

Company Registration No. 00010553 (England and Wales)

THE PENRITH FARMERS' AND KIDD'S PLC
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019

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THE PENRITH FARMERS' AND KIDD'S PLC

COMPANY INFORMATION

Directors	Mr S J Lancaster	7 (7)
	Mr R A Lightfoot	7 (7)
	Mr S Dunn	7 (7)
	Mrs K M Milbourn	6 (7)
	Mr J D Rowlands	7 (7)
	Mr B P H Wharam	6 (7)
	Mr J S R Wilson	7 (7)

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

Secretary Mr J W Webb

Company number 00010553

Registered office Agricultural Hall
Skirsgill
Pennith
Cumbria
CA11 0DN

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

Bankers Barclays Bank plc
Oxenholme Road
Kendal
Cumbria
LA9 7RL

Handelsbanken
Enterprise House
Gillan Way
Pennith
CA11 9BP

Solicitors Baines Wilson LLP
2 Merchants Drive
Carlisle
CA3 0JW

THE PENRITH FARMERS' AND KIDD'S PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019

Chairman's statement and business review

As I write this Chairman's statement we are in a period of huge uncertainty as the entire globe is putting in drastic measures to curtail the spread of COVID-19 and we will not be immune to the impacts of this. In line with government guidelines, we have temporarily closed our offices and taken advantage of the generous support from the Government, principally in terms of the Job Retention Scheme and Business Rates relief and we are continuing to monitor the position very closely.

Overview of 2019

2019 has been another very difficult and challenging year for the Company. There has been a weakening in the overall UK property market as political and economic uncertainty have impacted confidence across our sectors, in particular Estate Agency.

Against this backdrop the Estate Agency, whilst in a market that has contracted, have grown new listings by 5% during the period December 2018 to November 2019 (figures from Rightmove).

Whilst the Board are disappointed with the performance of this department and in particular the effect on the Company's overall financial performance, it is recognised the company operates in a cyclical sector which is heavily affected by confidence.

In adapting our business, we have further impaired our performance by taking the necessary decision to close an office and make staff redundant. Whilst it is a bitter pill to swallow in a downward cycle, it is recognised the company must adapt to stay agile and embrace new technology where longer-term savings can be made.

I am pleased to report that we have fully mitigated our loss through the timely and targeted disposal of certain of the Company's assets, thereby increasing Shareholders' Equity to £6,288,644 and cash balances to £2,318,032.

The decisions we have made ensure a high level of liquidity within the Company which safeguards our ability to stay agile and execute at pace as and when opportunities are revealed.

Our business and people have proved adaptable and resilient in this prolonged downturn, and whilst disappointing in some sectors of our business, we are pleased to deliver an overall positive result.

On 16th March 2020 the Managing Director, Stephen Lancaster, gave us notice of his intention to resign to pursue other opportunities. During his time with us, Stephen has been transformational and has been a great asset to the Company. The Board wishes to offer Stephen their thanks for all his hard work throughout his time at PFK.

The Board will take this opportunity to consider the optimal management structure going forward and I will be taking a more executive role for the time being. The Company's senior executives and non-executive directors are working with Stephen to ensure there is a smooth transition.

Outlook

We had hoped that further stability would arise from the General Election result and the resolution of the uncertainties surrounding the Country's exit from the European Union but the recent impact of COVID-19 is likely to have a significant negative impact on our performance.

At the start of 2020, our sales pipeline was well ahead of last year and the teams were working hard to transact that business but this is likely to be derailed by the impact of COVID-19 this year. However, confidence will eventually return and we feel the Company is well positioned to capitalise on exiting a downward cycle using the best digital systems run by motivated and cost-effective teams.

THE PENRITH FARMERS' AND KIDD'S PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

We have received some interest in Eden 41 Business Park and, as such, we have submitted a planning application for a first phase of infrastructure. We had expected that some initial works would commence on site in Summer 2020 and we will keep this under review. As work progresses, we will seek to crystallise this interest into the initial phases of development.

