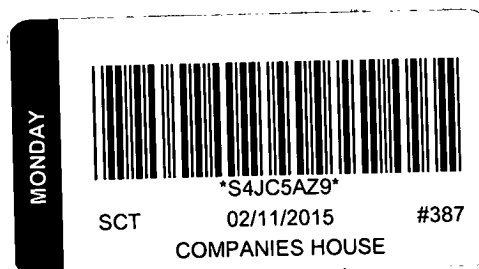


PEOPLES LIMITED

Annual Report and Financial Statements

31 July 2015



PEOPLES LIMITED

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PEOPLES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

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

COMPANY 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
Chartered Accountants and Statutory Auditor
Glasgow
United Kingdom

PEOPLES LIMITED

STRATEGIC REPORT

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

This strategic report has been prepared for the group as a whole and therefore gives greater emphasis to those matters which are significant to Peoples Limited and its subsidiary undertakings when viewed as a whole.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

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 cars 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 dealership facilities in order to meet the standards required by our manufacturing partner.

As shown in the consolidated profit and loss account on page 10 the group turnover increased by 15.5% and the group's profit on ordinary activities before taxation and preference share dividends increased by 26.3% over the prior year. The turnover increase reflected a significant improvement in the new car and commercial vehicle marketplace in the UK compared with the difficulties being experienced by major manufacturers in Europe. The profit increase is a consequence of the improvement in the new car and commercial vehicle marketplace together with strong cost control.

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 increase in stock level was more than offset by decreases in debtors and together with increases in creditors the group's net interest payable excluding preference share dividends decreased from £0.07 million to £0.01 million.

The consolidated balance sheet on page 8 of the financial statements shows an increase of 24.5% in the group's financial position in terms of total net assets. This is largely a consequence of the strong trading performance achieved during the current year.

The group continues to positively manage its cash. In spite of significant increases in stock the group has achieved an increase of £4.8 million in cash in the year and increased its net funds by a similar amount.

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

PRINCIPAL RISKS AND UNCERTAINTIES

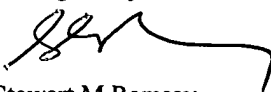
The group sells new vehicles for Ford, our manufacturer partner, and is dependent on the public's perception of the quality and suitability of their product range compared to the market as a whole. The group is also a significant retailer of used vehicles.

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.

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.

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



Stewart M Ramsay
Company Secretary

2 October 2015

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 2015.

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.

GOING CONCERN

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.

FUTURE DEVELOPMENTS AND EVENTS AFTER THE BALANCE SHEET DATE

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on page 2 and form part of this report by cross reference.

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 believes 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:

	Fourth preference shares £	Ordinary Shares £
Paid – 7 November 2014	-	872,318
Paid – 31 January 2015	105,000	-
Paid – 31 July 2015	105,000	-
	210,000	872,318
2015 – Dividend per share	3.0p	461.02p
2014 – Dividend per share	3.0p	427.72p

DIRECTORS AND THEIR INTERESTS

	Number of 10 pence deferred shares at		Number of 10 pence ordinary shares at	
	31 July 2015	31 July 2014	31 July 2015	31 July 2014
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.

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.

PEOPLES LIMITED

DIRECTORS' REPORT (CONTINUED)

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
Company Secretary

2 October 2015

PEOPLES LIMITED

CHAIRMAN'S STATEMENT

I am delighted to report that the Group recorded a profit before tax and share dividends of £5.508m which is a 26.3% increase over our record profits of last year. Turnover increased by 15.5 % to £236.7m and this again is a record.

The real story however is to be found in the determination of my Directors, Management and Staff to once more deliver up the best possible results in the face of fierce competition. That, coupled with the outstanding loyalty of our customers is what makes these results special.

It does not however mean that we can declare that all is well with the world and we can allow ourselves the luxury of taking our foot off the gas. For me and my team this is just not possible in the arena in which we operate.

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.

I should also like to mention the sterling work and benefits to the Company being done by the Retail Automotive Alliance of which we are a founder member.

