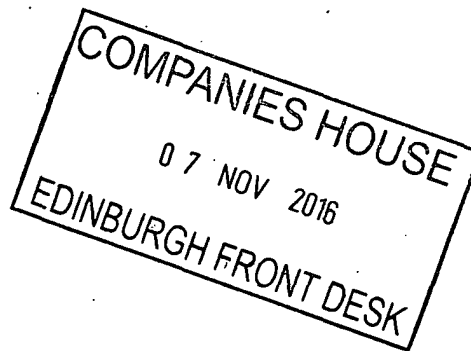


PEOPLES LIMITED

Annual Report and Financial Statements

31 July 2016



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COMPANIES HOUSE

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 11.

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 8 the group turnover increased by 10.1% and the group's profit on ordinary activities before taxation and preference share dividends increased by 27.9% 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 and debtors level was largely offset by increases in creditors, the group's net interest payable excluding preference share dividends decreased from £0.01 million to £0.04 million.

The consolidated balance sheet on page 9 of the financial statements shows an increase of 14.4% 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 very significant increases in consignment stock allocated by the manufacturer the group has achieved an increase of £0.2 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

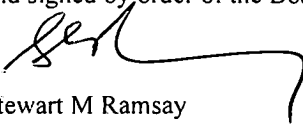
The group sells new vehicles for Ford, our manufacturer partner, and is dependent on the public's perception of the quality and suitability of their product range compared to the market as a whole. The group is also a significant retailer of used vehicles.

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

30 September 2016

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 2016.

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 6 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.

DIRECTORS' REPORT (CONTINUED)

DIVIDENDS

Dividends paid and proposed are as follows:

	Fourth preference shares £	Ordinary Shares £
Paid – 14 October 2015		1,101,670
Paid – 31 January 2016	105,000	-
Paid – 31 March 2016		1,625,000
Paid – 31 July 2016	105,000	-
	<u>210,000</u>	<u>2,726,670</u>
2016 – Dividend per share	3.0p	1441.04p
2015 – Dividend per share	3.0p	461.02p

DIRECTORS AND THEIR INTERESTS

	Number of 10 pence deferred shares at		Number of 10 pence ordinary shares at	
	31 July 2016	31 July 2015	31 July 2016	31 July 2015
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 profit or loss of the company for that period.

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

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

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

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.

APPROVAL OF REDUCED DISCLOSURE

The company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102. The company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions disclosed in note 22 and no objections have been received.

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

30 September 2016

PEOPLES LIMITED

CHAIRMAN'S STATEMENT

I am delighted to report that the Group recorded a profit before tax and share dividends of £7.05m which is a 27.9% increase over our record profits of last year. Turnover increased by 10.1% to £260.66m. Both these numbers represent the highest achieved in the Company's history.

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.

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. Ford leading edge product like Focus RS, Transit, Mustang and Ecosport are a benefit to have and a joy to sell along with the other market leading products we have in virtually every other sector that we compete in. All needed of course as we are dependent on that and consumer confidence to allow us to continue to perform to the financial results we have become accustomed.

In my 33 years as CEO of Peoples, I thought I had witnessed every combination of recession, financial turbulence and government incompetence to last me a lifetime, silly me. The combination of government actions north and south of the border along with the unknown implications of Brexit could lead to a slowing of consumer confidence with the likely collateral damage on results. 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

30 September 2016

PEOPLES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEOPLES LIMITED

We have audited the financial statements of Peoples Limited for the year ended 31 July 2016 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated and company statement of changes in equity, the consolidated cash flow statement and the related notes 1 to 23. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

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 on the financial statements

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 2016 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.



Colin Gibson CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Glasgow, United Kingdom

30 September 2016

PEOPLES LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 July 2016

	Note	2016 £	2016 £	2015 £	2015 £
TURNOVER	3		260,657,004		236,739,461
Cost of sales			248,008,157		(225,513,027)
GROSS PROFIT			12,648,847		11,226,434
Administrative expenses			(5,597,979)		(5,706,804)
OPERATING PROFIT			7,050,868		5,519,630
Finance costs	4	(4,226)	(4,226)	(11,282)	(11,282)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION AND PREFERENCE SHARE DIVIDENDS			7,046,642		5,508,348
Preference share dividends	8	(210,000)	(210,000)	(210,000)	(210,000)
Total interest payable and similar charges		(214,226)		(221,282)	
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5		6,836,642		5,298,348
Tax on profit on ordinary activities	7		(1,368,482)		(1,160,618)
PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME			5,468,160		4,137,730

