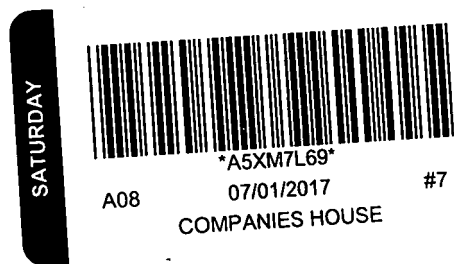


Company registration number: 00010553
England and Wales

The Penrith Farmers' and Kidd's Plc

Financial statements

**For the year ended
31 August 2016**



The Penrith Farmers' and Kidd's Plc

Company information

Managing director	Mr S J Lancaster	12	(12)
Executive director	Mr D R Britton	12	(12)
Non-executive directors	Mr R L Good	12	(12)
	Mrs J Brown	11	(12)
	Mr W F Mossop	5	(5)
	(Retired 15 January 2016)		
	Mrs K M Milbourn	12	(12)
	Mr J D Rowlands	12	(12)
	Mr B P H Wharam		(Appointed 26 September 2016)
	Mr J S R Wilson		(Appointed 26 September 2016)

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	Handelsbanken Enterprise House Gillan Way Penrith CA11 9BP
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Solicitors Baines Wilson
2 Merchants Drive
Carlisle
CA3 0JW

The Penrith Farmers' and Kidd's Plc

Contents

	Page
Chairman's statement and business review	1 - 3
Strategic report	4 - 5
Directors report	6 - 7
Independent auditor's report to the shareholders	8 - 9
Statement of comprehensive income	10
Statement of financial position	11 - 12
Statement of changes in equity	13
Statement of cash flows	14
Notes to the financial statements	15 - 27

The Penrith Farmers' and Kidd's Plc

Chairman's statement and business review

Year ended 31 August 2016

Introduction

The enclosed financial statements show a profit for the year of £81,349 comparable with the figure of £277,685 for the year to 31 August 2015. Turnover has shown a marginal increase of 0.6%.

The Company has also been focused on cash generation and debtor reduction with £116,861 additional cash being generated in the financial year and trade and other debtors being reduced by £164,140. These good practices and controls stand the business in good stead for appropriate expansion.

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

As I reported in my interim statement the Company is enduring a stubborn market and is facing demanding economic conditions in multiple departments whilst remaining committed to appropriate Company expansion and the improvement of the trading arm business.

Head Office

The Company's Head Office continues to administer the property portfolio and the management of the Company as a whole. The Company has employed a Chartered Accountant who adds significant value to the financial controls and systems in Head Office.

Estate Agency

The Estate Agency Business has performed well in the year but this performance has been counterbalanced by the financial commitment shown by the Company to the opening of the new Office in Devonshire Street, Carlisle, which will take time to fully return the investment.

The Carlisle City Centre Office continues to perform within expectations, furthermore it has created a great opportunity and focal point for other departments to expand their presence in the Northern part of the County.

Both the Cockermouth and Appleby offices are to be commended following the flooding of both these properties during the storms of December 2015 and whilst the Keswick office was not flooded the staff have worked tirelessly in a stressed market place where many properties were flooded and blighted by the storms.

The uncertainty in the lead up to Brexit coupled with the spike in sales caused by the adjustment in Stamp Duty Taxation caused volatility in the Estate Agency cash flow, which caused atypical variances at the financial year end and in the initial period of the new financial year.

The Company has established an enviable network of 7 offices which run a strong coherent Company Brand, this backed up with the well trained staff and excellent systems to control the business ensures our customers enjoy the very best of experiences.

The Penrith Farmers' and Kidd's Plc

Chairman's statement and business review (continued)

Year ended 31 August 2016

Furniture Sales

The Saleroom Manager has worked very hard during his initial tenure and is now beginning to achieve the traction the department requires.

The inclement weather during the early part of the financial year had a marked effect on the department's performance. However, the resolve of the staff leading into the new financial year is to be commended with improving results.

