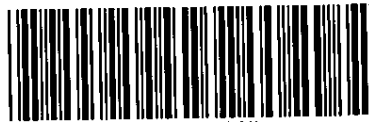


PEOPLES LIMITED

Annual Report and Financial Statements

31 July 2011

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PEOPLES LIMITED

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PEOPLES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Brian P Gilda (Chairman and Managing Director)
Stewart M Ramsay

SECRETARY

Stewart M Ramsay

REGISTERED OFFICE

Callendar Road
Falkirk
FK1 1SQ

BANKERS

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

SOLICITORS

Maclay Murray & Spens LLP
1 George Square
Glasgow
G2 1AL

INDEPENDENT AUDITOR

Deloitte LLP
Glasgow
United Kingdom

PEOPLES LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the group and the audited financial statements for the year ended 31 July 2011.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The group comprises the holding company and its wholly owned subsidiaries as detailed in note 3. The group's principal activities are the sale and repair of car and commercial vehicles and all normal activities associated therewith. There have been no significant changes in the group's principal activities in the year under review and the directors are not aware, at the date of this report, of any likely major changes in the group's activities in the next year.

The group continues to invest in its dealership facilities in order to meet the standards required by our manufacturer partner.

As shown in the consolidated profit and loss account on page 10 the group turnover increased by 2.2% over the prior year, and the group's profit on ordinary activities before taxation and preference share dividends decreased by 47.0% over the prior year. The turnover increase largely reflected an improvement in the fleet and business to business sector. The profit decreases are as a consequence of the prior year effect of favourable Government initiatives, notably scrappage and VAT along with more buoyancy in the used car and after-sales departments.

The group controls its operations largely through a careful monitoring of gross profit levels together with particular attention being directed to the use of assets and cash. The group's net interest payable, excluding preference share dividends, has again decreased from £0.19 million to £0.10 million.

The consolidated balance sheet on page 8 of the financial statements shows an increase of 5.9% in the group's financial position in terms of total net assets. During the year the group further invested in its dealership facilities and as a consequence tangible fixed asset additions in the year totalled £1.26 million.

The group continues to positively manage its cash. In spite of the level of fixed asset additions, decreases in stock and debtor balances, have caused an increase in cash for the year, the increase being minimised due to falling creditor balances.

As a result of actions noted in the previous paragraph the group's net debt decreased by £1.20 million during the year.

There have been no significant events since the balance sheet date.

PRINCIPAL RISKS AND UNCERTAINTIES

The group sells new vehicles for Ford, our manufacturer partner, and is dependent on the public's perception of the quality and suitability of their product range compared to the market as a whole. The group is also a significant retailer of used vehicles.

The group is not dependent on any single customer in any area of its business, the loss of which would have a significant impact on its results.

The group purchases and sells entirely within the United Kingdom and accordingly has no foreign exchange exposure.

PEOPLES LIMITED

DIRECTORS' REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

The group is largely financed by overdraft facilities. The group has significant headroom in terms of unutilised overdraft facilities to meet its current and future anticipated requirements. All of the group's net debt costs are linked to bank base rates but the interest rate exposure taking account of recent interest rate movements is not significant to the group's results.

FINANCIAL RISK MANAGEMENT

The group's principal financial assets are bank balances and trade debtors. The group's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of provisions for doubtful debts. The group has no significant concentration of credit risk, with exposure spread over a number of customers. The group's principal financial liabilities comprise a bank overdraft and trade creditors, both of which are paid on standard terms of payment. The group does not enter into any derivative transactions.

In their consideration of going concern the directors have reviewed the group's future cash flow forecasts (which extend for a period beyond one year from the date of approval of these financial statements), and have received indicative confirmation from their bankers that the current facility would be renewed for a further twelve months when it comes up for renewal. The directors are of the opinion that the group's cash flow forecasts, taking account of reasonably possible changes in trading performance given current market and economic conditions, show that the group will be able to operate within its current facilities and comply with its banking covenants.

After making due enquiries, the directors have a reasonable expectation that the group and the company have adequate resources to continue in operational existence for the foreseeable future. The financial statements have therefore been prepared on a going concern basis.

ENVIRONMENT

The group recognises the importance of its environmental responsibilities and designs and implements policies to reduce any damage that might be caused by its activities. Initiatives designed to minimise the group's impact on the environment include the safe disposal of waste, recycling and investing money in energy efficiency equipment.

