



CamBRIA
Automobiles plc

Directors' report and financial statements
for the year ended 31 August 2010

Registered number 05754547

GRANGE

DOVES

Dees
For a better motoring experience

Invicta Motors
For a better motoring experience

motorparks.co.uk
For a better motoring experience

PURE TRIUMPH



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Chairman's Statement

I am pleased to report another record year for Cambria with the Group achieving revenues of £392 million and a profit before tax prior to the deduction of non-recurring listing and transaction costs of £4.2 million. Since the formation of Cambria in 2006 when we made our first acquisition, we have built the business into a top 20 UK motor dealership Group. For a significant proportion of this period the UK economy has been in recession and it is testament to the quality of the Cambria operating team that they have not only taken advantage of opportunities to acquire businesses but have significantly improved the operational performance of those businesses acquired. Delivering operational improvement is key to the Board's objective of providing superior returns on shareholder's funds.

Cambria was established in 2006 with a plan to build a top 10 UK dealership group through the acquisition of attractive individual or groups of dealerships. The attractiveness of an underperforming business is determined partly by geography and manufacturer brand but focuses on the opportunity to fundamentally improve the operational performance of the dealership. Such improvements are delivered by our highly experienced management in combination with the implementation of our common operational approach. The Board has recruited an exceptional management team who have the skills and experience to deliver the required improvements on both a national and local level. Retaining and growing this management team is fundamental to our strategy going forward.

In the year to 31 August 2010 the Group made 3 separate acquisitions adding 10 dealerships generating £31.8 million in revenues during the year and £61 million on an annualised basis. The speed of operational transformation varies from business to business but we are confident these dealerships will contribute positively to the Group in the next financial year and help drive the financial performance of the Group in the future.

The Board has always been mindful of the need to manage Cambria's finances prudently. We have refrained from paying excessive goodwill on the acquisitions we have made and total equity raised and invested to date amounts to only £10.8 million. The Group has a strong balance sheet which is underpinned by the ownership of freehold properties at a number of the dealerships we operate, together with an overall prudent level of debt. We have over the last two very challenging years maintained a high degree of liquidity both through our banking facilities with Lloyds Banking Group and our stock finance facilities. This liquidity has enabled us to take advantage of acquisition opportunities as they have arisen, as well as make operational decisions to maximise profitability. This dynamic management approach is a key element to ensuring the returns we have been able to achieve.

In 2010 Cambria achieved a key milestone when its shares were admitted to trading on AIM in April. The decision was taken by the Board to secure admission to AIM in order to raise the public profile of the Company, facilitate access to development capital in the future (should the need arise) and to attract over time a wider shareholder base. We did not raise new funds at the time of the admission as the Board believes it has sufficient capital to continue to expand the Group for the foreseeable future in a manner which enhances shareholder value. Clearly our AIM quotation gives us the option of raising share capital to finance further acquisitions but the Board will seek only to do this if it believes such opportunities are in the best interest of shareholders, and where the transaction transforms the scale of the business. We recognise the challenges of having a relatively limited free float and the impact of the 2 year lock in period for many existing shareholders. The Board is working on broadening the institutional shareholder base and attracting shareholders who will support the Group in its future development. However, the primary goal of the Board is to deliver strong future financial performance based on our business model. We believe this will deliver the best shareholder returns.

The UK new car market increased by 18% in the year compared to the previous year. However, the outlook for the next 12 months in the UK is at best uncertain. The general concern that the UK economy may suffer a double dip recession over the coming 12 months as Government spending cuts take effect, has created a very challenging background for the UK dealership sector. The specific sector challenges such as the expiry of the scrappage scheme, the introduction of a new show room car tax and the impending second increase in VAT in 12 months will challenge all operators in the UK. The British consumer is also faced with higher general inflation in addition to these effective price increases on new cars. The Board is cognisant of the impact these factors will have and as part of the 2010/2011 budget process implemented a cost review programme to ensure the Group is appropriately shaped to continue to grow profits. We anticipate more difficult trading conditions but believe we are well prepared for this environment. Most importantly the Board believes our business model will enable us to continue to be successful notwithstanding these operating challenges. The real opportunity for Cambria in such market conditions will be a growing number of attractive acquisition opportunities which will arise as other operators struggle with these challenges. The Board is already in discussion with a number of parties which may generate appropriate add-on acquisitions and believes that the continuing economic difficulties may help accelerate the growth of Cambria.

