

**PEOPLES LIMITED**

**Annual Report and Financial Statements**

**For the year ended 31 July 2019**

**COMPANIES HOUSE  
EDINBURGH**

**04 OCT 2019**

**FRONT DESK**



# **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  
United Kingdom  
FK1 1SQ

#### **BANKERS**

Bank of Scotland  
The Mound  
Edinburgh  
United Kingdom  
EH1 1YZ

#### **SOLICITORS**

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

#### **INDEPENDENT AUDITOR**

Deloitte LLP  
Statutory Auditor  
110 Queen Street  
Glasgow  
United Kingdom  
G1 3BX

# **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. During the year the group purchased a dealership facility it previously leased.

As shown in the consolidated profit and loss account on page 9 the group turnover increased by 1.1% and the group's profit before taxation and preference share dividends decreased by 17.2% over the prior year. The turnover movement is not significant. The profit decrease is a consequence of a tightening in the new car marketplace offset by 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 offset by decreases in creditors, although cash fell as a consequence of purchasing the dealership facility previously leased. The group's net interest income excluding preference share dividends decreased from £0.13 million to £0.087 million.

The consolidated balance sheet on page 10 of the financial statements shows an increase of 5.6% 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 although in current year the cash outflow was £4.5 million as a consequence of purchasing the dealership facility previously leased.

### **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.

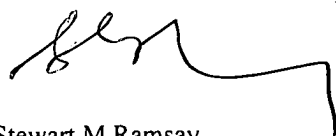
The group is not dependent on any single customer in any area of its business, the loss of which would have a significant impact on its results.

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.

The combination of government actions north and south of the United Kingdom border along with no hard evidence implications of Brexit has led to a slowing of consumer confidence, which could damage results.

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



Stewart M Ramsay  
Company Secretary  
26 September 2019

# **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 2019.

### **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 a period of at least 12 months from the date of this report. 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 can be found in the Strategic Report on page 2 and form part of this report by cross reference. No events have occurred after the balance sheet date that require disclosure.

### **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.

# PEOPLES LIMITED

## DIRECTORS' REPORT (CONTINUED)

### DIVIDENDS

Dividends paid and proposed are as follows:

	Fourth preference shares £	Ordinary Shares £
Paid – 31 October 2018	-	1,834,054
Paid – 30 January 2019	113,750	-
Paid – 31 July 2019	113,750	-
	<u>227,500</u>	<u>1,834,054</u>
2019 – Dividend per share	<u>3.25p</u>	<u>969.30p</u>
2018 – Dividend per share	<u>2.94p</u>	<u>1120.64p</u>

### DIRECTORS AND THEIR INTERESTS

	Number of 10 pence deferred shares at		Number of 10 pence ordinary shares at	
	31 July 2019	31 July 2018	31 July 2019	31 July 2018
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 and up to the date of signing.

### 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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

## **PEOPLES LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

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:

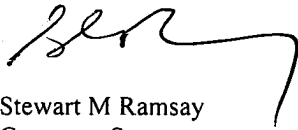
- (1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the 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  
26 September 2019

## **PEOPLES LIMITED**

### **CHAIRMAN'S STATEMENT**

With Profit before taxation and preference share dividends at £4.555m the fifth best in our 36 year history and Turnover at £277.433m the best, you can be assured I am delighted with these results notwithstanding the 17.2% diminution in profits from last year's results.

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 and diminishing volumes in certain sections of the market. That, coupled with the outstanding loyalty of our customers is what makes these results special.

It does not however mean that we can declare 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 bettered all the operational benchmarks and financial milestones continuously 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 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 the all new Puma, Focus, Fiesta, Mustang and the fantastic Commercial vehicle range led by Transit and Ranger Raptor 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.

The combination of government actions north and south of the border along with no hard evidence implications of Brexit has led to a slowing of consumer confidence with the collateral damage on results. I recognised early on in our previous financial years that the private sector would be the first to show signs of stress and as a consequence concentrated our efforts in the Commercial Vehicle market to ensure we maintained volume and share.