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

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

PEOPLES LIMITED

CONSOLIDATED BALANCE SHEET As at 31 July 2016

	Note	2016 £	2015 £
NET ASSETS EMPLOYED:			
FIXED ASSETS			
Tangible fixed assets	10	10,035,239	10,010,542
CURRENT ASSETS			
Stocks	12	77,475,303	56,113,252
Debtors	13	20,777,242	11,610,853
Cash at bank and in hand		6,238,886	6,036,190
		104,491,431	73,760,295
CREDITORS: amounts falling due within one year	14	(92,270,056)	(64,177,671)
NET CURRENT ASSETS		12,221,375	9,582,624
TOTAL ASSETS LESS CURRENT LIABILITIES		22,256,614	19,593,166
PROVISIONS FOR LIABILITIES	15	(577,717)	(655,759)
TOTAL NET ASSETS EMPLOYED		21,678,897	18,937,407
FINANCED BY:			
Financing liabilities			
Preference shares	16	12,017	12,017
Shareholders' funds			
Called up share capital	17	30,000	30,000
Capital redemption reserve	17	1,171,040	1,171,040
Special reserve	17	576,439	576,439
Revaluation reserve	17	1,926,071	1,926,071
Profit and loss account	17	14,331,158	11,589,668
Other reserve	17	3,632,172	3,632,172
Total shareholders' funds		21,666,880	18,925,390
TOTAL FINANCING		21,678,897	18,937,407

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 30 September 2016.

Signed on behalf of the Board of Directors



Brian P Gilda
Director

PEOPLES LIMITED

COMPANY BALANCE SHEET As at 31 July 2016

	Note	2016 £	2015 £
NET ASSETS EMPLOYED:			
FIXED ASSETS			
Investments	11	5,353,300	5,353,300
CURRENT ASSETS			
Debtors	13	432,235	240,228
Cash at bank and in hand		7,078,893	5,737,095
		7,511,128	5,977,323
CREDITORS: amounts falling due within one year	14	(2,411,842)	(369,436)
NET CURRENT ASSETS		5,099,286	5,607,887
TOTAL ASSETS LESS CURRENT LIABILITIES		10,452,586	10,961,187
TOTAL NET ASSETS EMPLOYED		10,452,586	10,961,187
FINANCED BY:			
Financing liabilities			
Preference shares	16	12,017	12,017
Shareholders' funds			
Called up share capital	17	30,000	30,000
Capital redemption reserve	17	1,171,040	1,171,040
Special reserve	17	576,439	576,439
Profit and loss account	17	5,030,918	5,539,519
Other reserve	17	3,632,172	3,632,172
Total shareholders' funds		10,440,569	10,949,170
TOTAL FINANCING		10,452,586	10,961,187

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 30 September 2016.

Signed on behalf of the Board of Directors



Brian P Gilda
Director

PEOPLES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY As At 31 July 2016

	Called-up share capital £	Capital redemption reserve	Special reserve £	Revaluation reserve £	Profit & loss account £	Other reserve £	Total £
At 1 August 2014	30,000	1,171,040	576,439	1,939,471	8,310,856	3,632,172	15,659,978
Profit for the financial year	-	-	-	-	4,137,730	-	4,137,730
Transfer in respect of revalued properties	-	-	-	(13,400)	13,400	-	-
Total comprehensive income	-	-	-	(13,400)	4,151,130	-	4,137,730
Dividend paid on ordinary shares	-	-	-	-	(872,318)	-	(872,318)
At 31 July 2015	30,000	1,171,040	576,439	1,926,071	11,589,668	3,632,172	18,925,390
Profit for the financial year	-	-	-	-	5,468,160	-	5,468,160
Total comprehensive income	-	-	-	-	5,468,160	-	5,468,160
Dividend paid on ordinary Shares	-	-	-	-	(2,726,670)	-	(2,726,670)
At 31 July 2016	30,000	1,171,040	576,439	1,926,071	14,331,158	3,632,172	21,666,880