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

Current Trading and Outlook

In the retail car and commercial world we are principally dependent on the desirability of the product of our manufacturer partner and the feel good factor of consumers. In the first instance I am delighted to report that the product from Ford Motor Company has never been better and that's before we introduce the likes of Mustang and other new models into the marketplace later in the year. The feel good factor is more difficult to determine as Governments at Westminster and Holyrood have to be factored into the mix and of course everyone in business whether large or small, wants as much certainty as possible for investment and employment decisions.

Literally as I write, the scandal that has engulfed VW comes right out of a left field and is starting to spread collateral damage across the vehicle sectors both in the UK and Europe. Notwithstanding that, the Ford Dealerbody has received unqualified assurances from the most senior officer of Ford. He wrote to us as a valued Dealer partner: "So let me be absolutely clear. We do not use defeat devices and we do not deliberately mislead the public, regulators or investors. Our award-winning vehicles and engines meet all applicable emissions standards in Europe". Time will tell what the knock-on effects will be in our industry.

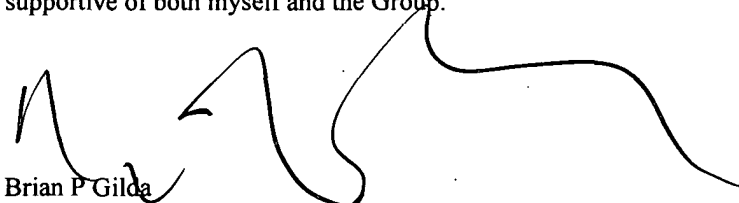
We will of course, continue to review all revenue and cost items to ensure that we are as fit as we can be to best tackle the marketplace. As a consequence, we are confident that with the hard work of all Directors, Management and Staff, we will continue to deliver the best possible results.

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

2 October 2015

PEOPLES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEOPLES LIMITED

We have audited the financial statements (the "financial statements") of Peoples Limited for the year ended 31 July 2015 which comprise the consolidated and company balance sheets, the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated note of 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 express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 July 2015 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.

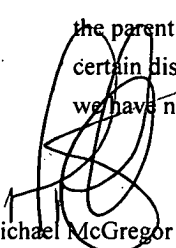
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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

2 October 2015

PEOPLES LIMITED

CONSOLIDATED BALANCE SHEET 31 July 2015

	Note	2015 £	2014 £
NET ASSETS EMPLOYED:			
FIXED ASSETS			
Tangible fixed assets	2	10,010,542	9,488,052
CURRENT ASSETS			
Stocks	4	56,113,252	54,416,840
Debtors	5	11,610,853	13,884,158
Cash at bank and in hand		6,036,190	1,219,548
		73,760,295	69,520,546
CREDITORS: amounts falling due within one year	6	(64,177,671)	(63,251,058)
NET CURRENT ASSETS		9,582,624	6,269,488
TOTAL ASSETS LESS CURRENT LIABILITIES		19,593,166	15,757,540
PROVISIONS FOR LIABILITIES	7	(270,544)	(235,050)
TOTAL NET ASSETS EMPLOYED		19,322,622	15,522,490
FINANCED BY:			
Financing liabilities			
Preference shares	8	12,017	12,017
Shareholders' funds			
Called up share capital	9	30,000	30,000
Capital redemption reserve	9	1,171,040	1,171,040
Special reserve	9	576,439	576,439
Revaluation reserve	9	1,926,071	1,404,751
Profit and loss account	9	11,974,883	8,696,071
Other reserve	9	3,632,172	3,632,172
Total shareholders' funds	10	19,310,605	15,510,473
TOTAL FINANCING		19,322,622	15,522,490

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

These financial statements of Peoples Limited, registered number SC080359, were approved by the Board of Directors and authorised for issue on 2 October 2015.