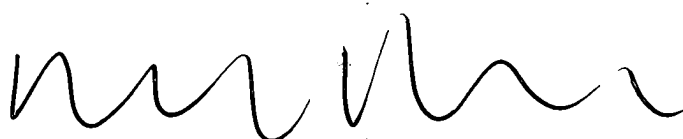
We will of course, continue to review all revenue and cost items to ensure that we are as fit as we can be to best tackle the marketplace. As a consequence, we are confident that with the hard work of all Directors, Management and Staff, we will continue to deliver the best possible results.

### **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 wellbeing 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**  
26 September 2019



# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEOPLES LIMITED**

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OF PEOPLES LIMITED**

### **Opinion**

In our opinion the financial statements of Peoples Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 July 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account ;
- the consolidated and company balance sheets;
- the consolidated and company statements of changes in equity;
- 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

### **Other information**

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

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

We have nothing to report in respect of these matters.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEOPLES LIMITED**

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OF PEOPLES LIMITED (CONTINUED)**

### **Responsibilities of directors**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

#### **Matters on which we are required to report by exception**

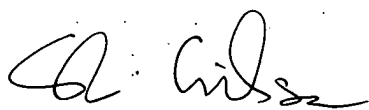
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

#### **Use of our report**

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



Colin Gibson CA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Glasgow, United Kingdom  
26 September 2019

# PEOPLES LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 July 2019

	Note	2019 £	2019 £	2018 £	2018 £
<b>TURNOVER</b>	3		277,433,934		274,411,248
Cost of sales			(267,313,277)		(263,724,822)
<b>GROSS PROFIT</b>			10,120,657		10,686,426
Administrative expenses			(5,652,239)		(5,314,178)
<b>OPERATING PROFIT</b>			4,468,418		5,372,248
Finance income	4		87,338		129,914
<b>PROFIT BEFORE TAXATION AND PREFERENCE SHARE DIVIDENDS</b>			4,555,756		5,502,162
Preference share dividends	8	(227,500)	(227,500)	(205,625)	(205,625)
<b>Total interest payable and similar charges</b>		(227,500)		(205,625)	
<b>PROFIT BEFORE TAXATION</b>	5		4,328,256		5,296,537
Tax on profit	7		(892,739)		(1,080,117)
<b>PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY</b>			3,435,517		4,216,420

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

There are no items of Other Comprehensive Income in the current year, therefore no Consolidated Statement of Comprehensive Income is prepared.

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

# PEOPLES LIMITED

## CONSOLIDATED BALANCE SHEET

As at 31 July 2019

	Note	2019 £	2018 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	10	15,090,731	8,981,407
<b>CURRENT ASSETS</b>			
Stocks	12	93,722,602	72,973,803
Debtors	13	17,417,993	13,100,324
Cash and cash equivalents		7,469,023	12,000,029
		118,609,618	98,074,156
<b>CREDITORS: amounts falling due within one year</b>	14	(102,977,001)	(78,007,446)
<b>NET CURRENT ASSETS</b>		15,632,617	20,066,710
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		30,723,348	29,048,117
<b>PROVISIONS FOR LIABILITIES</b>	15	(542,814)	(469,046)
<b>TOTAL NET ASSETS EMPLOYED</b>		30,180,534	28,579,071
<b>FINANCED BY:</b>			
<b>Financing liabilities</b>			
Preference shares	16	12,017	12,017
<b>Capital and Reserves</b>			
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	1,763,741	1,763,741
Profit and loss account	17	22,995,125	21,393,662
Other reserve	17	3,632,172	3,632,172
<b>Total shareholders' funds</b>		30,168,517	28,567,054
<b>TOTAL FINANCING</b>		30,180,534	28,579,071

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 26 September 2019.