COMPANY STATEMENT OF CHANGES IN EQUITY As At 31 July 2016

	Called-up share capital £	Capital redemption reserve	Special reserve £	Profit and loss account	Other reserve £	Total
At 1 August 2014	30,000	1,171,040	576,439	4,734,752	3,632,172	10,144,403
Profit for the financial year	-	-	-	1,677,085	-	1,677,085
Total comprehensive income	-	-	-	1,677,085	-	1,677,085
Dividend paid on ordinary shares	-	-	-	(872,318)	-	(872,318)
At 31 July 2015	30,000	1,171,040	576,439	5,539,519	3,632,172	10,949,170
Profit for the financial year	-	-	-	2,218,069	-	4,196,229
Total comprehensive income	-	-	-	2,218,069	-	4,196,229
Dividend paid on ordinary shares	-	-	-	(2,726,670)	-	(2,726,670)
At 31 July 2016	30,000	1,171,040	576,439	5,030,918	3,632,172	12,418,729

PEOPLES LIMITED

CONSOLIDATED CASHFLOW STATEMENT For the year ended 31 July 2016

	Note	2016 £	2016 £	2015 £	2015 £
Net cash inflow from operating activities					
before taxation	19		5,268,865		7,633,304
Corporation tax paid			<u>(1,275,970)</u>		<u>(1,006,914)</u>
Net cash inflow from operating activities			3,992,895		6,626,390
Cash outflows from investing activities					
Interest paid	4	(4,226)		(11,282)	
Preference share dividends paid	8	<u>(210,000)</u>		<u>(210,000)</u>	
Cash outflows from investing activities			(214,226)		(221,282)
Cash flows from financing activities					
Purchase of tangible fixed assets		(1,167,412)		(1,095,076)	
Sale of tangible fixed assets		318,109		378,928	
Equity dividends paid	9	<u>(2,726,670)</u>		<u>(872,318)</u>	
Net cash outflows from financing activities			<u>(3,575,973)</u>		<u>(1,588,466)</u>
Increase in cash and cash equivalents in the year	20		<u>202,696</u>		<u>4,816,642</u>

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2016

1. ACCOUNTING POLICIES

This is the first set of financial statement prepared by Peoples Limited ('the company') in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The group transitioned from UK GAAP to FRS 102 effective from 1 August 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 23.

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

General information and basis of accounting

Peoples Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the group's operations and its principal activities are set out in the strategic report on page 2.

The financial statements have been prepared under the historical cost convention, modified to include certain items at deemed cost, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the group is considered to be pounds sterling because that is the currency of the primary economic environment in which the group operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in these separate Company financial statements in relation to presentation of a cash flow statement, remuneration of key management personnel and transactions with fellow group undertakings.

Going concern

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 financial statements of Peoples Limited and its subsidiary undertakings for the year ended 31 July 2016.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition.

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 £2,218,069 (2015 – profit of £1,677,085).

Tangible fixed assets and depreciation

Tangible fixed assets are shown at cost or deemed cost, 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 33%
Computer equipment	25%
Motor vehicles	25% and 30%
Other leased assets	10%

Leasehold improvements are depreciated over the period of the lease. Land is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 July 2016

1. ACCOUNTING POLICIES (CONTINUED)

Revaluation of properties

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

The group previously adopted a policy of revaluing freehold land and buildings and long leasehold properties and they were stated at their revalued amount less depreciation and any provision for impairment.

The group has adopted the transition exemption under FRS 102 and has elected to use the previous revaluation as a deemed cost at the transition date.

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.

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 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.

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 5 and 18.

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.

PEOPLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 July 2016

1. ACCOUNTING POLICIES (CONTINUED)

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.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the Group's accounting policies

The following are the critical judgements that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Impairment of tangible assets

Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future performance of the asset.

Establishing lives for depreciation of plant and equipment

Tangible fixed assets, other than freehold properties, are depreciated over their useful lives. The actual lives of the assets are assessed annually and are changed as necessary to reflect current thinking on the remaining lives in light of prospective economic utilisation and physical condition of the assets concerned. Changes in asset lives can have significant impact on depreciation charges for the period. Details of useful lives are included in the accounting policies.

Stock provisioning

The group maintains a stock of new and used vehicles for resale which comprise a substantial component of the overall assets of the group. As a result it is necessary to consider the recoverability of the cost of the vehicles and the associated provisioning required. When calculating the level of provision the directors consider the estimated realisable value taking account of the age and condition of the vehicles. The level of provision required is reviewed on an ongoing basis.