Signed on behalf of the Board of Directors



Brian P Gilda
Director

PEOPLES LIMITED

COMPANY BALANCE SHEET 31 July 2015

	Note	2015 £	2014 £
NET ASSETS EMPLOYED:			
FIXED ASSETS			
Investments	3	5,353,300	5,353,300
CURRENT ASSETS			
Debtors	5	240,228	887,544
Cash at bank and in hand		5,737,095	4,424,303
		5,977,323	5,311,847
CREDITORS: amounts falling due within one year	6	(369,436)	(508,727)
NET CURRENT ASSETS		5,607,887	4,803,120
TOTAL ASSETS LESS CURRENT LIABILITIES		10,961,187	10,156,420
TOTAL NET ASSETS EMPLOYED		10,961,187	10,156,420
FINANCED BY:			
Financing liabilities			
Preference shares	8	12,017	12,017
Shareholders' funds			
Called up share capital	9	30,000	30,000
Capital redemption reserve	9	1,171,040	1,171,040
Special reserve	9	576,439	576,439
Profit and loss account	9	5,539,519	4,734,752
Other reserve	9	3,632,172	3,632,172
Total shareholders' funds		10,949,170	10,144,403
TOTAL FINANCING		10,961,187	10,156,420

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

These financial statements of Peoples Limited, registered number SC080359, were approved by the Board of Directors and authorised for issue on 2 October.

Signed on behalf of the Board of Directors

Brian P Gilda
Director



PEOPLES LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 July 2015

	Note	2015 £	2015 £	2014 £	2014 £
TURNOVER	12		236,739,461		204,997,949
Cost of sales			(225,513,027)		(195,203,944)
GROSS PROFIT			11,226,434		9,794,005
Administrative expenses			(5,706,804)		(5,365,982)
OPERATING PROFIT			5,519,630		4,428,023
Interest payable and similar charges	13	(11,282)	(11,282)	(66,433)	(66,433)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION AND PREFERENCE SHARE DIVIDENDS			5,508,348		4,361,590
Preference share dividends	17	(210,000)	(210,000)	(210,000)	(210,000)
Total interest payable and similar charges		(221,282)		(276,433)	
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	12, 14		5,298,348		4,151,590
Tax on profit on ordinary activities	16		(1,160,618)		(1,004,386)
PROFIT FOR THE FINANCIAL YEAR	9		4,137,730		3,147,204

In the current and prior year, all activity has arisen from continuing operations.

There has been no other recognised gains or losses in either the current or prior year as other than shown in the Statement of Total Recognised Gains and Losses presented on page 11.

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

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

PEOPLES LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES Year ended 31 July 2015

	2015 £	2014 £
Profit for the financial year	4,137,730	3,147,204
Unrealised movement on revaluation of properties	534,720	-
Total recognised gains and losses in the year	<u>4,672,450</u>	<u>3,147,204</u>

The accompanying notes are an integral part of this consolidated Statement of Total Recognised Gains and Losses.

CONSOLIDATED NOTE OF HISTORIC COST PROFITS AND LOSSES Year ended 31 July 2015

	2015 £	2014 £
Reported profit before taxation	5,298,348	4,151,590
Difference between historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	13,400	8,511
Historical cost profit before taxation	<u>5,311,748</u>	<u>4,160,101</u>
Historical cost profit after taxation	<u>4,151,130</u>	<u>3,155,715</u>

The accompanying notes are an integral part of this consolidated Note of Historic Cost Profits and Losses.

PEOPLES LIMITED

CONSOLIDATED CASH FLOW STATEMENT Year ended 31 July 2015

	Note	2015 £	2015 £	2014 £	2014 £
Net cash inflow from operating activities	19		7,633,304		5,088,944
Returns on investments and servicing of finance					
Interest paid	13	(11,282)		(66,433)	
Preference share dividends paid	17	(210,000)		(210,000)	
Net cash outflow from returns on investments and servicing of finance			(221,282)		(276,433)
Taxation					
Corporation tax paid			(1,006,914)		(1,190,132)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(1,095,076)		(487,093)	
Sale of tangible fixed assets		378,928		254,590	
Net cash outflow from capital expenditure and financial investment			(716,148)		(232,503)
Equity dividends paid	18		(872,318)		(809,307)
Net cash inflow before management of liquid resources			4,816,642		2,580,569
Cash placed on deposit account			(4,000,000)		-
Increase in cash in the year	20		816,642		2,580,569

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 July 2015

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 £1,677,085 (2014 – profit of £1,654,841).

