

PEOPLES LIVERPOOL LIMITED

Annual Report and Financial Statements

31 July 2012

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PEOPLES LIVERPOOL LIMITED

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PEOPLES LIVERPOOL LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Brian P Gilda (Chairman and Managing Director)
Stewart M Ramsay
Jacqueline Waterhouse
Nicola S Gilda

SECRETARY

Stewart M Ramsay

REGISTERED OFFICE

Callendar Road
Falkirk
FK1 1SQ

BANKERS

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

SOLICITORS

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

INDEPENDENT AUDITOR

Deloitte LLP
Glasgow
United Kingdom

PEOPLES LIVERPOOL LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 July 2012.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company is a wholly owned subsidiary of Peoples Limited and encompasses all the Merseyside dealerships.

The company's principal activities are the sale and repair of motor vehicles and all normal activities associated therewith. There have been no significant changes in the company'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 company's activities in the next year.

The company continues to invest in its dealership facilities in order to meet the standards required by our manufacturing partner and further investment will continue in the forthcoming year.

As shown in the company's profit and loss account on page 7, the company's turnover increased by 1.2% over the prior year and the profit for the financial year increased from £1.24 million to £1.58 million. This is a consequence of strong cost control, reduced stocking levels and a slight improvement in market conditions.

The balance sheet on page 6 shows an increase in the company's financial position in terms of net assets even after paying a dividend to the holding company of £1,500,000. This is largely a consequence of the revaluation of properties which resulted in an uplift of £0.37 million. After significant investment in its dealership facilities in the previous two years fixed asset additions returned to normal levels. Decreased investment in stock and a fall in debtors have more than been offset by a fall in creditors, resulting in an increase in bank overdraft.

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

The Peoples group controls its operations at a group level. For this reason the company's directors believe that discussion of further key performance indicators of the company does not provide an appropriate understanding of the development, performance or position of the business. The performance of the group, which includes the company, is discussed in the group's annual report, which does not form part of this report.

PRINCIPAL RISKS AND UNCERTAINTIES

The company 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 company is also a significant retailer of used vehicles.

The company is financed by fixed rate holding company loan stock and by bank overdraft. Its interest rate exposure, taking account of recent interest rate movements, is not significant to its results.

Group risks are discussed in the group's annual report which does not form part of this report.

FINANCIAL RISK MANAGEMENT

The company's principal financial assets are bank balances and trade debtors. The company'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 company has no significant concentration of credit risk, with exposure spread over a number of customers.

The company's principal financial liabilities comprise a bank overdraft (forming part of a group wide facility), loan stock and trade creditors, all of which are paid on standard terms of payment. The company does not enter into any derivative financial instruments.

PEOPLES LIVERPOOL LIMITED

DIRECTORS' REPORT (CONTINUED)

FINANCIAL RISK MANAGEMENT (CONTINUED)

The financial and liquidity position of the company is dependent upon the borrowing facilities available to its parent company, Peoples Limited. The accounts of the parent company state that 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. Given this the financial statements of the company have been prepared on a going concern basis.

ENVIRONMENT

The company 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 company's impact on the environment include the safe disposal of waste, recycling and investing money in energy efficiency equipment.

EMPLOYEES

Details of the number of employees and related costs can be found in note 17 to the financial statements.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company 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 company 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 company. 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.

DIVIDENDS

The directors paid a dividend in the current year of £1,500,000 (2011 - £1,500,000), and recommend that the profit for the financial year of £1,582,923 (2011 - £1,242,870) be transferred to reserves.

DIRECTORS

The directors who served during the year and to the date of this report were:

Brian P Gilda
Stewart M Ramsay
Jacqueline Waterhouse
Nicola S Gilda

PEOPLES LIVERPOOL LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 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.

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/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

AUDITOR

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

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



Stewart M Ramsay
Secretary

4 October 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEOPLES LIVERPOOL LIMITED

We have audited the financial statements of Peoples Liverpool Limited for the year ended 31 July 2012 which comprise the balance sheet, the profit and loss account, the statement of total recognised gains and losses, the note of historic cost profits and losses and the related notes 1 to 21. 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we would consider the implications for our report.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

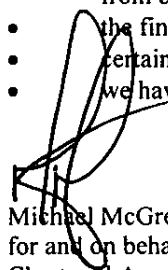
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