The Board recognises the importance of our different stakeholders beyond the Group's shareholders. Our lending bank Lloyds Banking Group and our other credit institutions have continued to support the Group and in particular have been responsive to our continued acquisition programme recognising our strategy of prudent financial management. This continued strong support will be important in capitalising on future opportunities.



RAPIDE

Chairman's Statement (continued)

Our relationship with the manufacturers that we represent is a core pillar of our business approach. The management team is committed to developing and maintaining a strong working relationship where Cambria is seen as an effective and valued business partner. We were pleased to add Mazda, Honda and Triumph as brand partners in the financial year and are currently in discussion with a number of other manufactures with a view to representing them in the future.

Finally the Board would like to thank the Cambria associates for their energy and commitment to the Group over the last 12 months. Acquiring and integrating businesses generates significant challenges and our associates regularly make exceptional commitments to achieve success for the Group. In the last year we welcomed 188 additional personnel and we extend a warm welcome to these new Cambria associates. An important goal of the Board is to create a challenging and enjoyable environment where our associates have the opportunity to develop rewarding careers. We are confident our new associates will embrace this differentiated approach within the auto dealership sector and together with our existing team help us deliver the Cambria strategy in the future.

Warren Scott

Non-executive Chairman

Operating and Financial Review



Chief Executive's Review

“ 2010 has been an important year for Cambria with our admission to trading on the London Stock Exchange AIM in April. It is the third year in succession that we have doubled underlying pre-tax profits and produced a record underlying 22% return on shareholders' funds.

We have continued to deliver on our original “buy and build strategy” with the addition of another ten franchised outlets from seven different locations. Cambria has continued to demonstrate its ability to purchase and transform underperforming dealerships so as to generate returns for shareholders.

Cambria has an extremely strong balance sheet containing minimal intangible assets, a strong freehold/long leasehold portfolio and good liquidity. In what have been without doubt very challenging economic times, Cambria has demonstrated that it continues to drive excellent growth whilst at the same time integrating new businesses into the Group.

Current trading is resilient and in line with the Board's expectations. The Board believes that the uncertain economic climate will continue to provide acquisition opportunities from which Cambria will benefit and the Board believes Cambria has sufficient available cash resource to take advantage of these opportunities”.



Operating and Financial Review

Cambria Automobiles plc announces its maiden results as a public company for the financial year ending 31st August 2010. Cambria is a franchised motor retail group that was formed in 2006 and through a buy and build strategy encompassing 7 corporate acquisitions to date, has grown to represent 13 different brands from 25 locations with 37 new car and motorcycle franchises. The Group focuses on acquiring and improving under-performing businesses where it believes the best shareholder returns can be achieved.

	12 months ended 31-Aug 2010 £m	12 months ended 31-Aug 2009 £m
Revenue	392.1	255.5
Underlying EBITDA*	6.1	4.6
Underlying operating profit*	4.7	3.4
Underlying profit before tax*	4.2	2.0
Underlying net profit margin*	1.06%	0.80%
EBITDA	4.5	4.6
Operating profit	3.2	3.4
Profit before tax	2.6	2.0
Non-recurring listing and transaction costs	1.54	0
Net Assets	16.0	14.1
Net profit margin	0.66%	0.80%
Underlying earnings per share*	3.06p	1.61p
Earnings per share	1.95p	1.61p

* these items are excluding the non-recurring listing and transaction costs of £1.54m

Operating and Financial Review (continued)

I am pleased to announce that for the third year in succession we have doubled our underlying pre tax profits (before non-recurring listing and transaction costs). 2010 has produced an underlying pre tax profit of £4.2m against a previous year of £2m. These results have been achieved in a period of significant economic uncertainty.

The business has shown significant growth in turnover in all departments from continuing operations. The acquisitions have also added incremental turnover during the course of the year.