Signed on behalf of the Board of Directors



Brian P Gilda  
Director

# PEOPLES LIMITED

## COMPANY BALANCE SHEET

As at 31 July 2019

	Note	2019 £	2018 £
<b>FIXED ASSETS</b>			
Investments	11	5,353,300	5,353,300
<b>CURRENT ASSETS</b>			
Debtors	13	252,595	366,528
Cash and cash equivalents		14,806,908	13,181,831
		15,059,503	13,548,359
<b>CREDITORS: amounts falling due within one year</b>	14	(2,380,567)	(2,430,949)
<b>NET CURRENT ASSETS</b>		12,678,936	11,117,410
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		18,032,236	16,470,710
<b>TOTAL NET ASSETS</b>		18,032,236	16,470,710
<b>FINANCED BY:</b>			
<b>Financing liabilities</b>			
Preference shares	16	12,017	12,017
<b>Capital and Reserves</b>			
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	12,610,568	11,049,042
Other reserve	17	3,632,172	3,632,172
<b>Total shareholders' funds</b>		18,020,219	16,458,693
<b>TOTAL FINANCING</b>		18,032,236	16,470,710

As permitted by s408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent Company. The company only profit for the year ended 31 July 2019 is £ 3,395,580 (2018: £4,214,098).

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 26 September 2019.

Signed on behalf of the Board of Directors



Brian P Gilda  
Director

## PEOPLES LIMITED

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 July 2019

	Called-up share capital £	Capital redemption reserve £	Special reserve £	Revaluation reserve £	Profit & loss account £	Other reserve £	Total £
At 1 August 2017	30,000	1,171,040	576,439	1,763,741	19,297,657	3,632,172	26,471,049
Profit for the financial year	-	-	-	-	4,216,420	-	4,216,420
Total comprehensive income	-	-	-	-	4,216,420	-	4,216,420
Dividend paid on ordinary Shares	-	-	-	-	(2,120,415)	-	(2,120,415)
At 31 July 2018	30,000	1,171,040	576,439	1,763,741	21,393,662	3,632,172	28,567,054
Profit for the financial year	-	-	-	-	3,435,517	-	3,435,517
Total comprehensive income	-	-	-	-	3,435,517	-	3,435,517
Dividend paid on ordinary shares	-	-	-	-	(1,834,054)	-	(1,834,054)
At 31 July 2019	30,000	1,171,040	576,439	1,763,741	22,995,125	3,632,172	30,168,517

### COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 July 2019

	Called-up share capital £	Capital redemption reserve £	Special reserve £	Profit and loss account £	Other reserve £	Total £
At 1 August 2017	30,000	1,171,040	576,439	8,955,359	3,632,172	14,365,010
Profit for the financial year	-	-	-	4,214,098	-	4,214,098
Total comprehensive income	-	-	-	4,214,098	-	4,214,098
Dividend paid on ordinary shares	-	-	-	(2,120,415)	-	(2,120,415)
At 31 July 2018	30,000	1,171,040	576,439	11,049,042	3,632,172	16,458,693
Profit for the financial year	-	-	-	3,395,580	-	3,395,580
Total comprehensive income	-	-	-	3,395,580	-	3,395,580
Dividend paid on ordinary shares	-	-	-	(1,834,054)	-	(1,834,054)
At 31 July 2019	30,000	1,171,040	576,439	12,610,568	3,632,172	18,020,219

# PEOPLES LIMITED

## CONSOLIDATED CASHFLOW STATEMENT

For the year ended 31 July 2019

	Note	2019 £	2019 £	2018 £	2018 £
<b>Net cash inflow from operating activities</b>					
before taxation	19		5,409,021		3,712,664
Corporation tax paid			(1,095,491)		(1,110,902)
<b>Net cash inflow from operating activities</b>			<u>4,313,530</u>		<u>2,601,762</u>
<b>Cash (outflows) inflows from investing activities</b>					
Interest received	4	87,338		129,914	
Purchase of tangible fixed assets		(7,180,086)		(1,221,517)	
Sale of tangible fixed assets		<u>309,766</u>		<u>452,280</u>	
<b>Cash (outflows) inflows from investing activities</b>			<u>(6,782,982)</u>		<u>(639,323)</u>
<b>Cash flows from financing activities</b>					
Preference share dividends paid	8	(227,500)		(205,625)	
Equity dividends paid	9	<u>(1,834,054)</u>		<u>(2,120,415)</u>	
<b>Net cash (outflows) from financing activities</b>			<u>(2,061,554)</u>		<u>(2,326,040)</u>
<b>(Decrease) Increase in cash and cash equivalents in the year</b>	20		<u><u>(4,531,006)</u></u>		<u><u>(363,601)</u></u>