EMPLOYEES

The group has a policy of equal opportunities which applies in relation to recruitment of all new employees and to the management of existing personnel. The group offers all of its staff training relevant to their roles and believe this has contributed positively to the group's results.

Details of the number of employees and related costs can be found in note 15 to the financial statements.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered bearing in mind the aptitude of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

EMPLOYEE CONSULTATION

The group places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

PEOPLES LIMITED

DIRECTORS' REPORT (CONTINUED)

DIVIDENDS

Dividends paid and proposed are as follows:

	First preference shares £	Fourth preference shares £	Ordinary shares £
Paid – 31 October 2010	6,068	-	103,603
Paid – 31 January 2011	8,431	105,000	-
Paid – 31 July 2011	8,431	105,000	-
	<u>22,930</u>	<u>210,000</u>	<u>103,603</u>
2011 – Dividend per share	<u>7.5p</u>	<u>3.0p</u>	<u>54.75p</u>
2010 – Dividend per share	<u>7.5p</u>	<u>3.0p</u>	<u>185.30p</u>

DIRECTORS AND THEIR INTERESTS

	Number of 10 pence deferred shares at		Number of 10 pence ordinary shares at	
	31 July 2011	31 July 2010	31 July 2011	31 July 2010
Brian P Gilda	89,398	89,398	160,512	160,512
Stewart M Ramsay	21,387	21,387	28,703	28,703

No director has any beneficial interest in the preference shares. Both directors served throughout the year.

DIRECTORS INDEMNITIES

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

SHARE CAPITAL

During the year, the company redeemed 323,609 of the first preference shares at par (2010 - 159,228).

PEOPLES LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual 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 group and of the profit or loss of the group 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group 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 the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDIT INFORMATION

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

(1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and

(2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

AUDITOR

A resolution to re-appoint Deloitte LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed by order of the Board



Stewart M Ramsay
Secretary

7 October 2011

PEOPLES LIMITED

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

Our financial year just ended, started against the backdrop of an economy which had been severely affected by the knock-on effects of the global banking crisis and the well publicised adverse economic conditions arising therefrom.

Notwithstanding that, the Group recorded a profit before tax and preference share dividends of £1.6 million, whilst this is a sharp decrease from the exceptional results of our previous financial year, it still represents the second highest results since I founded the Company. The real story however is in the determination of the Directors, Management and Staff to not only ride out the uncertain economic conditions but to deliver up the best possible results. This we undoubtedly did.

Throughout the year the Group has achieved all the operational benchmarks and financial milestones identified by the Directors to our Shareholders, Bankers and Trading Partners.

For a greater understanding of our results, an enhanced business review summary can be found on page 2.

Current Trading and Outlook

Once more, we have started our financial year against the backdrop of an economy which is still constrained and until we understand, particularly the implications of the Euro Zone's decisions going forward, it is too difficult to speculate the outcome for the Economy, the Industry and ultimately our results. What is clear is that consumers rely upon the feel good factor and it is quite apparent that they are taking a long hard look at discretionary spending until their own jobs and incomes can be safeguarded.

We will continue to review all revenue and cost items to ensure that we are as fit as we can be to best tackle the marketplace. As a consequence, we are confident that with the hard work of all Directors, Management and Staff, we will continue to deliver the best possible results.

Our People

As always I would like to thank all those members of staff who worked tirelessly during the year to improve their contribution to the well being of the Group and ask them to rededicate themselves to the year ahead. The Group has consistently sought to recruit and retain the best employees in the marketplace and this has undoubtedly contributed to our success and is a course of action which will remain at the forefront of my thinking.

Support

I would like to record my gratitude to my Shareholders, Bankers and Trading Partners who as always, have been supportive of both myself and the Group.



Brian P Gilda
Chairman

7 October 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEOPLES LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Peoples Limited for the year ended 31 July 2011 which comprise the consolidated and company balance sheets, the consolidated profit and loss account, the note of consolidated historic cost profits and losses, the consolidated cash flow statement and the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and to 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 (APB'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 annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 July 2011 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

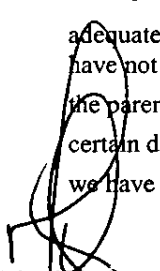
Opinion on other matter prescribed by the Companies Act 2006

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

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


Michael McGregor ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Glasgow, United Kingdom