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%

Leasehold improvements are depreciated over the period of the lease.

Land is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2015

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. 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 year 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2015

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 pension schemes on behalf of its employees. These are defined contribution schemes and no assets are held by the group. 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.

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 company after deducting all of its liabilities.

PEOPLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2015

2. TANGIBLE FIXED ASSETS

Group	Freehold and long leasehold land and buildings £	Leasehold improvements £	Computers, plant and equipment £	Leased assets £	Motor vehicles £	Total £
Cost or valuation						
At 1 August 2014	7,736,347	1,086,095	4,399,947	28,430	422,514	13,673,333
Additions	-	-	492,788	-	602,288	1,095,076
Disposals	-	-	-	-	(470,526)	(470,526)
Revaluation	274,460	-	-	-	-	274,460
At 31 July 2015	8,010,807	1,086,095	4,892,735	28,430	554,276	14,572,343
Depreciation						
At 1 August 2014	267,176	506,727	3,266,476	26,298	118,604	4,185,281
Charge for the year	138,891	54,305	436,388	2,132	96,662	728,378
Disposals	-	-	-	-	(91,598)	(91,598)
Revaluation	(260,260)	-	-	-	-	(260,260)
At 31 July 2015	145,807	561,032	3,702,864	28,430	123,668	4,561,801
Net book value						
At 31 July 2015	7,865,000	525,063	1,189,871	-	430,608	10,010,542
At 31 July 2014	7,469,171	579,368	1,133,471	2,132	303,910	9,488,052

Freehold land amounting to £2,150,000 (2014 - £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 29 September 2014, was £8,000,000. The directors have reviewed the carrying value of the properties and remain of the opinion that the value of the properties as recorded remains appropriate.

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

	2015 £	2014 £
Cost	7,466,639	7,466,639
Depreciation	(1,527,710)	(1,402,219)
Net book value	5,938,929	6,064,420

Company

The company has no tangible fixed assets (2014 - £Nil).

PEOPLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2015

3. FIXED ASSET INVESTMENTS

Company	Ordinary shares £	Preference shares £	Long term loan stock £	Total £
At 31 July 2015 and 2014	<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 2015 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 2017.

The holders of the preference shares have confirmed that they will not seek any redemption of the preference shares prior to 1 July 2017.

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

Company	Principal activity
Peoples Ecosse Limited	Sale and repair of motor vehicles
Peoples Liverpool Limited	Sale and repair of motor vehicles
Total Vehicle Solutions Limited	Sale of motor vehicles
Peoples Bathgate & Livingston Limited	Dormant
Liverpool Daily Centre Limited	Dormant
Peoples Detroit Limited	Dormant
Peoples Falkirk Limited	Dormant
Peoples Glasgow Limited	Dormant

4. STOCKS

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Vehicles	54,984,130	53,369,917	-	-
Spare parts	963,264	935,255	-	-
Other stocks	165,858	111,668	-	-
	<u>56,113,252</u>	<u>54,416,840</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.

PEOPLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2015

5. DEBTORS

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	7,097,172	6,591,009	-	-
Prepayments and accrued income	1,578,663	2,031,334	226,994	790,708
Amounts due from fellow group undertakings	-	-	13,234	96,836
Value Added Tax	2,935,018	5,261,815	-	-
	<u>11,610,853</u>	<u>13,884,158</u>	<u>240,228</u>	<u>887,544</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade creditors	61,829,815	60,904,011	-	-
Amounts due to fellow group undertakings	-	-	91,453	45,398
Corporation tax	725,970	607,760	-	-
Other taxes and social security costs	306,450	300,280	-	-
Other creditors and accruals	1,315,436	1,439,007	266,591	456,925
Value Added Tax	-	-	11,392	6,404
	<u>64,177,671</u>	<u>63,251,058</u>	<u>369,436</u>	<u>508,727</u>

Further details of secured liabilities are contained in note 11.