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

## **PEOPLES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 July 2019**

#### **1. ACCOUNTING POLICIES**

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 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 ('the Company') is a private company limited by shares. It is incorporated in the United Kingdom under the Companies Act 2006 and is registered in Scotland. 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 functional currency of the Company and Group is considered to be pounds sterling because that is the currency of the primary economic environment in which they operate.

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, which are presented alongside the consolidated financial statements. Exemptions have been taken in these separate Company financial statements in relation to financial instruments, 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 2019.

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 and loss account is presented for Peoples Limited, as permitted by s408 of the Companies Act 2006.



# PEOPLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2019

### 1. ACCOUNTING POLICIES (CONTINUED)

#### 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.

#### 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.

## **PEOPLES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Year ended 31 July 2019**

#### **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 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.

##### **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**

##### **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.

## PEOPLES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2019

#### 2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION (CONTINUED)

##### *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.

##### **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.

There have been no changes in estimates or underlying assumptions in the year.

#### 3. TURNOVER

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

	2019 £	2018 £
<b>Turnover:</b>		
Vehicles	263,003,878	260,317,213
Workshops	6,578,474	6,152,791
Parts	7,851,582	7,941,244
	<u>277,433,934</u>	<u>274,411,248</u>

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

#### 4. FINANCE INCOME

	2019 £	2018 £
Interest receivable	<u>87,338</u>	<u>129,914</u>

## PEOPLES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2019

#### 5. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets (note 10)		
Owned assets	760,996	777,147
Staff costs (note 6)	13,141,756	12,766,580
Other Operating lease rentals	821,742	995,000

The auditor's remuneration is as follows:

	2019 £	2018 £
<b>Audit services</b>		
Fees payable to the company's auditor for the audit of the company's annual financial statements	10,500	10,500
The audit of the company's subsidiaries	57,000	55,000
<b>Total audit fees</b>	<u>67,500</u>	<u>65,500</u>
<b>Further non-audit services</b>		
Taxation compliance services	9,000	9,000
<b>Total non-audit fees</b>	<u>9,000</u>	<u>9,000</u>
<b>Total</b>	<u>76,500</u>	<u>74,500</u>

# PEOPLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2019

### 6. STAFF COSTS

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

	2019 £	2018 £
Wages and salaries	11,746,689	11,480,509
Social security costs	1,155,784	1,126,541
Other pension costs	239,283	159,530
	<u>13,141,756</u>	<u>12,766,580</u>

The average monthly number of employees in the group during the year was 400 (2018 - 400), categorised below. The average monthly number of employees in the company during the year was 16 (2018 - 15).

	2019 No.	2018 No.
Sales	126	128
Administration	129	128
Other	145	144
	<u>400</u>	<u>400</u>

#### Directors' remuneration:

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

	2019 £	2018 £
<b>Remuneration:</b>		
Emoluments	481,651	480,374
Company contributions to money purchase pension schemes	68,043	65,024
	<u>549,694</u>	<u>545,398</u>

#### Pensions:

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

	2019 No.	2018 No.
Money purchase schemes	<u>2</u>	<u>2</u>

## PEOPLES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2019

#### 6. STAFF COSTS (CONTINUED)

**Highest paid director:**

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

	2019 £	2018 £
Emoluments	303,555	294,404
Company contributions to money purchase pension schemes	39,240	38,472
	<u>342,795</u>	<u>332,876</u>

#### 7. TAXATION

	2019 £	2018 £
<b>Current tax on profit</b>		
UK corporation tax	818,971	1,101,401
<b>Total current tax</b>	<u>818,971</u>	<u>1,101,401</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	73,768	(21,284)
<b>Total deferred tax (see note 15)</b>	<u>73,768</u>	<u>(21,284)</u>
<b>Total tax on profit</b>	<u>892,739</u>	<u>1,080,117</u>

The Finance Act 2016 set the standard rate of corporation tax at 20% for the financial year commencing 1 April 2016. This rate will be reduced to 19% from 1 April 2017 until 31 March 2020, with a further reduction to 17% effective from 1 April 2020.