7 October 2011

PEOPLES LIMITED

CONSOLIDATED BALANCE SHEET

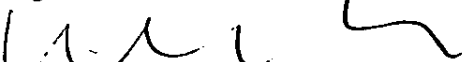
31 July 2011

	Note	2011 £	2010 £
NET ASSETS EMPLOYED:			
FIXED ASSETS			
Tangible fixed assets	2	9,351,085	8,759,314
CURRENT ASSETS			
Stocks	4	30,048,258	41,460,297
Debtors	5	8,417,529	10,605,463
Cash at bank and in hand		-	269,535
		38,465,787	52,335,295
CREDITORS: amounts falling due within one year	6	(38,071,859)	(51,915,104)
NET CURRENT ASSETS		393,928	420,191
TOTAL ASSETS LESS CURRENT LIABILITIES		9,745,013	9,179,505
PROVISIONS FOR LIABILITIES AND CHARGES	7	(324,592)	(286,201)
TOTAL NET ASSETS EMPLOYED		9,420,421	8,893,304
FINANCED BY:			
Financing liabilities			
Preference shares	8	236,851	560,460
Shareholders' funds			
Called up share capital	9	30,000	30,000
Capital redemption reserve	9	946,206	622,597
Special reserve	9	576,439	576,439
Revaluation reserve	9	1,064,906	1,069,669
Profit and loss account	9	2,933,847	2,401,967
Other reserve	9	3,632,172	3,632,172
Total shareholders' funds	10	9,183,570	8,332,844
TOTAL FINANCING		9,420,421	8,893,304

The accompanying notes are an integral part of this consolidated balance sheet.

These financial statements of Peoples Limited, registered number SC080359, were approved by the Board of Directors and authorised for issue on 7 October 2011.

Signed on behalf of the Board of Directors



Brian R. Gilda
Director

PEOPLES LIMITED

COMPANY BALANCE SHEET 31 July 2011

	Note	2011 £	2010 £
NET ASSETS EMPLOYED:			
FIXED ASSETS			
Investments	3	5,353,300	5,353,300
CURRENT ASSETS			
Debtors	5	705,106	565,143
Cash at bank and in hand		3,163,827	3,072,405
		3,868,933	3,637,548
CREDITORS: amounts falling due within one year	6	(911,158)	(914,848)
NET CURRENT ASSETS		2,957,775	2,722,700
TOTAL ASSETS LESS CURRENT LIABILITIES		8,311,075	8,076,000
TOTAL NET ASSETS EMPLOYED		8,311,075	8,076,000
FINANCED BY:			
Financing liabilities			
Preference shares	8	236,851	560,460
Shareholders' funds			
Called up share capital	9	30,000	30,000
Capital redemption reserve	9	946,206	622,597
Special reserve	9	576,439	576,439
Profit and loss account	9	2,889,407	2,654,332
Other reserve	9	3,632,172	3,632,172
Total shareholders' funds		8,074,224	7,515,540
TOTAL FINANCING		8,311,075	8,076,000

The accompanying notes are an integral part of this company balance sheet.

These financial statements of Peoples Limited, registered number SC080359, were approved by the Board of Directors and authorised for issue on 7 October 2011.

Signed on behalf of the Board of Directors


Brian P Gilda
Director

PEOPLES LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT Year ended 31 July 2011

	Note	2011 £	2011 £	2010 £	2010 £
TURNOVER	12		144,371,733		141,280,348
Cost of sales			(137,772,562)		(133,199,100)
GROSS PROFIT			6,599,171		8,081,248
Administrative expenses			(4,889,650)		(4,859,423)
OPERATING PROFIT			1,709,521		3,221,825
Interest payable and similar charges	13	(100,804)	(100,804)	(185,798)	(185,798)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION AND PREFERENCE SHARE DIVIDENDS			1,608,717		3,036,027
Preference share dividends	17	(232,930)	(232,930)	(254,120)	(254,120)
Total interest payable and similar charges		(333,734)		(439,918)	
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	12, 14		1,375,787		2,781,907
Tax on profit on ordinary activities	16		(421,458)		(1,197,390)
PROFIT FOR THE FINANCIAL YEAR			954,329		1,584,517

All activity has arisen from continuing operations.

A statement of movements on reserves is given in note 9.

There are no other recognised gains or losses in each year other than those included in the profit and loss account above, and therefore a statement of total recognised gains and losses is not presented.

The accompanying notes are an integral part of this consolidated profit and loss account.