Land Agency

As with the Estate Agency, Land Agency has experienced cash flow timing issues towards the year end due to the uncertainty of the EU referendum and the ensuing Brexit.

Land sales have generally been successful, however the full effects of Brexit in the wider context and are yet to be fully understood.

The department has seen a partial re-structure with the rationalisation of staff coupled with the embracing of the IT systems to ensure we are financially efficient but still maintaining excellent service to clients.

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

Surveys and Valuations

The Surveys and Valuation department has performed well during the year, particularly following the flooding of Cockermouth and Keswick. The department has saved overheads by utilising the vacant space in the first floor office above Cockermouth Estate Agency, which has helped produce a vibrant, busy office.

Planning

During the year, this department has expanded into other sectors and is enjoying a period of growth. December brings the appointment of a new Chartered Planner to the Company. The Company continues to support this expanding part of our business.

Property Portfolio

The Company's properties are all currently let and continue to produce satisfactory returns.

The Penrith Farmers' and Kidd's Plc

Chairman's statement and business review (continued)

Year ended 31 August 2016

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 and opportunities which we believe will suit the PFK brand and business model.

As the changes to the business flow from the new executive team, the Company continues to prepare systematically and financially to expand and build on its existing momentum of operations and brand. Our strategy for expansion remains fluid due to our robust balance sheet position buoyed by the availability of finance from our own cash resources and the willingness of funders to work with us. This puts PFK in a strong position to respond rapidly to any appropriate growth opportunity whether that be organic or inorganic in nature.

The Board continues to promote all strategic assets through the planning processes.

As a part of the ongoing changes to the business the Board have decided to adjust the financial year end in 2017 from 31 August 2017 to 31 December 2017.

This decision is to allow more accurate reporting on the interim statement and avoids seasonality issues as seen this year with the financial year end coinciding with one of the busiest parts of the year.

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

21 November 2016

The Penrith Farmers' and Kidd's Plc

Strategic report Year ended 31 August 2016

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 2016 is shown below, together with those for 31 August 2015 and 31 August 2014 for comparative purposes.

	2016	2015	As restated 2014
- Turnover	£2,465,255	£2,449,704	£2,282,829
- Turnover growth	0.6%	7.3%	8.5%
- Net profit after taxation	£81,349	£277,685	£296,382
- Earnings per share	26p	87p	93p
- Return on capital employed *	1.9%	4.4%	7.2%

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

Shareholders funds at 31 August 2016 amounted to £5,489,238 (2015 - £5,487,448) 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 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.

The Penrith Farmers' and Kidd's Plc

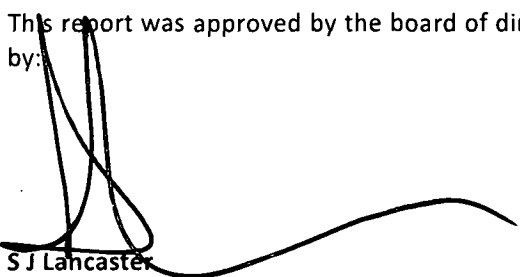
Strategic report (continued)

Year ended 31 August 2016

Financial risk management objectives and policies (continued)

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 21 November 2016 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 2016

The directors present their report and the financial statements of the company for the year ended 31 August 2016.

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

D R Britton

R L Good

J Brown

W F Mossop

(Retired 15 January 2016)

K M Milbourn

J D Rowlands

Mrs Brown and Mr Good retire by rotation. Mr Good is not offering himself for re-election.