Financial Highlights

- Third successive year that the Group has doubled underlying profit before tax achieving £4.2m compared with the previous year's £2.04m
- Total revenue for the 12 months increased by 53% year on year (like-for-like revenue increase of 41%) to £392.1m from £255.5m in 2009
- Gross profit increased 29% year on year, underlying EBITDA increased to £6.1m from £4.6m
- Underlying earnings per share increased to 3.06p from 1.61p
- Group net assets at £16.0m under-pinned by £22.5m of freehold and long lease-hold property
- Robust balance sheet position with only £0.3m of goodwill
- Net debt reduced to £4.4m from £5.7m in previous year
- Net cash inflow of £3.5m after £5.1m of acquisition spend, £1.4m of capital expenditure and £1.5m of non-recurring listing and transaction costs
- Underlying return on shareholders' funds of 21.7%

Operational Highlights

- New Car Unit Volumes increased 58% year on year against a market increase of 18% year on year. 37% new car volume increase on a like-for-like basis
- Used Car Volumes increased 34% year on year and 19% on a like-for-like basis
- Service Hours increased 18% year on year and 4% on a like-for-like basis
- Acquisition of 7 new locations and 10 new franchised outlets
- Addition of Honda, Mazda and Triumph Motorcycles to the Group's brand partnerships
- Continued robust approach to the management of the Group's working capital and cash generation

Operating Review

Group Strategy

Since our incorporation in March 2006, we have continued to apply our focused "buy and build" strategy acquiring under-performing motor dealership assets. Following any acquisition, the Cambria management team implement new financial controls, operational controls and processes in order to rationalise, restructure and develop each individual dealership. This tailored approach ensures the changes made to each dealership are sustainable and create shareholder value through achieving an appropriate contribution for the level of investment. We have completed 7 separate transactions since our incorporation, 3 of which were in the period under review.

The 3 corporate acquisitions in the period have added 4 Mazda, 2 Honda, 3 Triumph motorcycle and 1 Fiat dealerships to the Cambria portfolio, the new dealerships operate from 7 different geographical locations. Pursuant to one of these acquisitions, Cambria acquired 2 further freehold properties resulting in Cambria now owning 11 freehold or long leasehold properties out of our total of 25 locations.

We have a 3 step approach to purchasing a new business – acquisition, integration, operation.

Acquisition

When acquiring new businesses we are diligent in ensuring that none of the contractual obligations that are taken on pursuant to the acquisition upset the integrity of our balance sheet, this includes ensuring that leases reflect market value and that any unusual contractual obligations are addressed prior to acquisition. Our Group balance sheet shows that on consolidation we have only £0.3m of goodwill which has been generated across the 7 acquisitions. None of our lease arrangements have any fixed compound rent reviews, and we do not have any defined benefit pension schemes.

Integration

The integration process starts with an Associate engagement evening where our senior management present the Cambria "Four Pillar" culture change programme. After this meeting, the Group integration team implement systems, processes and procedures to improve legislator compliance i.e. FSA, Health & Safety etc. Newly acquired Associates are transferred to Cambria employment contracts with the compensation and benefits commensurate of the particular business. A training needs analysis is conducted followed by the implementation of training programmes for all relevant Associates in the new business.

Operating and Financial Review (continued)

Operation

With any new acquisition, the standard financial controls are implemented immediately ranging from branch bank accounts to daily reporting of vehicle sales and aftersales revenues, margins and other performance figures. We then implement our two growth strategies which are (1) “Cambria Digital”, which is our internet social networking strategy for vehicle sales, and (2) in aftersales we implement the “Duty of Care Gearbox” which is designed to supply our guests with a one stop solution for all their vehicle maintenance needs.

We believe our 3 step approach gives us a significant advantage particularly in difficult economic times.

Brand Partnerships

In line with our “buy and build” strategy, we have exercised 3 corporate acquisitions adding 7 locations and 10 franchises during the reporting period. Our Invicta business in Kent has seen the addition of a Honda and Mazda dual franchise site in Maidstone and likewise a Honda and Mazda dual franchise site in Tunbridge Wells. We have also added the iconic Triumph motorcycle brand and in doing so have become the single biggest Triumph motorcycle dealer in the world. Pure Triumph Birmingham is the single biggest Triumph motorcycle dealership in the world. Triumph fits extremely well with our Grange British prestige and high luxury businesses. A significant number of our Aston Martin, Jaguar and Lotus guests are also motorcycle enthusiasts.