The Company is well capitalised and has substantial cash balances which should shield us from the worst effects of COVID 19. Looking further forward, through considered use of our funds, and the development of Eden 41 Business Park, we will bring further robust cashflows into the business seeking to maximise share value over the coming years.

Overview of the financial statements

The enclosed financial statements show a profit before tax for the reporting year of £579,858 compared with the figure of £345,051 for the 12 months to 31 December 2018.

Prior to the effect of property revaluations and disposals the company suffered a loss before tax of £241,958 (2018 Profit of £147,601), mainly due to turnover for the 12 months to 31 December 2019 being reduced by 6% on the previous equivalent period. This has been predominantly driven by shortfalls in Estate Agency activity.

The Directors believe the fair value of investment properties as at 31 December 2019 continued to reflect the valuation carried out in the previous year.

COVID-19

Whilst, at the time of signing, there is uncertainty over the length of time that the current lockdown will last, and the period of time the UK economy will take to recover when the lockdown is lifted, the directors believe that the Company is in a strong position to withstand the resulting economic shocks including the negative impact this will have on the number of property transactions being conducted.

The Company holds significant, liquid assets to service current liabilities and the potential for continued losses. It also holds a significant investment property portfolio, generating strong rents, which could be used as security to borrow or sold, to generate further liquidity if necessary. The executive team are continually updating forecasts and projections ensuring the Board are in a strong position to react to the ever-changing situation and to make cost-saving decisions, should they be necessary, to safeguard the future of the Company. Accordingly the directors do not believe there is any significant uncertainty over the Company's ability to trade as a going concern, despite the uncertainty related to the COVID-19 crisis, and that the preparation of the accounts on a going concern basis remains appropriate.

Dividend

As a result of the dynamic situation in respect of COVID-19 it is not possible to forecast the extent of the financial impact this will cause for the business in 2020. Accordingly the directors have decided no longer to declare a final dividend in respect of the year to 31 December 2019. However, consideration will be given to potentially declaring an interim dividend during the course of this financial year, if it is prudent to do so. We hope shareholders will appreciate that we are in truly unprecedented financial times and it is simply not prudent or possible to give any greater assurances at this moment in time.

Review of the business

As the shareholders are aware, the Company closed the Appleby Estate Agency Office in January 2019, with this operational area being successfully absorbed into the neighbouring offices of Kirkby Stephen and Penrith.

Towards the end of the financial year we significantly reduced our exposure to printed media, choosing to focus on our digital offer. Realised savings are being channelled to our Marketing department and sector teams with the emphasis being placed on in-house development and knowledge.

THE PENRITH FARMERS' AND KIDD'S PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

In this context, our Estate Agency champion this new approach with enhanced explanations of offers and strategies to give the best possible service to our customers

As we progress, we recognise that how customers and businesses interface with us is changing, with access to our website via mobile phone steadily increasing. In response to the change in these interactions we now run a mobile first approach to our communications with customers free to access us with a full spread of social media platforms with the priority being mobile technology.

Surveys and Valuations have continued to provide excellent reporting for a wide range of clients, however, have suffered challenges in 2019 with the lack of confidence and reduced sales market. 2020 has started a little brighter with growing sentiment.

Land and Development had begun to gain the traction they require, with increased footfall and recognition coming from the prominent location on Rosehill Business Park. Early 2020 had brought new clients with the uncertainty of the General election removed and it was pleasing to see the Land and Development brand being received with increasing confidence. This ability to cross-sell services under one roof will bring added benefit and value to both Company and client.

Land Agency performed in-line with expectations and had started 2020 in similar vein. Our percentage of fees gained through sales had increased and we recognise our successful platform shared with the Estate Agency is an important offer in an increasingly digital world.

The Saleroom once again prevailed and delivered a reasonable year. Both the Company and clients benefit from strong leadership and an increasing regional reach. The department already has a strong digital offer which allows bids worldwide to compete with traditional auction bidding in the room, leading to enhanced prices for items.