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

4 October 2012

PEOPLES LIVERPOOL LIMITED

BALANCE SHEET

As at 31 July 2012

	Note	2012 £	2012 £	2011 £	2011 £
NET ASSETS EMPLOYED:					
FIXED ASSETS					
Tangible fixed assets	2		7,423,750		7,381,292
CURRENT ASSETS					
Stocks	3		17,185,696		20,697,612
Debtors	4		5,050,313		5,173,282
Cash at bank and in hand			2,400		777,351
			22,238,409		26,648,245
CREDITORS: amounts falling due within one year	5		(18,876,919)		(23,658,763)
NET CURRENT ASSETS			3,361,490		2,989,482
TOTAL ASSETS LESS CURRENT LIABILITIES			10,785,240		10,370,774
CREDITORS: amounts falling due after more than one year before financing liabilities					
Holding company loan stock	6	(2,999,000)	(2,999,000)	(2,999,000)	(2,999,000)
PROVISIONS FOR LIABILITIES	7		(309,365)		(346,448)
TOTAL NET ASSETS EMPLOYED			7,476,875		7,025,326
FINANCED BY:					
Financing Liabilities					
Preference Shares	8	(200,000)	200,000	(200,000)	200,000
Total creditors falling due after more than one year		(3,199,000)		(3,199,000)	
Shareholders' Funds					
Called up share capital	9		1,000		1,000
Revaluation reserve	10		1,240,350		876,487
Other reserve	10		800,000		800,000
Profit and loss account	10		5,235,525		5,147,839
Total shareholders' funds	11		7,276,875		6,825,326
TOTAL FINANCING			7,476,875		7,025,326

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

These financial statements of Peoples Liverpool Limited, registered number SC112752, were approved by the Board of Directors and authorised for issue on 4 October 2012.

Signed on behalf of the Board of Directors


 Brian P Gilda
 Director

PEOPLES LIVERPOOL LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 July 2012

	Note	2012 £	2011 £
TURNOVER: continuing operations	13	97,292,633	96,180,172
Cost of sales		(92,981,068)	(92,205,533)
Gross profit		4,311,565	3,974,639
Administrative expenses		(2,083,962)	(2,219,597)
OPERATING PROFIT: continuing operations		2,227,603	1,755,042
Interest (payable)/receivable and similar charges	14	(4,710)	33,235
PROFIT ON ORDINARY ACTIVITIES BEFORE HOLDING COMPANY LOAN STOCK INTEREST		2,222,893	1,788,277
Interest on holding company loan stock	14	(89,970)	(89,970)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	13,16	2,132,923	1,698,307
Tax on profit on ordinary activities	18	(550,000)	(455,437)
PROFIT FOR THE FINANCIAL YEAR	10	1,582,923	1,242,870

The other recognised gains or losses in the year have been included in the Statement of Total Recognised Gains and Losses presented on page 8.

A statement of movements on reserves is given in note 10.

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

PEOPLES LIVERPOOL LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES Year ended 31 July 2012

	2012 £	2011 £
Profit for the financial year	1,582,923	1,242,870
Unrealised surplus on revaluation of properties	368,626	-
Total recognised gains and losses in the year	<u>1,951,549</u>	<u>1,242,870</u>

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

NOTE OF HISTORIC COST PROFITS AND LOSSES Year ended 31 July 2012

	2012 £	2011 £
Reported profit before taxation	2,132,923	1,698,307
Difference between historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	4,763	4,763
Historical cost profit before taxation	<u>2,137,686</u>	<u>1,703,070</u>
Historical cost profit after taxation	<u>1,587,686</u>	<u>1,247,633</u>

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

PEOPLES LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 July 2012

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the 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 company has 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 2.

Tangible fixed assets

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

Depreciation is provided on cost or valuation in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold and long leasehold buildings	2%
Plant and equipment	10%
Leased assets (plant & equipment)	10%
Computer equipment	33%
Motor vehicles	24%

Leasehold improvements are depreciated over the period of the lease.

Land is not depreciated.

Revaluation of properties

The company's individual freehold and long leasehold land and buildings, which are considered to represent a single class of assets, are revalued under a general five 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 surplus.

Where depreciation charges are increased as a result of this policy of 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. Net realisable value is based on estimated normal 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.

PEOPLES LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2012

1. ACCOUNTING POLICIES (CONTINUED)

Taxation

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

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

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

Turnover

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

Leases

The company enters into operating leases 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 return 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 payments are not made on such a basis. Further information on charges in the year and future commitments is given in notes 12 and 16.