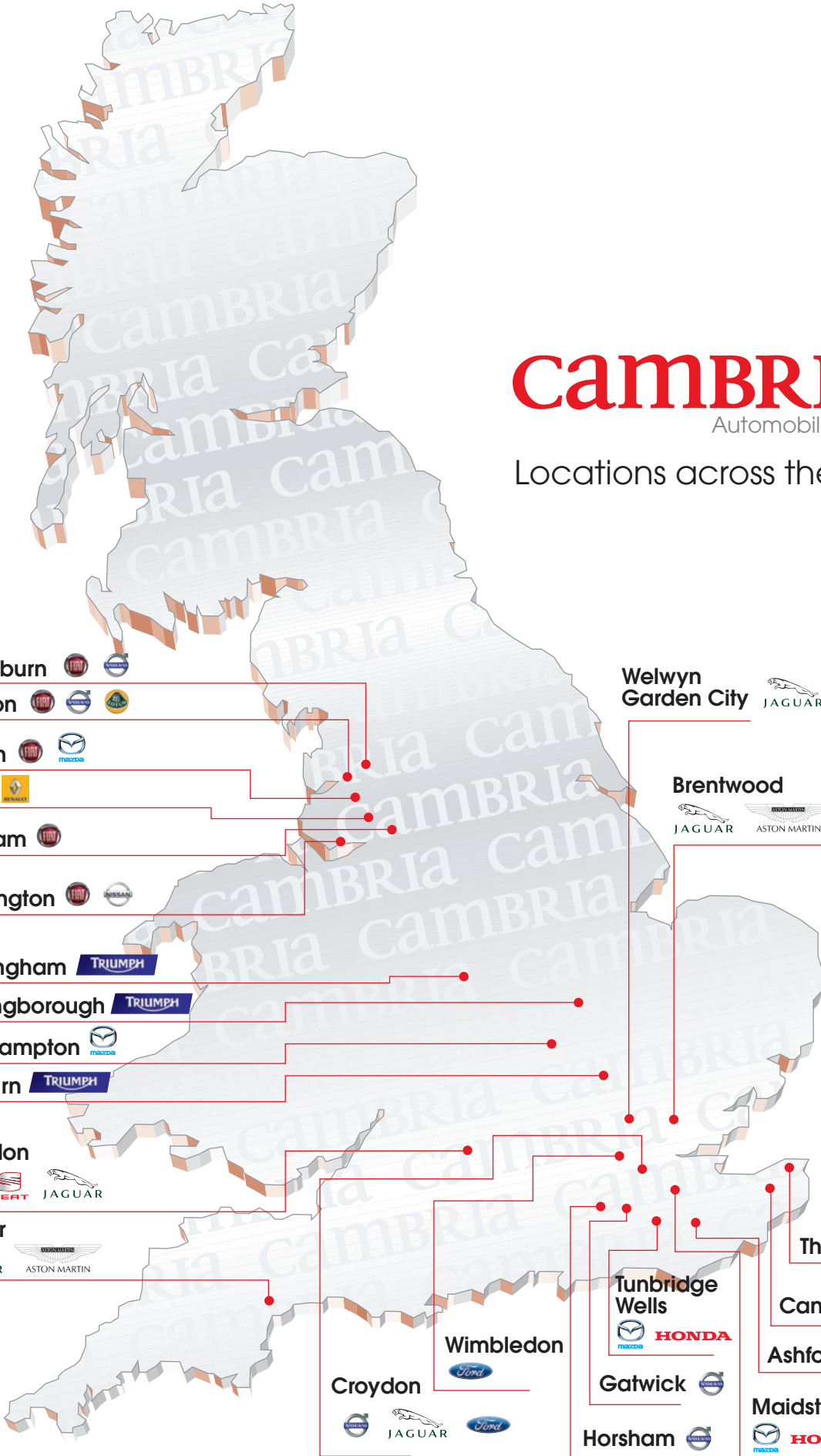
As part of the same transaction that added the Pure Triumph businesses, we also added Northampton Motors Mazda which establishes representation in the Midlands for the Cambria Group.

Bolton Motor Park was a perfect strategic fit for our North West businesses adding the dual franchised Fiat and Mazda dealership on Manchester Road in Bolton.

Cambria has enjoyed the benefits of a strategically balanced brand portfolio with a strong mix of prestige/high luxury and volume businesses.

Prestige		Volume		Motorcycle	
Continuing Businesses					
Aston Martin	3	Citroen	1		
Jaguar	5	Fiat	4		
Lotus	1	Ford	5		
Volvo	5	Nissan	1		
		Renault	1		
		Seat	1		
	14		13		0
Acquisitions in Year					
Honda	2	Mazda	4	Triumph	3
		Fiat	1		
	16		18		3

Cambria’s balanced brand portfolio has seen us benefit from the rebound of the prestige/high luxury market. The government’s scrappage scheme has finished and this has certainly had an impact on volume operations in both vehicle volumes and retained margins with a reduction in potential target related bonuses.