Notwithstanding certain areas of optimism, as this difficult market had continued throughout the year, and as a part of an ongoing focus on cost, we have also made redundancies in our administrative functions across the company and to Head Office.

These redundancies impacted our performance, however, as a cost-effective counter measure, we have focused on improving our digital offer which ultimately will prove beneficial and more profitable in the longer term.

Key developments in the period have included

Maximising Property Assets

The Company disposed a part of the Junction 40 (Head Office site) to Highways England. This disposal has generated significant profit and liquidity during uncertain times.

Continued promotion and investment in Eden 41 Business Park.

Investment in Digital

New CRM (Customer Relationship Management) Software integrated in Estate and Land Agency.

Enhanced focus on digital advertising as an in-house function.

Development of Professional Property Services and Branding

We have opened a second office in Carlisle on Rosehill Business Park encompassing PFK Land and Development.

THE PENRITH FARMERS' AND KIDD'S PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Measurement of performance

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

The actual performance against key performance indicators for the twelve months to 31 December 2018 is shown below, together for the twelve months to 31 December 2019 for comparative purposes

	2019	2018
Turnover	£2,541,370	£2,703,314
Turnover (decline)/growth	(6.0%)	(0.5%)
Net profit after taxation	£512,051	£312,152
Earnings per share for the period	161p	98p
Return on capital employed	9.1%	5.9%

Shareholders' funds at 31 December 2019 amounted to £6,288,644 (2018 - £5,856,151) and the directors consider this to be satisfactory

THE PENRITH FARMERS' AND KIDD'S PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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

The board of directors of Penrith Farmers' and Kidd's PLC consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefits of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 December 2019 and in the decisions regarding the operational and strategic plans going forward

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

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

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

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

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

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

On behalf of the board



Mr J D Rowlands
Director

Date 15th April 2020

THE PENRITH FARMERS' AND KIDD'S PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019

Principal activities

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

Directors

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

Mr S Dunn
Mr S J Lancaster
Mrs R A Lightfoot
Mrs K M Milbourn
Mr J D Rowlands
Mr B P H Wharam
Mr J S R Wilson

Results and dividends

The results for the year are set out on page 10

Ordinary dividends were paid amounting to £79,558 (2018: £79,558) in respect of the previous financial years. The directors do not recommend payment of a dividend in respect of the financial year to 31 December 2019.

Auditor

RSM UK Audit LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

Statement of disclosure to auditor

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

On behalf of the board



Mr J D Rowlands
Director

Date

15th April 2020

THE PENRITH FARMERS' AND KIDD'S PLC

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations

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

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

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

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

Opinion

We have audited the financial statements of The Penrith Farmers' and Kidd's plc (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice)

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

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

THE PENRITH FARMERS' AND KIDD'S PLC

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	2,541,370	2,703,314
Cost of sales		(328,839)	(334,807)
Gross profit		2,212,531	2,368,507
Administrative expenses		(2,723,304)	(2,493,241)
Other operating income	7	259,733	467,642
Profit on disposal of investment property		821,816	-
Operating profit	6	570,776	342,908
Interest receivable and similar income	9	8,944	2,330
Other gains and losses	10	138	(187)
Profit before taxation		579,858	345,051
Tax on profit	11	(67,807)	(32,899)
Profit for the financial year		512,051	312,152

THE PENRITH FARMERS' AND KIDD'S PLC**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Intangible assets	13		6,575		8,816
Tangible assets	14		1,107,857		1,185,122
Investment properties	15		2,912,793		4,060,000
Investments	16		3,122		2,984
			<u>4,030,347</u>		<u>5,256,922</u>
Current assets					
Debtors	17	450,632		412,807	
Cash at bank and in hand		2,318,032		687,976	
			2,768,664		1,100,783
Creditors: amounts falling due within one year	18	(362,766)		(450,437)	
Net current assets			2,405,898		650,346
Total assets less current liabilities			6,436,245		5,907,268
Provisions for liabilities	20		(147,601)		(51,117)
Net assets			<u>6,288,644</u>		<u>5,856,151</u>
Capital and reserves					
Called up share capital	23		318,233		318,233
Share premium account	24		237,144		237,144
Fair value reserve	25		1,497,881		1,674,501
Profit and loss reserves	26		4,235,386		3,626,273
Total equity			<u>6,288,644</u>		<u>5,856,151</u>