The deferred tax liability at 31 July 2019 has therefore been calculated having regard to the rate of 17% substantively enacted at the balance sheet date.

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:

# PEOPLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2019

### 7. TAXATION (CONTINUED)

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:

	2019 £	2018 £
Profit before tax	<u>4,328,256</u>	<u>5,296,537</u>
Tax on profit at standard UK corporation tax rate of 19% (2018 – 19%)	822,369	1,006,342
Effects of:		
Permanent differences	27,145	34,707
Difference in tax rates	-	-
Preference share dividends	<u>43,225</u>	<u>39,068</u>
Total tax charge for year	<u>892,739</u>	<u>1,080,117</u>

### 8. PREFERENCE SHARE DIVIDENDS

	2019 £	2018 £
Fourth preference shares		
Interim of 1.625p (2018 – 1.437p) per share paid	113,750	100,625
Final of 1.625p (2018 – 1.5p) per share paid	<u>113,750</u>	<u>105,000</u>
	<u>227,500</u>	<u>205,625</u>

### 9. ORDINARY DIVIDENDS

	2019 £	2018 £
Paid 969.3p per share (2018 – 1120.64p)	<u>1,834,054</u>	<u>2,120,415</u>

# PEOPLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2019

### 10. TANGIBLE FIXED ASSETS

Group	Freehold and long leasehold land and buildings £	Leasehold improvements £	Computers, plant and equipment £	Leased assets £	Motor vehicles £	Total £
<b>Cost or valuation</b>						
At 1 August 2018	7,210,807	1,086,095	6,320,665	28,430	602,404	15,248,401
Additions	6,424,517	-	327,895	-	427,674	7,180,086
Disposals	-	-	-	-	(454,148)	(454,148)
At 31 July 2019	13,635,324	1,086,095	6,648,560	28,430	575,930	21,974,339
<b>Depreciation</b>						
At 1 August 2018	498,479	723,947	4,865,965	28,430	150,173	6,266,994
Charge for the year	164,457	54,305	403,475	-	138,739	760,996
Disposals	-	-	-	-	(144,382)	(144,382)
At 31 July 2019	662,936	778,252	5,269,460	28,430	144,530	6,883,608
<b>Net book value</b>						
At 31 July 2019	12,972,388	307,843	1,379,100	-	431,400	15,090,731
At 31 July 2018	6,712,328	362,148	1,454,700	-	452,231	8,981,407

Freehold land amounting to £4,084,800 (2018 - £2,150,000) has not been depreciated.

### 11. FIXED ASSET INVESTMENTS

Company	Ordinary shares £	Preference shares £	Long term loan stock £	Total £
At 31 July 2019 and 2018	4,300	1,000,000	4,349,000	5,353,300

Fixed asset investments at 31 July 2019 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 2021.

The holders of the preference shares have confirmed that they will not seek any redemption of the preference shares prior to 1 July 2021.



# PEOPLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2019

### 11. FIXED ASSET INVESTMENTS (CONTINUED)

All of the company's subsidiary undertakings are wholly owned and are registered in Scotland at Callendar Road, Falkirk, United Kingdom, FK1 1SQ. 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	
	2019	2018	2019	2018
	£	£	£	£
Vehicles	93,087,638	71,886,155	-	-
Spare parts	478,223	916,821	-	-
Other stocks	156,741	170,827	-	-
	<u>93,722,602</u>	<u>72,973,803</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.