PEOPLES LIMITED

NOTE OF CONSOLIDATED HISTORIC COST PROFITS AND LOSSES

Year ended 31 July 2011

	2011 £	2010 £
Reported profit before taxation	1,375,787	2,781,907
Difference between historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	4,763	4,763
Historical cost profit before taxation	1,380,550	2,786,670
Historical cost profit after taxation	959,092	1,589,280

PEOPLES LIMITED

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 July 2011

	Note	2011 £	2011 £	2010 £	2010 £
Net cash inflow from operating activities	19		3,259,038		1,447,340
Returns on investments and servicing of finance					
Interest paid		(100,804)		(185,798)	
Preference share dividends paid	17	<u>(232,930)</u>		<u>(254,120)</u>	
Net cash outflow from returns on investments and servicing of finance			(333,734)		(439,918)
Taxation					
Corporation tax paid			(467,904)		(744,091)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(1,264,029)		(1,556,469)	
Sale of tangible fixed assets		<u>105,550</u>		<u>201,021</u>	
Net cash outflow from capital expenditure and financial investment			(1,158,479)		(1,355,448)
Equity dividends paid	18		<u>(103,603)</u>		<u>(350,613)</u>
Net cash inflow/(outflow) before financing			1,195,318		(1,442,730)
Financing					
Redemption of preference share capital		<u>(323,609)</u>		<u>(159,228)</u>	
Net cash outflow from financing			<u>(323,609)</u>		<u>(159,228)</u>
Increase/(decrease) in cash in the year	20		<u>871,709</u>		<u>(1,601,958)</u>

The accompanying notes are an integral part of this consolidated cash flow statement.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2011

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding year.

Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include the revaluation of land and buildings, and in accordance with applicable United Kingdom accounting standards.

After making enquiries, the directors have a reasonable expectation that the group and the company have adequate resources to continue in operational existence for the foreseeable future. The financial statements have therefore been prepared on a going concern basis. Further details are provided in the Directors' Report on page 3.

Basis of consolidation

The group financial statements consolidate the accounts of Peoples Limited and its subsidiary undertakings. Goodwill arising prior to the introduction of Financial Reporting Standard 10 ("FRS 10") has been eliminated against reserves and has not been re-instated as an asset as permitted by FRS 10. Goodwill representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired is capitalised and amortised on a systematic basis over the estimated useful life.

In the company's financial statements, investments in subsidiary undertakings are stated at cost, less provision for any impairment.

No profit or loss account is presented for Peoples Limited, as permitted by s408 of the Companies Act 2006. The company's profit after taxation for the financial year, determined in accordance with the Act, was £662,287 (2010 – loss of £810,539).

Tangible fixed assets and depreciation

Tangible fixed assets are shown at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is provided by the straight-line method calculated to write-off the cost or valuation of the fixed assets over their estimated useful lives at the following annual rates:

Freehold and long leasehold buildings	2%
Plant and equipment	10% and 20%
Computer equipment	25%
Motor vehicles	25% and 30%
Other leased assets	20%

Land is not depreciated.

Assets in the course of construction are carried at cost less any provision for impairment. Depreciation of these assets commences when the assets are ready for their intended use.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2011

1. ACCOUNTING POLICIES (CONTINUED)

Revaluation of properties

The group has a policy of recording certain classes of tangible fixed assets at valuation.

The group's freehold land and buildings and long leasehold properties, each of which are considered to represent a single class of assets, are revalued individually under a 5 year cycle, comprising a full valuation once every five years, an interim valuation in the third year of each cycle and a review in each other year of the cycle (followed by an interim valuation in the event that the review indicates a material change in value). The surplus or deficit on book value is transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property (or the reversal of such a deficit) is charged (or credited) to the profit and loss account. A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any previous recorded surplus.

Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement in reserves.

On the disposal of, or recognition of a provision for impairment of, a revalued fixed asset any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement in reserves.

Stocks

Stocks are stated at the lower of cost and net realisable value and exclude new vehicles held on a consignment basis if the stock deposits do not directly relate to the consignment stocks held at any one time. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The taxation liabilities of certain group companies are reduced wholly or in part by the surrender of losses by fellow group companies. The tax benefits arising from group relief are recognised in the financial statements of the surrendering and recipient companies.

In accordance with FRS 19, deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of investment or other properties where there is no commitment as at the period end to sell the asset.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Turnover

Turnover comprises the invoiced value of sales less value added tax and net of all credits and allowances. Revenue is recognised on the sale of vehicles when the risks and rewards of ownership are transferred. All other revenues are recognised as they are earned according to the relevant performance conditions.

PEOPLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2011

1. ACCOUNTING POLICIES (CONTINUED)

Leases

The group enters into operating and finance leases.