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 LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 July 2012

2. TANGIBLE FIXED ASSETS

	Freehold and long leasehold land and buildings	Leasehold improve- ments	Computers, plant and equipment	Leased assets	Motor vehicles	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 August 2011	5,677,432	1,086,095	2,780,181	453,506	294,367	10,291,581
Additions	-	-	49,829	-	266,377	316,206
Disposals	-	-	(817,870)	(453,506)	(272,145)	(1,543,521)
Revaluations	83,375	-	-	-	-	83,375
At 31 July 2012	5,760,807	1,086,095	2,012,140	-	288,599	9,147,641
Accumulated depreciation						
At 1 August 2011	184,865	343,812	1,838,280	453,506	89,826	2,910,289
Charge for the year	106,222	54,305	239,251	-	63,839	463,617
Disposals	-	-	(817,870)	(453,506)	(93,388)	(1,364,764)
Revaluations	(285,251)	-	-	-	-	(285,251)
At 31 July 2012	5,836	398,117	1,259,661	-	60,277	1,723,891
Net book value						
At 31 July 2012	5,754,971	687,978	752,479	-	228,322	7,423,750
At 31 July 2011	5,492,567	742,283	941,901	-	204,541	7,381,292

Freehold land amounting to £1,450,000 (2011 - £1,450,000) has not been depreciated. Leased assets consist entirely of plant and equipment.

Freehold and long leasehold land and buildings were professionally valued on an Existing Use Value basis (notional directly attributable acquisition costs have not been included as they are not considered to be material) by Graham & Sibbald, Chartered Surveyors, who are external to the company.

The valuation, undertaken as at 31 July 2012, was £5,750,000.

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

	2012 £	2011 £
Cost	5,439,317	5,439,317
Depreciation	(924,696)	(823,237)
Net Book Value	4,514,621	4,616,080

PEOPLES LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2012

3. STOCKS

	2012 £	2011 £
Vehicles	16,223,692	19,923,548
Spare parts	864,466	660,665
Other stocks	97,538	113,399
	<u>17,185,696</u>	<u>20,697,612</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.

4. DEBTORS

	2012 £	2011 £
Amounts falling due within one year:		
Trade debtors	3,310,279	3,240,381
Due from fellow group undertakings	34,354	18,589
Prepayments and accrued income	842,983	824,390
Value Added Tax	862,697	1,089,922
	<u>5,050,313</u>	<u>5,173,282</u>

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Bank overdraft	533,489	-
Trade creditors	17,319,530	22,143,279
Due to fellow group undertakings	-	99,284
Other taxes and social security costs	146,902	153,278
Other creditors and accruals	442,056	944,386
Corporation tax	434,942	318,536
	<u>18,876,919</u>	<u>23,658,763</u>

PEOPLES LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2012

6. HOLDING COMPANY LOAN STOCK

The £2,999,000 (2011 – £2,999,000) of loan stock issued by the holding company bears interest at variable rates, currently 3% (2011 – 3%) per annum and is redeemable by the company in 12 equal six monthly instalments from 1 July 2014.

7. PROVISIONS FOR LIABILITIES

	Deferred tax £
At 1 August 2011	346,448
Credited to profit and loss account – current year (note 18)	(37,083)
At 31 July 2012	309,365

Analysis of the deferred tax balance is as follows:

	2012 £	2011 £
Fixed asset timing differences	309,365	346,448

The Finance Bill 2012, which provides for a reduction in the main rate of corporation tax to 23% effective from 1 April 2013, was substantively enacted on 3 July 2012. As it was substantively enacted at the balance sheet date, the rate reduction is reflected in these financial statements.

8. FINANCING LIABILITIES

	2012 £	2011 £
Allotted, called-up and fully paid		
200,000 12% cumulative redeemable preference shares of £1 each	200,000	200,000

The preference shares carry no voting rights and the holders are entitled to receive a fixed cumulative dividend at 12% per annum on their nominal value in priority to any other dividend on shares. However, the preference shareholders have waived their entitlement to dividends due.

On a winding up, the preference shares rank ahead of the ordinary shares for the amount of capital contributed and any dividend arrears. The preference shares are redeemable at par.

9. CALLED UP SHARE CAPITAL

	2012 £	2011 £
Allotted, called-up and fully paid		
1,000 ordinary shares of £1 each	1,000	1,000

PEOPLES LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 July 2012

10. RESERVES

Of the total reserves shown in the balance sheet, the following amounts are regarded as distributable or otherwise:

	2012 £	2011 £
Distributable		
- retained profit	5,235,525	5,147,839
Non-distributable		
- other reserve	800,000	800,000
- revaluation reserve	1,240,350	876,487
	<u>7,275,875</u>	<u>6,824,326</u>

The movement in reserves during the year was:

	Other reserve £	Revaluation reserve £	Profit and loss account £
At 1 August 2011	800,000	876,487	5,147,839
Profit for the financial year	-	-	1,582,923
Dividend paid on ordinary shares (note 15)	-	-	(1,500,000)
Revaluation surplus	-	368,626	-
Transfer in respect of revalued properties	-	(4,763)	4,763
At 31 July 2012	<u>800,000</u>	<u>1,240,350</u>	<u>5,235,525</u>