Dividends

The directors recommend payment of a dividend of 25p per share (2015 - 25p 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 2016

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

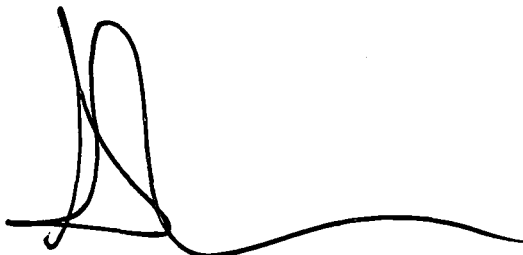
Each of the persons who is a director at the date of approval of this report confirms that:

- 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 21 November 2016 and signed on behalf of the board by:

S J Lancaster
Director

A handwritten signature in black ink, consisting of a large, stylized 'S' followed by a horizontal line that extends to the right.

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 2016

We have audited the financial statements of The Penrith Farmers' and Kidd's Plc for the year ended 31 August 2016 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 2016 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 2016**

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

21 November 2016

The Penrith Farmers' and Kidd's Plc

Statement of comprehensive income
Year ended 31 August 2016

	Note	2016 £	2015 £
Turnover	3	2,465,255	2,449,704
Cost of sales		(242,833)	(194,762)
Gross profit		2,222,422	2,254,942
Administrative expenses		(2,426,646)	(2,325,954)
Other operating income	4	305,519	311,058
Fair value adjustments on financial assets		(75)	(261)
Operating profit	5	101,220	239,785
Income from other financial assets	9	37	37
Other interest receivable and similar income	10	4,965	1,807
Interest payable and similar charges	11	(252)	(908)
Profit on ordinary activities before taxation		105,970	240,721
Tax on profit on ordinary activities	12	(24,621)	36,964
Profit for the financial year and total comprehensive income		<u>81,349</u>	<u>277,685</u>

All the activities of the company are from continuing operations.

The notes on pages 15 to 27 form part of these financial statements.

The Penrith Farmers' and Kidd's Plc

Statement of financial position

31 August 2016

	Note	2016 £	2015 £
Fixed assets			
Property, plant and equipment	14	4,722,420	4,593,060
Financial assets	15	3,469	3,544
		<u>4,725,889</u>	<u>4,596,604</u>
Current assets			
Debtors	16	444,506	608,646
Cash at bank and in hand		755,905	639,044
		<u>1,200,411</u>	<u>1,247,690</u>
Creditors: amounts falling due within one year	17	(380,706)	(314,807)
Net current assets		<u>819,705</u>	<u>932,883</u>
Total assets less current liabilities		<u>5,545,594</u>	<u>5,529,487</u>
Provisions for liabilities	20	(56,356)	(42,039)
Net assets		<u><u>5,489,238</u></u>	<u><u>5,487,448</u></u>
Capital and reserves			
Called up share capital	22	318,233	318,233
Share premium account	23	237,144	237,144
Fair value reserve	23	1,477,536	1,477,611
Retained earnings	23	3,456,325	3,454,460
Shareholders funds		<u><u>5,489,238</u></u>	<u><u>5,487,448</u></u>

The notes on pages 15 to 27 form part of these financial statements.

The Penrith Farmers' and Kidd's Plc

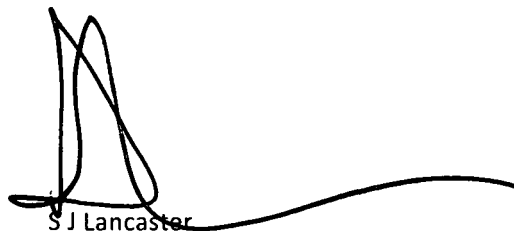
Statement of financial position (continued)

31 August 2016

These financial statements were approved by the board of directors and authorised for issue on 21 November 2016, 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 15 to 27 form part of these financial statements.