7. PROVISIONS FOR LIABILITIES

Group	Deferred tax £
At 1 August 2014	235,050
Credited to profit and loss account (note 16)	35,494
At 31 July 2015	<u>270,544</u>

Analysis of the deferred tax balance is as follows:

	2015 £	2014 £
Fixed asset timing differences	<u>270,544</u>	<u>235,050</u>

Company

The company has no deferred tax provision (2014 - £Nil).

PEOPLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2015

8. FINANCING LIABILITIES

	No	£	2015 £	2014 £
Allotted, called-up and fully paid				
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>12,017</u>	<u>12,017</u>

The rights attaching to preference shares are set out below:

The holders of the redeemed first preference shares still 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 2015.

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 2016 and 2021 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.

9. CALLED UP SHARE CAPITAL AND RESERVES

a) Share capital

The issued share capital of the company at 31 July 2015 comprised:

	No	£	2015 £	2014 £
Allotted, called-up and fully paid				
Ordinary shares	189,215	0.10	18,922	18,922
Deferred shares	110,785	0.10	11,078	11,078
Total share capital			<u>30,000</u>	<u>30,000</u>

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.

PEOPLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2015

9. CALLED UP SHARE CAPITAL AND RESERVES (CONTINUED)

b) Reserves

	Revaluation reserve £	Capital redemption reserve £	Special reserve £	Profit and loss account £	Other reserve £
Group					
At 1 August 2014	1,404,751	1,171,040	576,439	8,696,071	3,632,172
Transfer of revalued properties	(13,400)	-	-	13,400	-
Revaluation surplus	534,720	-	-	-	-
Profit for the financial year	-	-	-	4,137,730	-
Equity dividends	-	-	-	(872,318)	-
At 31 July 2015	<u>1,926,071</u>	<u>1,171,040</u>	<u>576,439</u>	<u>11,974,883</u>	<u>3,632,172</u>
Company					
At 1 August 2014	-	1,171,040	576,439	4,734,752	3,632,172
Profit for the financial year	-	-	-	1,677,085	-
Equity dividends	-	-	-	(872,318)	-
At 31 July 2015	<u>-</u>	<u>1,171,040</u>	<u>576,439</u>	<u>5,539,519</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 (2014 - £2,387,680).

10. RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	2015 £	2014 £
Opening shareholders' funds	15,510,473	13,172,576
Profit for the financial year	4,137,730	3,147,204
Revaluation Surplus	534,720	-
Dividend paid on ordinary shares (note 18)	<u>(872,318)</u>	<u>(809,307)</u>
Closing shareholders' funds	<u>19,310,605</u>	<u>15,510,473</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2015

11. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

a) Capital commitments

At 31 July 2015 the Group had contracted capital commitments of £Nil (2014 - £Nil). The company had no capital commitments at 31 July 2015 (2014 - £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 2015 are £47,064,734 (2014 - £51,308,893). The decrease in secured borrowings is a result of reduced bank borrowing.

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 £982,500 (2014 - £982,500). 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:

	2015 Property £	2014 Property £
Group		
Operating leases which expire after more than 5 years	982,500	982,500

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.

13. INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £	2014 £
On bank overdraft	11,282	66,433

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2015

14. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets (note 2)		
Owned assets	726,246	727,226
Held under finance leases and hire purchase agreements	2,132	2,843
Staff costs (note 15)	11,530,572	11,150,036
Operating lease rentals:		
Plant and equipment	2,760	2,760
Other	982,500	982,500

The auditor's remuneration is as follows:

	2015 £	2014 £
Audit services		
Fees payable to the company's auditor for the audit of the company's annual accounts	10,000	10,000
The audit of the company's subsidiaries	50,600	50,000
Total audit fees	<u>60,600</u>	<u>60,000</u>
Further non-audit services		
Taxation compliance services	5,700	5,700
Other taxation advisory services	-	6,000
Total non-audit fees	<u>5,700</u>	<u>11,700</u>
Total	<u><u>66,300</u></u>	<u><u>71,700</u></u>

PEOPLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2015

15. STAFF COSTS

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

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Wages and salaries	10,404,134	10,084,551	767,253	801,766
Social security costs	997,881	966,291	94,852	93,777
Other pension costs	128,557	99,194	61,475	57,918
	<u>11,530,572</u>	<u>11,150,036</u>	<u>923,580</u>	<u>953,461</u>

The average monthly number of employees in the group during the year was 395 (2014 - 395), categorised below. The average monthly number of employees in the company during the year was 11 (2014 - 11).

	2015	2014
	No.	No.
Sales	132	129
Administration	125	121
Other	138	145
	<u>395</u>	<u>395</u>

Directors' remuneration:

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

	2015	2014
	£	£
Remuneration:		
Emoluments	441,529	428,678
Company contributions to money purchase pension schemes	59,019	57,102
	<u>500,548</u>	<u>485,780</u>

Pensions:

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

	2015	2014
	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:

	2015	2014
	£	£
Emoluments	266,268	256,698
Company contributions to money purchase pension schemes	35,572	34,477
	<u>301,840</u>	<u>291,175</u>

PEOPLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2015

16. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2015 £	2014 £
United Kingdom corporation tax		
Current tax at 20.66% (2014 – 22.33%)	1,125,124	1,008,596
Total current tax	1,125,124	1,008,596
Deferred tax (note 7)		
Current year origination and reversal of timing differences	35,494	(4,210)
Total tax on profit on ordinary activities	1,160,618	1,004,386

Reconciliation of current tax charge

The standard rate of current tax for the year, based on the UK standard rate of corporation tax, is 20.66% (2014 – 22.33%). The actual current tax charge for the current and prior years differs from the standard rate for the reasons set out in the following reconciliation:

	2015 £	2014 £
Profit on ordinary activities before tax	5,298,348	4,151,590
Tax on profit on ordinary activities at 20.66% (2014 - 22.33%)	1,094,639	927,050
Factors affecting charge:		
Permanent differences	(48,395)	38,863
Fixed asset timing differences	35,494	(4,210)
Preference share dividends	43,386	46,893
Current tax charge for the year	1,125,124	1,008,596

17. PREFERENCE SHARE DIVIDENDS

	2015 £	2014 £
Fourth preference shares		
Interim of 1.5p (2014 – 1.5p) per share paid	105,000	105,000
Final of 1.5p (2014 – 1.5p) per share paid	105,000	105,000
	210,000	210,000

PEOPLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2015

18. ORDINARY DIVIDENDS PAID

	2015 £	2014 £
Paid 461.02p per share (2014: 427.72p)	872,318	809,307

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

	2015 £	2014 £
Operating profit	5,519,630	4,428,023
Depreciation charge	728,378	730,069
Increase in stocks	(1,696,412)	(10,362,402)
Decrease/(increase) in debtors	2,273,305	(2,550,271)
Increase in creditors	808,403	12,843,525
Net cash inflow from operating activities	7,633,304	5,088,944

20. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/(DEBT)

	2015 £	2014 £
Increase in cash in year	816,642	2,580,569
Current asset bank deposit	4,000,000	-
Change in net debt resulting from cash flows	4,816,642	2,580,569
Net funds/(debt) at beginning of year	1,207,531	(1,373,038)
Net funds at end of year	6,024,173	1,207,531

21. ANALYSIS OF NET FUNDS

	2014 £	Cash flow £	2015 £
Cash at bank and in hand	1,219,548	816,642	2,036,190
Bank overdraft	-	-	-
Preference shares	1,219,548 (12,017)	816,642 -	2,036,190 (12,017)
	1,207,531	816,642	2,024,173
Current asset bank deposit	-	4,000,000	4,000,000
	1,207,531	4,816,642	6,024,173

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 which are wholly owned by the company.