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Opening shareholders' funds	6,825,326	7,082,456
Profit for the financial year	1,582,923	1,242,870
Revaluation surplus	368,626	-
Dividend paid on ordinary shares (note 15)	(1,500,000)	(1,500,000)
Closing shareholders' funds	<u>7,276,875</u>	<u>6,825,326</u>

PEOPLES LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2012

12. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

a) Capital commitments

At the end of the current year, the company had contracted capital commitments of £Nil (2011 - £nil).

b) Contingent liabilities

The group companies have granted cross-guarantees, letters of offset, standard securities over freehold property and bond and floating charges in relation to bank borrowings, secured on the assets of the companies. In addition, certain new and used vehicle stocks are provided as security against certain trade creditors. The total secured group borrowings are disclosed in the financial statements of Peoples Limited.

c) Lease commitments

The company leases land and buildings on a long term basis under an operating lease agreement. The annual rental on these leases is £582,500 (2011 - £569,000). The rent payable under these leases is subject to renegotiation at intervals specified in the leases.

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

	2012 Property £	2011 Property £
Operating leases which expire - after more than 5 years	<u>582,500</u>	<u>569,000</u>

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 for the company. The directors are of the opinion that no liability is likely to arise.

13. SEGMENTAL INFORMATION

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

14. INTEREST PAYABLE/(RECEIVABLE) AND SIMILAR CHARGES

	2012 £	2011 £
On bank overdraft	<u>4,710</u>	<u>(33,235)</u>

In addition, interest payable on holding company loan stock of £89,970 (2011 - £89,970) is shown on the face of the profit and loss account.

15. DIVIDEND ON ORDINARY SHARES

	2012 £	2011 £
Final dividend for the year ended 31 July 2012 of £1,500 (2011: £1,500) per ordinary share	<u>1,500,000</u>	<u>1,500,000</u>

PEOPLES LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2012

16. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	2012 £	2011 £
Depreciation of tangible fixed assets (note 2)		
- owned	463,617	448,165
Auditor's remuneration	35,000	35,000
Staff costs (note 17)	5,669,106	5,808,968
Operating lease rentals	582,500	569,000

The company is not required, in its individual financial statements, to disclose separately information about fees for non-audit services provided to the company because the consolidated financial statements are required to disclose such fees on a consolidated basis.

17. STAFF COSTS

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

	2012 £	2011 £
Wages and salaries	5,187,389	5,308,466
Social security costs	481,717	500,502
	<u>5,669,106</u>	<u>5,808,968</u>

The average monthly number of employees during the year was 235 (2011 – 242).

Directors' remuneration:

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

	2012 £	2011 £
Emoluments	<u>159,288</u>	<u>133,154</u>

The emoluments of the directors who were also directors of the holding company are paid by the holding company, Peoples Limited. They are therefore excluded from the emoluments disclosed above. Further details of Peoples Limited directors' remuneration are disclosed in the accounts of that company.

PEOPLES LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 July 2012

18. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2012 £	2011 £
Current tax		
United Kingdom corporation tax at 25.33% (2011 - 27.33%)	583,376	484,505
Adjustment in respect of prior year	3,707	(33,983)
	<u>587,083</u>	<u>450,522</u>
Deferred tax – origination and reversal of timing differences (note 7)	(37,083)	4,915
Tax on profit on ordinary activities	<u>550,000</u>	<u>455,437</u>

Reconciliation of tax charge

The standard rate of current tax for the year, based on the UK standard rate of corporation tax, is 25.33% (2011 – 27.33%). The actual tax charge for the current and prior years differs from the standard rate for the reasons set out in the following reconciliation:

	2012 £	2011 £
Profit on ordinary activities before tax	2,132,923	1,698,307
Tax on profit on ordinary activities at 25.33% (2011 - 27.33%)	540,269	464,147
Factors affecting charge:		
Permanent differences	9,731	(8,710)
Fixed asset timing differences	37,083	(4,915)
Current tax charge for the year	<u>587,083</u>	<u>450,522</u>

19. CASH FLOW STATEMENT

The company is exempt from the requirement of Financial Reporting Standard 1 (Revised) to include a cash flow statement as part of its financial statements because it is a wholly owned subsidiary of Peoples Limited which produces a consolidated cash flow statement.

20. 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, all of which are wholly owned.

21. ULTIMATE HOLDING COMPANY

The company is a subsidiary undertaking of Peoples Limited which is registered in Scotland.

The largest and smallest group of which Peoples Liverpool Limited is a member and for which group financial statements are prepared is that headed by Peoples Limited, a company registered in Scotland, whose registered office is at Callendar Road, Falkirk, FK1 1SQ.