Assets held under finance leases are initially reported at the fair value of the asset with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over the shorter of the lease term and its useful economic life. Finance charges are allocated to accounting periods over the period of the lease to produce a constant rate of charge on the outstanding balance. Rentals are apportioned between finance charges and reduction of the liability, and allocated to cost of sales and other operating expenses as appropriate. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Further information on charges in the year and future commitments is given in notes 11 and 14.

Retirement plan

The group operates an executive retirement plan for its executive directors. This is a defined contribution scheme. Contributions are charged to the profit and loss account as incurred. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Certain subsidiary companies each operate a company personal pension scheme on behalf of certain employees. These are defined contribution schemes. Contributions are charged to the profit and loss account as incurred.

Financial liabilities and equity

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 group after deducting all of its liabilities.

PEOPLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2011

2. TANGIBLE FIXED ASSETS

Group

	Freehold and long leasehold land and buildings £	Leasehold improvements £	Computers, plant and equipment £	Leased assets £	Motor vehicles £	Assets in the course of construction £	Total £
Cost or valuation							
At 1 August 2010	5,535,807	1,086,095	4,418,428	481,936	288,832	1,182,385	12,993,483
Additions	43,246	-	565,729	-	151,468	503,406	1,264,029
Reallocation	1,464,198	-	221,593	-	-	(1,685,791)	-
Disposals	-	-	-	-	(145,933)	-	(145,933)
At 31 July 2011	7,043,431	1,086,095	5,205,750	481,936	294,367	-	14,111,579
Depreciation							
At 1 August 2010	93,606	289,508	3,319,479	468,432	63,144	-	4,234,169
Charge for the year	116,942	54,304	325,554	2,843	67,065	-	566,708
Disposals	-	-	-	-	(40,383)	-	(40,383)
At 31 July 2011	210,548	343,812	3,645,033	471,275	89,826	-	4,760,494
Net book value							
At 31 July 2011	6,832,883	742,283	1,560,717	10,661	204,541	-	9,351,085
At 31 July 2010	5,442,201	796,587	1,098,949	13,504	225,688	1,182,385	8,759,314

Freehold land amounting to £2,150,000 (2010 - £2,150,000) has not been depreciated.

Freehold and long leasehold land and buildings were professionally valued on an Existing Use Value Basis (notional directly attributable acquisition costs have not been included as they are not considered to be material) by Graham & Sibbald, Chartered Surveyors, who are external to the company. The valuation, undertaken as at 31 July 2009, was £5,525,000 (2010 - £5,525,000). This valuation pre-dated the subsequent capital expenditure incurred across the group.

PEOPLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2011

2. TANGIBLE FIXED ASSETS (CONTINUED)

If freehold and long leasehold land and buildings had not been revalued they would have been included at the following amounts:

	2011 £	2010 £
Cost	6,810,599	5,303,475
Depreciation	(1,043,122)	(930,943)
Net book value	<u>5,767,477</u>	<u>4,372,532</u>

Company

The company has no tangible fixed assets (2010 - £Nil).

3. FIXED ASSET INVESTMENTS

Company

	Ordinary shares £	Preference shares £	Long term loan stock £	Total £
At 31 July 2011 and 2010	<u>4,300</u>	<u>1,000,000</u>	<u>4,349,000</u>	<u>5,353,300</u>

Fixed asset investments at 31 July 2011 relate to interests in subsidiary undertakings held directly by the company.

There were no additions or disposals of fixed asset investments in the year.

Loan stock due from subsidiary undertakings is repayable in 12 six monthly instalments from 1 July 2013.

All of the company's subsidiary undertakings are wholly-owned and are registered in Scotland. The subsidiary undertakings comprise:

Company

Peoples Ecosse Limited

Peoples Liverpool Limited

Total Vehicle Solutions Limited

Peoples Bathgate & Livingston Limited

Liverpool Daily Centre Limited

Peoples Detroit Limited

Peoples Falkirk Limited

Peoples Glasgow Limited

Principal activity

Sale and repair of motor vehicles

Sale and repair of motor vehicles

Sale of motor vehicles

Dormant

Dormant

Dormant

Dormant

Dormant

PEOPLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2011

4. STOCKS

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Vehicles	28,741,245	39,795,720	-	-
Spare parts	1,177,989	1,515,611	-	-
Other stocks	129,024	148,966	-	-
	<u>30,048,258</u>	<u>41,460,297</u>	<u>-</u>	<u>-</u>

The directors consider that there is no material difference between the balance sheet value and replacement cost of each of the above stock categories.