3. TURNOVER

An analysis of the Group's turnover by class of business is set out below.

	2016 £	2015 £
Turnover:		
Vehicles	245,942,810	222,762,920
Workshops	6,773,957	6,405,307
Parts	7,940,237	7,571,234
	<u>260,657,004</u>	<u>236,739,461</u>

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 (CONTINUED) Year ended 31 July 2016

4. FINANCE COSTS

	2016 £	2015 £
Interest payable and similar charges		
- Bank overdraft	4,226	11,282
	<u>4,226</u>	<u>11,282</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets (note 10)		
Owned assets	824,606	726,246
Held under finance leases and hire purchase agreements	-	2,132
Staff costs (note 6)	12,444,011	11,530,572
Operating lease rentals:		
Plant and equipment	-	2,760
Other	982,500	982,500
	<u>982,500</u>	<u>982,500</u>

The auditor's remuneration is as follows:

	2016 £	2015 £
Audit services		
Fees payable to the company's auditor for the audit of the company's annual financial statements	10,000	10,000
The audit of the company's subsidiaries	55,000	50,600
Total audit fees	<u>65,000</u>	<u>60,600</u>
Further non-audit services		
Taxation compliance services	5,700	5,700
Other taxation advisory services	-	-
Total non-audit fees	<u>5,700</u>	<u>5,700</u>
Total	<u>70,700</u>	<u>66,300</u>

PEOPLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 July 2016

6. STAFF COSTS

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

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Wages and salaries	11,242,067	10,404,134	875,049	767,253
Social security costs	1,073,691	997,881	103,157	94,852
Other pension costs	128,253	128,557	59,551	61,475
	<u>12,444,011</u>	<u>11,530,572</u>	<u>1,037,757</u>	<u>923,580</u>

The average monthly number of employees in the group during the year was 405 (2015 - 395), categorised below. The average monthly number of employees in the company during the year was 13 (2015 - 11)

	2016	2015
	No.	No.
Sales	140	132
Administration	127	125
Other	138	138
	<u>405</u>	<u>395</u>

Directors' remuneration:

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

	2016	2015
	£	£
Remuneration:		
Emoluments	455,228	441,529
Company contributions to money purchase pension schemes	60,778	59,019
	<u>516,006</u>	<u>500,548</u>

Pensions:

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

	2016	2015
	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:

	2016	2015
	£	£
Emoluments	274,654	266,268
Company contributions to money purchase pension schemes	36,633	35,572
	<u>311,287</u>	<u>301,840</u>

PEOPLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 July 2016

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2016 £	2015 £
Current tax on profit on ordinary activities		
UK corporation tax	1,446,524	1,125,124
Total current tax	<u>1,446,524</u>	<u>1,125,124</u>
Deferred tax		
Origination and reversal of timing differences	(78,042)	35,494
Total deferred tax (see note 15)	<u>(78,042)</u>	<u>35,494</u>
Total tax on profit on ordinary activities	<u>1,368,482</u>	<u>1,160,618</u>

The 2015 Finance Bill (No. 2) announced that the U.K. corporation tax rate will be reduced to 18% by 2020. Reduction in the rates from 20% to 19% (effective from 1 April 2017) and a rate of 18% with effect from 1 April 2020 were substantively enacted on 26 October 2015.

The deferred tax liability at 31 July 2016 has therefore been calculated having regard to the rate of 18% substantively enacted at the balance sheet date.

In the Budget on 16 March 2016, the UK Government proposed, amongst other things, to further reduce the main rate of UK corporation tax to 17% with effect from 1 April 2020. Existing timing differences on which deferred tax has been provided may therefore unwind in periods subject to this reduced rate. The rate change is to be included in the Finance Bill 2016.