The financial statements were approved by the board of directors and authorised for issue on and are signed on its behalf by



Mr J D Rowlands
Director

15th April 2020

THE PENRITH FARMERS' AND KIDD'S PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £	Share premium account £	Fair value reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2018		318,233	237,144	1,477,238	3,590,942	5,623,557
Year ended 31 December 2018:						
Profit and total comprehensive income for the year		-	-	-	312,152	312,152
Dividends	12	-	-	-	(79,558)	(79,558)
Transfers		-	-	197,263	(197,263)	-
Balance at 31 December 2018		318,233	237,144	1,674,501	3,626,273	5,856,151
Year ended 31 December 2019:						
Profit and total comprehensive income for the year		-	-	-	512,051	512,051
Dividends	12	-	-	-	(79,558)	(79,558)
Transfers		-	-	(176,620)	176,620	-
Balance at 31 December 2019		318,233	237,144	1,497,881	4,235,386	6,288,644

THE PENRITH FARMERS' AND KIDD'S PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	27		(196,995)		275,022
Income taxes paid			(34,764)		(63,007)
Net cash (outflow)/inflow from operating activities			(231,759)		212,015
Investing activities					
Purchase of intangible assets		-		(798)	
Purchase of tangible fixed assets		(36,594)		(152,441)	
Purchase of investment property		(18,263)		-	
Proceeds on disposal of investment property		1,987,286		-	
Interest received		8,869		2,255	
Other investment income received		75		75	
Net cash generated from/(used in) investing activities			1,941,373		(150,909)
Financing activities					
Dividends paid		(79,558)		(79,558)	
Net cash used in financing activities			(79,558)		(79,558)
Net increase/(decrease) in cash and cash equivalents			1,630,056		(18,452)
Cash and cash equivalents at beginning of year			687,976		706,428
Cash and cash equivalents at end of year			2,318,032		687,976

THE PENRITH FARMERS' AND KIDD'S PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

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

The company's principal activities and nature of its operations are disclosed in the Directors' Report on page 5.

Accounting convention

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

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

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

Going concern

Whilst at the time of signing, there is uncertainty over the length of time that the current lockdown will last, and the period of time the UK economy will take to recover when the lockdown is lifted, the directors believe that the Company is in a strong position to withstand the resulting economic shocks including the negative impact this will have on the number of property transactions being conducted.

The Company holds significant, liquid assets to service current liabilities and the potential for continued losses. It also holds a significant investment property portfolio, generating strong rents, which could be used as security to borrow or sold, to generate further liquidity if necessary. The executive team are continually updating forecasts and projections ensuring the Board are in a strong position to react to the ever-changing situation and to make cost-saving decisions should they be necessary to safeguard the future of the Company. Accordingly the directors do not believe there is any significant uncertainty over the Company's ability to trade as a going concern, despite the uncertainty related to the COVID-19 crisis, and that the preparation of the accounts on a going concern basis remains appropriate.

Turnover

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

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

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

THE PENRITH FARMERS' AND KIDD'S PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

Intangible fixed assets other than goodwill

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

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

Brands	20% straight line
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Tangible fixed assets

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

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

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

Land is not depreciated

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

Investment properties

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

Fixed asset investments

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

Impairment of fixed assets

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

THE PENRITH FARMERS' AND KIDD'S PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

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

Cash and cash equivalents

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

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

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

Basic financial assets

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

Other financial assets

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

Impairment of financial assets

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

THE PENRITH FARMERS' AND KIDD'S PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Basic financial liabilities