The Penrith Farmers' and Kidd's Plc

Statement of changes in equity
Year ended 31 August 2016

	Called up share capital £	Share premium account £	Fair value reserve £	Retained earnings £	Total £
At 1 September 2014	318,233	237,144	1,477,872	3,303,807	5,337,056
Profit for the year				277,685	277,685
Other comprehensive income for the year:					
Transfer from fair value reserve to retained earnings			(261)	261	-
Total comprehensive income for the year	-	-	(261)	277,946	277,685
Dividends paid				(127,293)	(127,293)
Total investments by and distributions to owners	-	-	-	(127,293)	(127,293)
At 31 August 2015	<u>318,233</u>	<u>237,144</u>	<u>1,477,611</u>	<u>3,454,460</u>	<u>5,487,448</u>
Profit for the year				81,349	81,349
Other comprehensive income for the year:					
Transfer from fair value reserve to retained earnings			(75)	75	-
Total comprehensive income for the year	-	-	(75)	81,424	81,349
Dividends paid				(79,558)	(79,558)
Total investments by and distributions to owners	-	-	-	(79,558)	(79,558)
At 31 August 2016	<u>318,233</u>	<u>237,144</u>	<u>1,477,536</u>	<u>3,456,325</u>	<u>5,489,238</u>

The Penrith Farmers' and Kidd's Plc

Statement of cash flows
Year ended 31 August 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	81,349	277,685
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	84,538	72,141
Fair value adjustment on financial assets	75	261
Income from other fixed asset investments	(37)	(37)
Other interest receivable and similar income	(4,965)	(1,807)
Interest payable and similar charges	252	908
Loss/(gain) on disposal of property, plant and equipment	2,123	(1,775)
Tax on profit on ordinary activities	24,621	(36,964)
Accrued expenses	18,903	8,445
<i>Changes in:</i>		
Decrease in trade and other debtors	122,479	16,526
Increase in trade and other creditors	48,830	16,378
Cash generated from operations	378,168	351,761
Interest paid	(252)	(908)
Interest received	4,965	1,807
Tax received/(paid)	41,660	(84,268)
Net cash from operating activities	<u>424,541</u>	<u>268,392</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(222,124)	(238,218)
Proceeds from sale of property, plant and equipment	6,104	2,600
Dividends received	37	37
Net cash used in investing activities	<u>(215,983)</u>	<u>(235,581)</u>
Cash flows from financing activities		
Payment of finance lease liabilities	(12,139)	(5,173)
Equity dividends paid	(79,558)	(127,293)
Net cash used in financing activities	<u>(91,697)</u>	<u>(132,466)</u>
Net increase/(decrease) in cash and cash equivalents	116,861	(99,655)
Cash and cash equivalents at beginning of year	639,044	738,699
Cash and cash equivalents at end of year	<u>755,905</u>	<u>639,044</u>

The Penrith Farmers' and Kidd's Plc

Notes to the financial statements

Year ended 31 August 2016

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 that 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.

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 2016

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 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 2016

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 hire purchase and 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 2016

4. Other operating income

	2016	2015
	£	£
Income from property (net of expenses)	299,041	304,338
Other operating income	6,478	6,720
	<u>305,519</u>	<u>311,058</u>

5. Operating profit

Operating profit is stated after charging/(crediting):

	£	£
Depreciation of property, plant and equipment	84,538	72,141
Loss/(gain) on disposal of property, plant and equipment	2,123	(1,775)
Fair value adjustments on financial assets	75	261
Operating lease rentals	41,120	40,942
Defined contribution plans expense	91,464	75,724
Fees payable for the audit of the financial statements	16,725	16,635
Income from property	<u>(299,041)</u>	<u>(304,388)</u>

6. Auditor's remuneration

	2016	2015
	£	£
Fees payable to robinson+co		
Fees payable for the audit of the financial statements	<u>16,725</u>	<u>16,635</u>
Fees payable to the company's auditor and its associates for other services:		
Taxation compliance services	590	585
Other non-audit services	15,790	17,670
	<u>16,380</u>	<u>18,255</u>

The Penrith Farmers' and Kidd's Plc

Notes to the financial statements (continued)
Year ended 31 August 2016

7. Staff costs

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

	2016	2015
Office, sales and management	<u>62</u>	<u>63</u>

The aggregate payroll costs incurred during the year were:

	2016	2015
	£	£
Wages and salaries	1,559,359	1,471,179
Social security costs	144,659	133,584
Other pension costs	<u>91,464</u>	<u>75,724</u>
	<u>1,795,482</u>	<u>1,680,487</u>

8. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2016	2015
	£	£
Remuneration	267,906	223,315
Company contributions to pension schemes in respect of qualifying services	<u>14,483</u>	<u>14,510</u>
	<u>282,389</u>	<u>237,825</u>

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

	2016	2015
	Number	Number
Money purchase schemes	<u>2</u>	<u>4</u>

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

	2016	2015
	£	£
Aggregate remuneration	152,681	85,167
Company contributions to pension plans in respect of qualifying services	<u>8,900</u>	<u>700</u>
	<u>161,581</u>	<u>85,867</u>

The total remuneration of the non-executive directors included in the above emoluments during the year was £26,893 (2015 - £27,176). The number of non-executive directors at the year end was 4 (2015 - 5).

The Penrith Farmers' and Kidd's Plc

Notes to the financial statements (continued)

Year ended 31 August 2016

9. Income from financial assets

	2016	2015
	£	£
Dividends received	<u>37</u>	<u>37</u>

10. Other interest receivable and similar income

	2016	2015
	£	£
Bank deposits	3,996	1,711
Other interest receivable and similar income	<u>969</u>	<u>96</u>
	<u><u>4,965</u></u>	<u><u>1,807</u></u>

11. Interest payable and similar charges

	2016	2015
	£	£
Hire purchase interest	<u>252</u>	<u>908</u>

The Penrith Farmers' and Kidd's Plc

Notes to the financial statements (continued)
Year ended 31 August 2016

12. Tax on profit on ordinary activities

Major components of tax expense/(income)

	2016	2015
	£	£
Current tax:		
UK current tax expense	10,304	-
Adjustments in respect of previous periods	-	(41,660)
Total UK current tax	10,304	(41,660)
Total current tax	10,304	(41,660)
Deferred tax:		
Origination and reversal of timing differences	14,317	4,696
Tax on profit on ordinary activities	24,621	(36,964)

Reconciliation of tax expense/(income)

The tax assessed on the profit on ordinary activities for the year is higher than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 20%).

A reconciliation is given below:

	2016	2015
	£	£
Profit on ordinary activities before taxation	105,970	240,721
Profit on ordinary activities by rate of tax	21,194	48,144
Adjustments in respect of prior periods	-	(41,660)
Effect of expenses not deductible for tax purposes	1,202	(876)
Effect of capital allowances and depreciation	2,330	(6,450)
Utilisation of tax losses	-	(35,810)
Effect of fair value adjustments on investment properties	(95)	(272)
Effect of fair value adjustments on financial assets	(3)	(33)
Franked investment income	(7)	(7)
Tax on profit on ordinary activities	24,621	(36,964)

The Penrith Farmers' and Kidd's Plc

Notes to the financial statements (continued)
Year ended 31 August 2016

13. Dividends

Equity dividends

	2016	2015
	£	£
Dividends paid during the year	79,558	127,293

	2016	2015
	£	£
Dividends proposed after the year end and not recognised as a liability	79,558	79,558

14. Property, plant and equipment

	Freehold property	Short leasehold property	Plant and machinery	Motor vehicles	Investment properties	Total
	£	£	£	£	£	£
Cost or fair value						
At 1 September 2015	859,466	4,495	485,866	27,750	3,759,215	5,136,792
Additions	30,681	46,329	145,114	-	-	222,124
Disposals	-	-	(31,375)	(27,750)	-	(59,125)
At 31 August 2016	890,147	50,824	599,605	-	3,759,215	5,299,791
Depreciation						
At 1 September 2015	281,822	1,762	243,373	16,775	-	543,732
Charge for the year	17,803	1,994	61,992	2,748	-	84,537
Disposals	-	-	(31,375)	(19,523)	-	(50,898)
At 31 August 2016	299,625	3,756	273,990	-	-	577,371
Carrying amount						
At 31 August 2016	590,522	47,068	325,615	-	3,759,215	4,722,420
At 31 August 2015	577,644	2,733	242,493	10,975	3,759,215	4,593,060