5. DEBTORS

The following are included in the net book value of debtors:

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	5,343,414	5,776,798	-	-
Prepayments and accrued income	1,928,361	1,817,218	391,062	349,781
Amounts due from fellow group undertakings	-	-	314,044	215,362
Value added tax	1,145,754	3,011,447	-	-
	<u>8,417,529</u>	<u>10,605,463</u>	<u>705,106</u>	<u>565,143</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank overdraft	2,851,968	3,993,212	-	-
Trade creditors	32,085,545	44,672,657	-	-
Amounts due to fellow group undertakings	-	-	-	18,458
Corporation tax	335,544	420,381	-	-
Other taxes and social security costs	298,969	299,099	-	-
Other creditors and accruals	2,499,833	2,529,755	848,681	826,428
Value added tax	-	-	62,477	69,962
	<u>38,071,859</u>	<u>51,915,104</u>	<u>911,158</u>	<u>914,848</u>

Further details of secured liabilities are contained in note 11.

PEOPLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2011

7. PROVISIONS FOR LIABILITIES AND CHARGES

Group	Deferred tax £
At 1 August 2010	286,201
Charged to profit and loss account (note 16)	38,391
At 31 July 2011	<u>324,592</u>

Analysis of the deferred tax balances is as follows:

	2011 £	2010 £
Fixed asset timing differences	<u>324,592</u>	<u>286,201</u>

Finance Act 2011, which provides for a reduction in the main rate of corporation tax from 26% to 25% effective from 1 April 2012, was substantively enacted on 19 July 2011. As it was substantively enacted at the balance sheet date, the rate reduction is reflected in these financial statements.

The Government has also indicated that it intends to enact future reductions in the main tax rate of 1% each year down to 24% by 1 April 2014.

The future 1% main tax rate reductions are expected to have a similar impact on our financial statements as outlined above, however the actual impact will be dependent on our deferred tax position at that time.

Company

The company has no deferred tax provision (2010 - £Nil).

PEOPLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2011

8. FINANCING LIABILITIES

			2011 £	2010 £
Allotted, called-up and fully paid				
First preference shares of £1 each	224,834	1.00	224,834	548,443
Fourth preference shares of 1p each	7,000,000	0.01	70,000	70,000
Issue costs of preference share capital			(57,983)	(57,983)
Total preference share capital			<u>236,851</u>	<u>560,460</u>

The rights attaching to preference shares are set out below:

The first preference shares carry a right to a fixed cumulative dividend at 7.5% per annum. The amounts and dates of redemption are subject to the future profitability of the company and the terms and conditions of the company's Articles of Association. First preference shares are redeemable at par. During the year the company redeemed 323,609 of the first preference shares at par, for cash.

The first preference shares carry no voting rights as long as the dividend payment terms detailed in the Articles of Association are satisfied.

The holders of the first preference shares have an option to acquire 2.5% of the enlarged ordinary share capital at par.

The fourth preference shares carry a right to a variable cumulative dividend, 3.0% per annum as at 31 July 2011, payable on the same basis as the other preference shares. On a winding up, the fourth preference shares rank pari passu with the first preference shares for the amount of capital contributed and any dividend arrears.

The fourth preference shares carry no voting right as long as the dividend payment terms detailed in the Articles of Association are satisfied.

The fourth preference shares are redeemable between 2012 and 2017 in equal annual amounts.

The holders of the fourth preference shares have an option to acquire 22.5% of the enlarged ordinary share capital at par.

PEOPLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 July 2011

9. SHARE CAPITAL AND RESERVES

a) Share capital

The issued share capital of the company at 31 July 2011 comprised:

			2011 £	2010 £
Allotted, called-up and fully paid				
Share capital:				
Ordinary shares	189,215	0.10	18,922	18,922
Deferred shares	110,785	0.10	11,078	11,078
Total share capital			30,000	30,000

The deferred shares carry no voting rights, dividend rights, priority in winding-up or other beneficial rights. The holders of ordinary shares have full voting and dividend rights but no priority on winding-up or similar rights.