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>6,836,642</u>	<u>5,298,348</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 20% (2015- 20.66%)	1,367,328	1,094,639
Effects of:		
- Permanent differences	22,405	19,593
Difference in tax rates	(63,251)	-
Preference share dividends	42,000	43,386
Total tax charge for year	<u>1,368,482</u>	<u>1,160,618</u>

PEOPLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 July 2016

8. PREFERENCE SHARE DIVIDENDS

	2016 £	2015 £
Fourth preference shares		
Interim of 1.5p (2015 – 1.5p) per share paid	105,000	105,000
Final of 1.5p (2015 – 1.5p) per share paid	105,000	105,000
	<u>210,000</u>	<u>210,000</u>

9. ORDINARY DIVIDENDS PAID

	2016 £	2015 £
Paid 1441.04p per share (2015 - 461.02p)	<u>2,726,670</u>	<u>872,318</u>

10. 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 2015	8,010,807	1,086,095	4,892,735	28,430	554,276	14,572,343
Additions	-	-	615,033	-	552,379	1,167,412
Disposals	-	-	-	-	(420,625)	(420,625)
At 31 July 2016	<u>8,010,807</u>	<u>1,086,095</u>	<u>5,507,768</u>	<u>28,430</u>	<u>686,030</u>	<u>15,319,130</u>
Depreciation						
At 1 August 2015	145,807	561,032	3,702,864	28,430	123,668	4,561,801
Charge for the year	138,891	54,305	492,911	-	138,499	824,606
Disposals	-	-	-	-	(102,516)	(102,516)
At 31 July 2016	<u>284,698</u>	<u>615,337</u>	<u>4,195,775</u>	<u>28,430</u>	<u>159,651</u>	<u>5,283,891</u>
Net book value						
At 31 July 2016	<u>7,726,109</u>	<u>470,758</u>	<u>1,311,993</u>	<u>-</u>	<u>526,379</u>	<u>10,035,239</u>
At 31 July 2015	<u>7,865,000</u>	<u>525,063</u>	<u>1,189,871</u>	<u>-</u>	<u>430,608</u>	<u>10,010,542</u>

Freehold land amounting to £2,150,000 (2015 - £2,150,000) has not been depreciated.

PEOPLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 July 2016

11. FIXED ASSET INVESTMENTS

Company	Ordinary shares £	Preference shares £	Long term loan stock £	Total £
At 31 July 2016 and 2015	4,300	1,000,000	4,349,000	5,353,300

Fixed asset investments at 31 July 2016 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 2018.

The holders of the preference shares have confirmed that they will not seek any redemption of the preference shares prior to 1 July 2018.

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

12. STOCKS

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Vehicles	76,245,535	54,984,130	-	-
Spare parts	1,113,808	963,264	-	-
Other stocks	115,960	165,858	-	-
	<u>77,475,303</u>	<u>56,113,252</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 2016

13. DEBTORS

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	9,956,402	7,097,172	-	-
Prepayments and accrued income	4,473,870	1,578,663	376,434	226,994
Amounts due from fellow group undertakings	-	-	55,801	13,234
Value Added Tax	6,346,970	2,935,018	-	-
	<u>20,777,242</u>	<u>11,610,853</u>	<u>432,235</u>	<u>240,228</u>

The only financial assets held by the Group are those which are held at held at undiscounted amounts receivable.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade creditors	88,468,537	61,829,815	-	-
Amounts due to fellow group undertakings	-	-	2,055,832	91,453
Corporation tax	896,524	725,970	-	-
Other taxes and social security costs	339,381	306,450	-	-
Other creditors and accruals	2,565,614	1,315,436	323,502	266,591
Value Added Tax	-	-	32,508	11,392
	<u>92,270,056</u>	<u>64,177,671</u>	<u>2,411,842</u>	<u>369,436</u>

Further details of secured liabilities are contained in note 18.

15. PROVISIONS FOR LIABILITIES

Group	Deferred tax £
At 1 August 2015	655,759
Credited to profit and loss account (note 7)	(78,042)
At 31 July 2016	<u>577,717</u>

Analysis of the deferred tax balance is as follows:

	2016 £	2015 £
Fixed asset timing differences	<u>577,717</u>	<u>655,759</u>

Company

The company has no deferred tax provision (2015 - £Nil).

PEOPLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 July 2016

16. FINANCING LIABILITIES

	No	£	2016 £	2015 £
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 2016.

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 2017 and 2022 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. In the opinion of the Directors, the fair value of the options cannot be reliably estimated. Accordingly, under of FRS 102.11.31, they are measured at initial proceeds, which is nil.

There are no financial liabilities measured at fair value and designated in an effective hedging relationship. The fourth preference shares are measured at amortised cost. The interest expense associated with these instruments is disclosed in note 8.

17. CALLED UP SHARE CAPITAL AND RESERVES

Share capital

The issued share capital of the company at 31 July 2016 comprised:

	No	£	2016 £	2015 £
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.