The Penrith Farmers' and Kidd's Plc

Notes to the financial statements (continued)
Year ended 31 August 2016

14. Property, plant and equipment (continued)

Included within the above is investment property as follows:

	£
At 31 August 2016	3,759,215

The investment properties were revalued on 31 August 2014 by Mr K K C Blue MRICS a registered valuer, who was, at that time, a director of the company. The basis of the valuation used was open market value. No valuation was carried out at 31 August 2016.

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:

	Motor vehicles
	£
At 31 August 2016	-
At 31 August 2015	10,975

15. Financial assets

	Other investments other than loans
	£
Fair value	
At 1 September 2015	3,544
Revaluations	(75)
At 31 August 2016	3,469
Carrying amount	
At 31 August 2016	3,469
At 31 August 2015	3,544

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

The Penrith Farmers' and Kidd's Plc

Notes to the financial statements (continued)
Year ended 31 August 2016

15. Financial assets (continued)

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:

	Other investments other than loans £
Historical carrying value at 31 August 2016	276
Historical carrying value at 31 August 2015	276

16. Debtors

	2016 £	2015 £
Trade debtors	316,891	427,021
Prepayments and accrued income	97,615	84,465
Other debtors	30,000	97,160
	<u>444,506</u>	<u>608,646</u>

17. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	92,898	40,907
Accruals and deferred income	101,129	82,225
Corporation tax	10,304	-
Social security and other taxes	161,174	163,759
Obligations under finance leases	-	12,139
Other creditors	15,201	15,777
	<u>380,706</u>	<u>314,807</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 2016

18. 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:

	2016	2015
	£	£
Not later than 1 year	-	12,139
Present value of minimum lease payments	-	12,139

19. Deferred tax

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

	2016	2015
	£	£
Included in provisions (note 20)	56,356	42,039

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

	2016	2015
	£	£
Accelerated capital allowances	51,670	37,240
Revaluation of investment property	4,136	4,231
Revaluation of financial assets	550	568
	56,356	42,039

20. Provisions

	Deferred tax (note 19) £
At 1 September 2015	42,039
Additions	14,317
At 31 August 2016	56,356

21. Employee benefits

Defined contribution plans

The amount recognised in profit or loss in relation to defined contribution plans was £91,464 (2015 - £75,724).

The Penrith Farmers' and Kidd's Plc

Notes to the financial statements (continued)

Year ended 31 August 2016

22. Called up share capital
Issued, called up and fully paid

	2016		2015	
	No	£	No	£
Ordinary shares shares of £ 1.00 each	<u>318,233</u>	<u>318,233</u>	<u>318,233</u>	<u>318,233</u>

23. Reserves
Share premium account

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

Fair value reserve

This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income (previously the Statement of recognised gains and losses).

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

Retained earnings

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

24. Capital commitments

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

	2016	2015
	£	£
Plant and equipment	<u>-</u>	<u>74,237</u>

25. Operating leases

The company as lessee

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

	2016	2015
	£	£
Not later than 1 year	50,701	17,708
Later than 1 year and not later than 5 years	144,275	44,000
Later than 5 years	93,725	11,917
	<u>288,701</u>	<u>73,625</u>

The Penrith Farmers' and Kidd's Plc

Notes to the financial statements (continued)

Year ended 31 August 2016

26. Pension commitments

The company operates defined contribution schemes on behalf of certain directors and certain employees. The assets of the schemes are held separately from those of the company in independently administered funds. The pension charge represents contributions payable by the company to the funds and amounted to £91,464 (2015 - £75,724). The contributions included in creditors at the year end were £11,224 (2015 - £11,930).

27. Statutory information

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

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

28. Controlling party

There is no overall controlling party.