b) Reserves

	Revaluation reserve £	Capital redemption reserve £	Special reserve £	Profit and loss account £	Other reserve £
Group					
At 1 August 2010	1,069,669	622,597	576,439	2,401,967	3,632,172
Transfer in respect of revalued properties	(4,763)	-	-	4,763	-
Shares redeemed	-	323,609	-	(323,609)	-
Profit for the financial year	-	-	-	954,329	-
Equity dividends	-	-	-	(103,603)	-
At 31 July 2011	<u>1,064,906</u>	<u>946,206</u>	<u>576,439</u>	<u>2,933,847</u>	<u>3,632,172</u>
Company					
At 1 August 2010	-	622,597	576,439	2,654,332	3,632,172
Shares redeemed	-	323,609	-	(323,609)	-
Profit for the financial year	-	-	-	662,287	-
Equity dividends	-	-	-	(103,603)	-
At 31 July 2011	<u>-</u>	<u>946,206</u>	<u>576,439</u>	<u>2,889,407</u>	<u>3,632,172</u>

The 'Special reserve' is non-distributable as long as any debt of the company existing as at 5 July 1989 remains outstanding. The Other reserve relates to premiums received upon the issue of preference shares. The capital redemption reserve and the other reserve are non-distributable.

The cumulative amount of goodwill resulting from acquisitions in the previous years which has been written off to reserves is £2,387,680 (2010 - £2,387,680).

PEOPLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2011

10. RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	2011 £	2010 £
Opening shareholders' funds	8,332,844	7,098,940
Profit for the financial year	954,329	1,584,517
Dividend on ordinary shares (note 18)	(103,603)	(350,613)
Closing shareholders' funds	<u>9,183,570</u>	<u>8,332,844</u>

11. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

a) Capital commitments

At 31 July 2011 the Group had contracted capital commitments of £Nil (2010 - £457,879). The company had no capital commitments at 31 July 2011 (2010 - £Nil).

b) Contingent liabilities

The group has granted cross guarantees, letters of offset, standard securities over freehold property and bond and floating charges in relation to the overdrafts of group companies. In addition, certain new and used vehicle stocks are provided as security against certain trade creditors. The total secured borrowings of the group at 31 July 2011 are £28,953,431 (2010 - £41,631,100). The increase in secured borrowings is a result of vehicle stock allocated by the manufacturer which is fully funded by trade creditors.

The fourth preference shares attract a redemption premium of £0.99 per share, being the difference between the nominal value and amount originally subscribed. This amount is payable following the floatation, disposal or take-over of the company and, as these events are not anticipated by the directors, the liability is not recognised in the financial statements.

c) Lease commitments

The group leases land and buildings on long term leases. The annual rental on these leases is £969,000 (2010 - £969,000). The rent payable under these leases is subject to renegotiation at intervals specified in the leases.

The minimum annual rentals under the aforementioned leases are as follows:

	2011 Property £	2010 Property £
Group		
Operating leases which expire after more than 5 years	<u>969,000</u>	<u>969,000</u>

The company has no operating leases.

d) VAT

The company is registered for VAT purposes in a group of undertakings which share a common registration number. As a result, it has jointly guaranteed the VAT liability of certain other group undertakings and failure by these other group undertakings would give rise to additional liabilities of the company. The directors are of the opinion that no liability is likely to arise.

12. SEGMENTAL INFORMATION

All of the group's turnover and profit on ordinary activities before taxation were derived from its activities in the United Kingdom.

PEOPLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 July 2011

13. INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £	2010 £
On bank overdraft	100,804	108,798
Other interest	-	77,000
	<u>100,804</u>	<u>185,798</u>

14. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	2011 £	2010 £
Depreciation of tangible fixed assets (note 2)		
Owned assets	557,452	508,698
Held under finance leases and hire purchase agreements	9,256	11,393
Loss on disposal of tangible fixed assets	-	28,876
Auditor's remuneration for services provided	82,500	87,550
Staff costs (note 15)	9,895,035	9,755,930
Operating lease rentals:		
Plant and equipment	2,760	2,760
Other	969,000	969,000

A more detailed analysis of auditor's remuneration is provided below.

	2011 £	2010 £
Audit services		
Audit of parent company and consolidated accounts	10,000	10,000
Audit of subsidiary companies pursuant to legislation	65,000	65,000
Total audit fees	<u>75,000</u>	<u>75,000</u>
Further non-audit services		
- Tax compliance services	7,500	12,550
Total non-audit fees	<u>7,500</u>	<u>12,550</u>
Total	<u>82,500</u>	<u>87,550</u>

PEOPLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2011

15. STAFF COSTS

Employee costs during the year, including those for executive directors, amounted to:

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Staff costs during the year (including directors)				
Wages and salaries	8,969,212	8,867,226	747,826	672,398
Social security costs	862,278	828,325	89,559	78,763
Other pension costs	63,545	60,379	56,852	54,166
	<u>9,895,035</u>	<u>9,755,930</u>	<u>894,237</u>	<u>805,327</u>

The average monthly number of employees in the group during the year was 389 (2010 - 384). The average monthly number of employees in the company during the year was 10 (2010 - 9).