The Company's other reserves are as follows:

The capital redemption reserve arose on redemption of preference shares in previous years.

The 'Special reserve' is non-distributable as long as any debt of the company existing as at 5 July 1989 remains outstanding. The capital redemption reserve and the other reserve are non-distributable.

The revaluation reserve represents the cumulative effect of revaluations of freehold land and buildings which are revalued to deemed cost at 1 August 2014.

The profit and loss reserve represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 July 2016

17. CALLED UP SHARE CAPITAL AND RESERVES (CONTINUED)

The other reserve represents premiums received upon issue of preference shares in previous years.

The cumulative amount of goodwill resulting from acquisitions in the previous years which has been written off to reserves is £2,387,680 (2015 - £2,387,680).

18. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

a) Capital commitments

At 31 July 2016 the Group had contracted capital commitments of £Nil (2015 - £Nil). The company had no capital commitments at 31 July 2016 (2015 - £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 creditors of the group at 31 July 2016 are £77,901,812 (2015 - £47,064,734). The increase in secured creditors is due to an increase in consignment stock allocated to the group by the manufacturer.

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 (2015 - £982,500). The rent payable under these leases is subject to renegotiation at intervals specified in the leases.

The company's minimum rentals under the aforementioned leases are as follows:

	2016 Property £	2015 Property £
Group		
Within 1 year	982,500	982,500
Within 2-5 years	3,930,000	3,930,000
After 5 years	<u>3,765,208</u>	<u>4,747,708</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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2016

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

	2016 £	2015 £
Operating profit	7,050,868	5,519,630
Depreciation charge	824,606	728,378
Increase in stocks	(21,362,051)	(1,696,412)
(Increase)/Decrease in debtors	(9,166,389)	2,273,305
Increase in creditors	27,921,831	808,403
Net cash inflow from operating activities	<u>5,268,865</u>	<u>7,633,304</u>

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

	2016 £	2015 £
Increase in cash and cash equivalents during the year	<u>202,696</u>	<u>4,816,642</u>
Change in net debt resulting from cash flows	202,696	4,816,642
Net funds at beginning of year	<u>6,024,173</u>	<u>1,207,531</u>
Net funds at end of year	<u>6,226,869</u>	<u>6,024,173</u>

21. ANALYSIS OF NET FUNDS

	2015 £	Cash flow £	2016 £
Cash and cash equivalents	6,036,190	202,696	6,238,886
Bank overdraft	-	-	-
Preference shares	<u>6,036,190</u> <u>(12,017)</u>	<u>202,696</u> <u>-</u>	<u>6,238,886</u> <u>(12,017)</u>
	<u>6,024,173</u>	<u>202,696</u>	<u>6,226,869</u>

22. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS 102 section 33.1A not to disclose transactions with fellow group undertakings, all of which are wholly owned.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2016

23. TRANSITION TO FRS 102

This is the first year that the Group has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the year ended 31 July 2015 and the date of transition to FRS 102 was therefore 1 August 2014. As a consequence of adopting FRS 102 a number of accounting policies have changed to comply with the standard.

Reconciliation of equity

Note	At 31 July 2015 £	At 1 August 2014 £
Equity reported under previous UK GAAP	19,310,605	15,510,473
Adjustments to equity on transition to FRS 102		
1 Revalue land and buildings to deemed cost	-	534,720
2 Deferred tax on deemed cost	(385,215)	(385,215)
Equity reported under FRS 102	<u>18,925,390</u>	<u>15,659,978</u>

Notes to the reconciliation of equity at 1 August 2014

- Under previous UK GAAP, the group had a policy of revaluing Freehold and Leasehold land and buildings. On transition to FRS 102, the group has elected to use the previous valuation as the deemed cost for the asset at 1 August 2014. As the revaluation took place in September 2014, the adjustment is an uplift of £534,720 in fixed assets with a corresponding increase in revaluation reserve.
- Under previous UK GAAP the group was not required to provide for deferred taxation on the revaluation of Freehold and Leasehold land and buildings where there was no commitment to sell the asset at balance sheet date. Under FRS 102, deferred taxation is provided on the difference arising from revaluation and a deferred tax charge of £385,215 arose on transition.

There are no changes to the group profit and loss.

There are no changes to either the company equity or company profit or loss.