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

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire

Equity instruments

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

Taxation

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

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

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

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

THE PENRITH FARMERS' AND KIDD'S PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

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

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits

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

Employee benefits

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

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

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

Retirement benefits

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

Leases

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

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

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods

THE PENRITH FARMERS' AND KIDD'S PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

2 Judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

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

Valuation of investment properties

The directors have carried out a valuation of investment properties and believe that the fair value at 31 December 2019 reflects the valuation carried out in previous years. The valuation was made on an open market value basis by reference to the rental yield of individual properties. The directors have exercised judgement in placing reliance on a valuation of investment property from the previous year, but it is likely to include some estimation uncertainty given the passage of time since said valuation

3 Turnover and other revenue

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

4 Employees

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

	2019 Number	2018 Number
Office sales and management	63	64

Their aggregate remuneration comprised

	2019 £	2018 £
Wages and salaries	1,600,290	1,651,309
Social security costs	151,671	141,175
Pension costs	112,696	99,930
	<u>1,864,657</u>	<u>1,892,414</u>

5 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	256,193	266,387
Company pension contributions to defined contribution schemes	22,179	21,305
	<u>278,372</u>	<u>287,692</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2018 - 2)

THE PENRITH FARMERS' AND KIDD'S PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

5 Directors' remuneration (Continued)

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

	2019 £	2018 £
Remuneration for qualifying services	156,490	166,174
Company pension contributions to defined contribution schemes	17,140	16,480

The total remuneration of non-executive directors included in the above emoluments during the year was £32,380 (2018 - £31,090). The number of non-executive directors at the year end was 5 (2018 - 5).

6 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting)		
Depreciation of owned tangible fixed assets	113,859	102,433
Profit on disposal of investment property	(821,816)	-
Amortisation of intangible assets	2,241	2,214
Operating lease charges	42,744	33,377

7 Other operating income

	2019 £	2018 £
Gross rental income	256,222	329,990
Expenses relating to rental income	-	(64,081)
Rental income	256,222	265,909
Gross other operating income	3,511	6,225
Expenses relating to other operating income	-	(1,942)
Other operating income	3,511	4,283
Revaluation of investment properties	-	197,450
	259,733	467,642

In the prior year, rental income was presented in the income statement net of an estimate of related costs.

This year the directors have decided that rental income would be more appropriately classified gross of associated costs in line with generally accepted accounting principles.

THE PENRITH FARMERS' AND KIDD'S PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

8 Auditor's remuneration	2019	2018
	£	£
Fees payable to the company's auditor and its associates		
For audit services		
Audit of the financial statements of the company	17,000	15,000
For other services		
Taxation compliance services	3,500	600
All other non-audit services	3,450	7,343
	<u>6,950</u>	<u>7,943</u>
9 Interest receivable and similar income	2019	2018
	£	£
Interest income		
Interest on bank deposits	8,869	2,255
Income from fixed asset investments		
Income from other fixed asset investments	75	75
Total income	<u>8,944</u>	<u>2,330</u>
10 Other gains and losses fixed asset investments	2019	2018
	£	£
Fair value gains/(losses) on financial instruments		
Change in value of financial assets held at fair value through profit or loss	138	(187)
11 Taxation	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	-	34,764
Adjustments in respect of prior periods	(28,677)	(37)
Total current tax	<u>(28,677)</u>	<u>34,727</u>
Deferred tax		
Origination and reversal of timing differences	96,484	(1,828)
Total tax charge	<u>67,807</u>	<u>32,899</u>

THE PENRITH FARMERS' AND KIDD'S PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

11 Taxation (Continued)

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

	2019 £	2018 £
Profit before taxation	579,858	345,051
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	110,173	65,560
Tax effect of expenses that are not deductible in determining taxable profit	778	443
Tax effect of income not taxable in determining taxable profit	(156,171)	-
Unutilised tax losses carried forward	28,677	-
Change in unrecognised deferred tax assets	112,001	-
Adjustments in respect of prior years	-	(37)
Adjustments in respect of financial assets	(28,677)	1
Effect of revaluations of investments	-	(37,516)
Dividend income	-	(14)
Effects of capital allowances and depreciation	426	4,462
Taxation charge for the year	67,807	32,899