Directors' remuneration

The employee costs shown above include the following remuneration in respect of directors of the company:

	2011	2010
	£	£
Remuneration:		
Emoluments	412,490	401,980
Company contributions to money purchase pension schemes	<u>56,852</u>	<u>54,166</u>
	<u>469,342</u>	<u>456,146</u>

Pensions:

The number of directors who were members of pension schemes was as follows:

	2011	2010
	No.	No.
Money purchase schemes	<u>2</u>	<u>2</u>

Highest paid director:

The directors' remuneration shown above includes the following in respect of the highest paid director:

	2011	2010
	£	£
Emoluments	248,618	242,719
Company contributions to money purchase pension schemes	<u>34,352</u>	<u>32,176</u>
	<u>282,970</u>	<u>274,895</u>

PEOPLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2011

16. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2011 £	2010 £
United Kingdom corporation tax		
Current tax at 27.33% (2010 - 28%)	435,544	549,501
Adjustment in respect of prior years	(52,477)	318,855
Total current tax	383,067	868,356
Deferred tax (note 7)		
Current year origination and reversal of timing differences	38,391	329,034
Total tax on profit on ordinary activities	421,458	1,197,390

Reconciliation of current tax charge

The standard rate of current tax for the year, based on the UK standard rate of corporation tax, is 27.33% (2010 – 28%). The actual current tax charge for the current and prior years differs from 27.33% for the reasons set out in the following reconciliation:

	2011 £	2010 £
Profit on ordinary activities before tax	1,375,787	2,781,907
Tax on profit on ordinary activities at 27.33%	376,003	778,934
Factors affecting charge:		
Permanent differences	34,272	28,447
Fixed asset timing differences	(38,391)	(122,887)
Utilisation of tax losses	-	(206,147)
Preference share dividends	63,660	71,154
Adjustment in respect of prior years	(52,477)	318,855
Current tax charge for the year	383,067	868,356

17. PREFERENCE SHARE DIVIDENDS

	2011 £	2010 £
Paid and proposed:		
First preference shares		
Interim of 3.75p (2010 – 3.75p) per share paid	14,499	23,553
Final of 3.75p (2010 – 3.75p) per share paid	8,431	20,567
Fourth preference shares		
Interim of 1.5p (2010 – 1.5p) per share paid	105,000	105,000
Final of 1.5p (2010 – 1.5p) per share paid	105,000	105,000
	232,930	254,120

PEOPLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 July 2011

18. ORDINARY DIVIDENDS

	2011 £	2010 £
Paid 54.75p per share (2010: 185.3p)	<u>103,603</u>	<u>350,613</u>

19. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011 £	2010 £
Operating profit	1,709,521	3,221,825
Depreciation charges	566,708	520,091
Loss on disposal of tangible fixed assets	-	28,876
Decrease/(Increase) in stocks	11,412,039	(17,962,185)
Decrease/(Increase) in debtors	2,187,934	(4,702,188)
Decrease/(Increase) in creditors	<u>(12,617,164)</u>	<u>20,340,921</u>
Net cash inflow from operating activities	<u>3,259,038</u>	<u>1,447,340</u>

20. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2011 £	2010 £
Increase/(decrease) in cash in year	871,709	(1,601,958)
Cash outflow from decrease in debt and lease financing	<u>323,609</u>	<u>159,228</u>
Change in net debt resulting from cash flows	1,195,318	(1,442,730)
Net debt at beginning of year	<u>(4,284,137)</u>	<u>(2,841,407)</u>
Net debt at end of year	<u>(3,088,819)</u>	<u>(4,284,137)</u>

21. ANALYSIS OF NET DEBT

	2010 £	Cash flow £	2011 £
Cash at bank and in hand	269,535	(269,535)	-
Bank overdraft	<u>(3,993,212)</u>	<u>1,141,244</u>	<u>(2,851,968)</u>
	(3,723,677)	871,709	(2,851,968)
Preference shares	<u>(560,460)</u>	<u>323,609</u>	<u>(236,851)</u>
	<u>(4,284,137)</u>	<u>1,195,318</u>	<u>(3,088,819)</u>

22. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard 8 (amended) not to disclose details of transactions with fellow group undertakings, wholly owned by the company.