### 13. DEBTORS

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	7,732,868	8,123,805	-	-
Prepayments and accrued income	2,889,722	2,899,157	115,944	289,140
Amounts due from fellow group undertakings	-	-	107,824	41,676
Value Added Tax	6,795,403	2,077,362	28,827	35,712
	<u>17,417,993</u>	<u>13,100,324</u>	<u>252,595</u>	<u>366,528</u>

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

# PEOPLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2019

### 14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	100,128,592	74,758,715	-	-
Amounts due to fellow group undertakings	-	-	2,008,223	2,022,467
Corporation tax	479,139	755,659	-	-
Other taxes and social security costs	326,023	359,548	-	-
Other creditors and accruals	2,043,247	2,133,524	372,344	408,482
	<u>102,977,001</u>	<u>78,007,446</u>	<u>2,380,567</u>	<u>2,430,949</u>

Further details of secured liabilities are contained in note 18.

### 15. PROVISIONS FOR LIABILITIES

Group	Deferred tax £
At 1 August 2018	469,046
Charged to profit and loss account (note 7)	73,768
At 31 July 2019	<u>542,814</u>

Analysis of the deferred tax balance is as follows:

	2019 £	2018 £
Fixed asset timing differences	<u>542,814</u>	<u>469,046</u>

#### Company

The company has no deferred tax provision (2018 - £Nil).

### 16. FINANCING LIABILITIES

	No	£	2019 £	2018 £
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, 3.25% per annum as at 31 July 2019.

## PEOPLES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2019

#### 16. FINANCING LIABILITIES (CONTINUED)

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 2020 and 2025 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 2019 comprised:

	No	£	2019 £	2018 £
<b>Allotted, called-up and fully paid</b>				
Ordinary shares	189,215	0.10	18,922	18,922
Deferred shares	110,785	0.10	11,078	11,078
<b>Total share capital</b>			<b>30,000</b>	<b>30,000</b>

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 still owned 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.

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 (2018 - £2,387,680).

## PEOPLES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2019

#### 18. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

a) Capital commitments

At 31 July 2019 the Group had contracted capital commitments of £Nil (2018 - £Nil). The company had no capital commitments at 31 July 2019 (2018 - £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 2019 are £89,200,638 (2018 - £59,118,242). The increase in secured creditors is due to an increase in 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 £620,000 (2018 - £995,000). The rent payable under these leases is subject to renegotiation at intervals specified in the leases.

During the year a subsidiary company bought one of the properties previously leased.

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

	2019 Property £	2018 Property £
<b>Group</b>		
Within 1 year	620,000	995,000
Within 2-5 years	2,480,000	3,605,000
After 5 years	<u>1,572,917</u>	<u>2,192,917</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.

# PEOPLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2019

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

	2019 £	2018 £
Operating profit	4,468,418	5,372,248
Depreciation charge	760,996	777,147
(Increase) Decrease in stocks	(20,748,799)	947,207
(Increase) Decrease in debtors	(4,317,669)	4,136,953
Increase (Decrease) in creditors	25,246,075	(7,520,891)
Net cash inflow from operating activities	<u>5,409,021</u>	<u>3,712,664</u>

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

	2019 £	2018 £
(Decrease) increase in cash and cash equivalents during the year	<u>(4,531,006)</u>	<u>(363,601)</u>
Change in net debt resulting from cash flows	(4,531,006)	(363,601)
Net funds at beginning of year	<u>11,988,012</u>	<u>12,351,613</u>
Net funds at end of year	<u>7,457,006</u>	<u>11,988,012</u>

### 21. ANALYSIS OF NET FUNDS

	2018 £	Cash flow £	2019 £
Cash and cash equivalents	<u>12,000,029</u>	<u>(4,531,006)</u>	<u>7,469,023</u>
Preference shares	<u>12,000,029</u> <u>(12,017)</u>	<u>(4,531,006)</u> <u>-</u>	<u>7,469,023</u> <u>(12,017)</u>
	<u>11,988,012</u>	<u>(4,531,006)</u>	<u>7,457,006</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.