12 Dividends

	2019 £	2018 £
Final paid	79,558	79,558

13 Intangible fixed assets

	Brands £
Cost	
At 1 January 2019 and 31 December 2019	11,203
Amortisation and impairment	
At 1 January 2019	2,387
Amortisation charged for the year	2,241
At 31 December 2019	4,628
Carrying amount	
At 31 December 2019	6,575
At 31 December 2018	8,816

THE BENRITH FARMERS' AND KIDD'S PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

14 Tangible fixed assets

	Freehold land and buildings	Leasehold land and buildings	Plant and equipment	Total
	£	£	£	£
Cost				
At 1 January 2019	1,222,983	48,150	696,054	1,967,187
Additions	6,109	6,125	24,360	36,594
At 31 December 2019	1,229,092	54,275	720,414	2,003,781
Depreciation and impairment				
At 1 January 2019	350,154	12,583	419,328	782,065
Depreciation charged in the year	24,561	5,399	83,899	113,859
At 31 December 2019	374,715	17,982	503,227	895,924
Carrying amount				
At 31 December 2019	854,377	36,293	217,187	1,107,857
At 31 December 2018	872,829	35,567	276,726	1,185,122

THE PENRITH FARMERS' AND KIDD'S PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

15 Investment property

	2019 £
Fair value	
At 1 January 2019	4,060,000
Additions	18,263
Disposals	(1,165,470)
At 31 December 2019	<u>2,912,793</u>

The fair value of the investment property has been arrived at on the basis of a valuation carried out at 31 December 2018 by Carigiet Cowen Chartered Surveyors, who are not connected with the company. The valuation was made on an open market value basis by reference to the rental yield of individual properties.

At 31 December 2019 the directors carried out a valuation of the investment property and do not believe that the fair value of the properties in the portfolio have changed.

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

	2019 £	2018 £
Cost	1,632,925	2,284,872
Accumulated depreciation	(804,051)	(1,250,972)
Carrying amount	<u>828,874</u>	<u>1,033,900</u>

16 Fixed asset investments

	2019 £	2018 £
Unlisted investments	<u>3,122</u>	<u>2,984</u>

This represents holdings of 440 £0.50 (2018: 440 £0.50) Ordinary shares and 306 £0.01 (2018: 306 £0.01) Ordinary-A shares in L & K Group plc.

THE PENRITH FARMERS' AND KIDD'S PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

16 Fixed asset investments (Continued)

Movements in fixed asset investments

	Investments other than loans £
Cost or valuation	
At 1 January 2019	2,984
Fair value movements	138
At 31 December 2019	3,122
Carrying amount	
At 31 December 2019	3,122
At 31 December 2018	2,984

17 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	230,070	263,343
Corporation tax recoverable	28,677	-
Prepayments and accrued income	191,885	149,464
	450,632	412,807

18 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	55,104	92,258
Corporation tax	-	34,764
Other taxation and social security	180,350	181,805
Other creditors	17,986	16,388
Accruals and deferred income	109,326	125,222
	362,766	450,437

19 Financial Instruments

	2019 £	2018 £
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	3,122	2,984

THE PENRITH FARMERS' AND KIDD'S PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

20 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	21	147,601	51,117

21 Deferred taxation

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

	Liabilities 2019 £	Liabilities 2018 £
Balances:		
Fixed asset timing differences	27,423	47,033
Capital gains	120,178	4,084
	147,601	51,117

	2019 £
Movements in the year:	
Liability at 1 January 2019	51,117
Charge to profit or loss	96,484
Liability at 31 December 2019	147,601

22 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	112,696	99,930

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

At the year end, unpaid pension contributions amounting to £15,190 (2018 - £13,383) were included within other creditors.