessee**

The total future minimum lease payments under hire purchase and finance lease agreements are as follows:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Not later than 1 year	12,139	5,172
Later than 1 year and not later than 5 years	-	12,140
	<u>12,139</u>	<u>17,312</u>
Present value of minimum lease payments	<u>12,139</u>	<u>17,312</u>

**20. Deferred tax**

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

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Included in provisions (note 21)	<u>42,039</u>	<u>37,343</u>

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

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	37,240	32,187
Revaluation of investment property	4,231	4,503
Revaluation of financial assets	568	653
	<u>42,039</u>	<u>37,343</u>

**21. Provisions**

	<b>Deferred tax (note 20) £</b>
At 1 September 2014	37,343
Additions	4,696
<b>At 31 August 2015</b>	<u><u>42,039</u></u>

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

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

**Year ended 31 August 2015**

**22. Employee benefits**

**Defined contribution plans**

The amount recognised in profit or loss in relation to defined contribution plans was £75,724 (2014 - £76,561).

**23. Called up share capital**

**Issued, called up and fully paid**

	2015		2014	
	No	£	No	£
Ordinary shares shares of £ 1.00 each	318,233	318,233	318,233	318,233

**24. Reserves**

**Share premium account**

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

**Fair value reserve (previously Revaluation 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 fair value reserve may not be distributed legally under section 831(4) of the Companies Act 2006.

**Retained earnings (previously Profit and loss account)**

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

**25. Capital commitments**

Capital expenditure contracted for but not provided for in the financial statements is as follows:

	2015	2014
	£	£
Plant and equipment	74,237	-

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

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

**Year ended 31 August 2015**

**26. Operating leases**

**The company as lessee**

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

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Not later than 1 year	17,708	22,500
Later than 1 year and not later than 5 years	44,000	50,708
Later than 5 years	11,917	22,917
	<u>73,625</u>	<u>96,125</u>

**27. 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 £75,724 (2014 - £76,561) including contributions in respect of employees. The contributions included in creditors at the year end were £11,930 (2014 - £16,481).

**28. Related party transactions**

Material transactions with other related parties

During the year ended 31 August 2015 the company obtained services to the value of £48,928 (2014 - £50,550) from Cumberland & Westmorland Herald Limited. Mr W F Mossop, a director, is also a director of Cumberland & Westmorland Herald Limited. The balance included in trade creditors at the year end, 31 August 2015, was £5,553 (2014 - £5,165).

**29. Controlling party**

There is no overall controlling party.

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

**Notes to the financial statements (continued)**  
**Year ended 31 August 2015**

**30. Transition to FRS 102**

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 September 2013.

**Reconciliation of equity**

	<b>At 1 September 2013</b>			<b>At 31 August 2014</b>		
	Previously stated £	Effect of transition £	FRS 102 (restated) £	Previously stated £	Effect of transition £	FRS 102 (restated) £
Fixed assets	4,709,134	(208,867)	4,500,267	4,578,322	(146,708)	4,431,614
Current assets	1,438,149	(136,019)	1,302,130	1,542,713	(220,503)	1,322,210
Creditors amounts falling due within 1 year	(292,923)	(2,064)	(294,987)	(365,117)	(2,168)	(367,285)
Net current assets	1,145,226	(138,083)	1,007,143	1,177,596	(222,671)	954,925
Total assets less current liabilities	5,854,360	(346,950)	5,507,410	5,755,918	(369,379)	5,386,539
Creditors amounts falling due after more than 1 year	(17,311)	-	(17,311)	(12,140)	-	(12,140)
Provisions for liabilities	(34,901)	(821)	(35,722)	(32,187)	(5,156)	(37,343)
Net assets	5,802,148	(347,771)	5,454,377	5,711,591	(374,535)	5,337,056
Equity	5,802,148	(347,771)	5,454,377	5,711,591	(374,535)	5,337,056

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

**Notes to the financial statements (continued)**  
**Year ended 31 August 2015**

**30. Transition to FRS 102 (continued)**

**Reconciliation of profit for the year**

	<b>At 31 August 2014</b>		
	Previously stated £	Effect of transition £	FRS 102 (restated) £
Turnover	2,367,313	(84,484)	2,282,829
Cost of sales	(150,849)	-	(150,849)
Gross profit	2,216,464	(84,484)	2,131,980
Administrative expenses	(2,170,982)	62,502	(2,108,480)
Other operating income	313,636	-	313,636
Fair value adjustments on investments properties	42,065	-	42,065
Fair value adjustment on financial assets	-	(447)	(447)
Operating profit	401,183	(22,429)	378,754
Income from other financial assets	37	-	37
Other interest receivable and similar income	5,049	-	5,049
Interest payable and similar charges	(1,569)	-	(1,569)
Tax on ordinary activities	(81,554)	(4,335)	(85,889)
Profit on ordinary activities after taxation	323,146	(26,764)	296,382
Profit for the financial year	323,146	(26,764)	296,382

**31. Notes to reconciliation**

**Changes in accounting policy**

After a comprehensive review the directors have decided to change the accounting policy for accrued income relating to property sales. The policy has been adopted as from 1 September 2013 and the effects are shown in the transitional adjustments in note 30.

Due to the change in policy accrued income at 1 September 2013 in the sum of £136,019 has been eliminated. The increase between the opening and closing accrued income of £84,484 has been debited to turnover in the year ended 31 August 2014 as note 30.

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

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

**Year ended 31 August 2015**

**31. Notes to reconciliation (continued)**

**Re-classification of intangible assets**

The company has elected to apply FRS 102 section 19 in relation to certain intangible assets.

If FRS 102 had been applied on the latest business acquisition the purchase price would have been allocated to different intangible assets. The benefits from these intangible assets would have been exhausted by 31 August 2013 and accordingly any carrying value at that date has been eliminated.

This resulted in costs of £212,843 at 1 September 2013 which have been eliminated. The amortisation originally charged for the year ended 31 August 2014 in the sum of £62,606 has been credited to administrative expenses in the year ended 31 August 2014 as note 30.

**Short term compensated absences**

Prior to the adoption of FRS 102, the company did not make provision for holiday pay earned but not taken before the year end. FRS 102 requires the cost of short-term compensated absences to be recognised when employees render their service that increases their entitlement.

Consequently an accrual of £2,064 at 1 September 2013 has been made to reflect this. The accrual at 31 August 2014 had increased to £2,168 and the increase in provision of £104 has been debited to administrative expenses in the year ended 31 August 2014 as note 30.

**Effects of revaluation of financial assets**

Under FRS 102 financial assets are stated at fair value if the fair value can be measured reliably. When quoted prices are unavailable the price of a recent transaction for an identical asset provides evidence of fair value.

As a result the financial assets have been revalued at 1 September 2013 at £4,252 and revalued at 31 August 2014 at £3,805, fixed assets being increased accordingly. The decrease in the value of the shares in the sum of £447 has been debited to the fair value adjustment on fixed assets investments in the year to 31 August 2014 as note 30.

**Taxation effects of adjustments under FRS 102**

All the the above adjustments are shown gross before the adjustment of tax.

Overall the adjustments give rise to tax savings of £77,470.

Deferred tax has been provided for on all the potential gains, not covered by indexation, arising from the fair value revaluations.

This resulted in an increase in provision for deferred tax at 1 September 2013 of £821. The provision at 31 August 2014 was £5,156 and the increase of £4,335 has been debited to taxation in the year ended 31 August 2014 as note 30.