CAMBRIA

Automobiles plc

Locations across the UK

Blackburn  

Preston   

Bolton  

Bury 

Oldham 

Warrington  

Birmingham 

Wellingborough 

Northampton 

Woburn 

Swindon
  

Exeter
 

Welwyn Garden City  

Brentwood
 

Thanet 

Canterbury 

Ashford 

Tunbridge Wells
 

Wimbledon 

Gatwick 

Croydon
  

Horsham 

Maidstone
 

Operating and Financial Review (continued)

When making acquisitions, the Board understands that the integration and maturing of the dealerships takes time and management investment. Where we acquire businesses from distressed sales, the integration process typically takes longer.

We continue to promote the philosophy of stand alone autonomous business units where a local management team are empowered via our “four pillar strategy” to run a local business unit. Cambria dealerships do not trade under the “Cambria” name but prefer to focus on local branding. Cambria’s dealerships trade as “Grange”, “Doves”, “Dees”, “Invicta Motors”, “Pure Triumph” or “Motorparks” depending on the franchise and the name in the local area. When acquiring a business, the Board consider the geographical location of the franchise and then chooses to either adopt a new trading style or retain the existing business name.

New Car Sales

The new car market in the period increased by 18% assisted significantly by the government’s scrappage scheme. Our new car volumes for the period were 9,163 units against a previous year of 5,805 units, an increase of 58% year on year. On a like-for-like basis, 7,972 against a previous year of 5,805, an increase of 37% year on year. Gross margins for new cars reduced from 7.7% to 6.9% following prices increases on new vehicles enforced by the respective brands following currency fluctuations and dilution of margins on vehicles sold under the scrappage scheme.

Used Car Sales

2010 saw Cambria grow used car volumes to 14,034 units against a previous year of 10,465 an increase of 34%. On a like-for-like basis, 12,466 against a previous year of 10,465, an increase of 19%. Gross margins on used cars reduced from 9.4% to 8.1%, reflecting a return to a more normal used car market. Our used car strategy continues to be a core part of Cambria’s activity and with the continued success of the Cambria Digital strategy we believe this is an area where Cambria can continue to improve performance.

We continue to pay particular attention to stock profile, price alignment and brand offerings in all our retail outlets. We have a small central buying team and continue to work with our re-marketing partner and local management to increase their knowledge and understanding of local market conditions. We continue to demonstrate that local management should purchase stock profiled by price and model for their local market.

Aftersales

Notwithstanding the decrease in the one to three year car parc, we saw our aftersales revenue increase by 23%, and on a like-for-like basis by 10%. Gross margins in the period showed a minor reduction from 43.2% to 42.3% in the current year. The Aftersales departments contributed £21.8m of gross profit which represents 45.3% of total gross profit for the year.

We continue with our “Duty of Care Gearbox” that is intended to provide all guests with a one stop maintenance solution for their vehicle.

Outlook

The Board is pleased to report that September trading has been strong, with profits ahead of the Board’s business plan and ahead of the previous year’s trading. The Group is well placed to take advantage of opportunities afforded in these difficult economic times. In the last 12 months, we have acquired 10 new franchises operating from 7 different geographical locations, admitted the business to the AIM market whilst at the same time reducing our net debt position. The Group continues to be cash generative and the costs of admission are non-recurring, accordingly the Board anticipate an even stronger financial position will be attained next year.

Operating and Financial Review (continued)

Outlook (continued)

As set out in the Strategy section of the Company's admission document, we are in discussions with a number of vendors which have the potential to lead to a positive outcome. We hope to be able to make announcements in due course. We have continued to invest in our premises, and a full redevelopment of our Maidstone Honda and Mazda dealerships began in October.

Whilst these economic times remain uncertain and UK consumer confidence remains fragile, the Board is pleased with the start to the current financial year. There are still opportunities to improve performance in our existing and newly acquired businesses. The Guest Connect Programme encompassing Cambria Digital and Service & MOT Reminder, Electronic Vehicle Health Check and Service Plans launched this year, and we believe it has the potential to be an industry leading GRM process (Guest Relationship Management). We continue to strive to provide world class service within our individual business units and continue the progress made in improving customer satisfaction scores.

In summary, we have started the financial year well and we are in a strong position to take advantage of what is still a very fragmented franchised dealer market.

	2010 Revenue	2010 Revenue mix	2010 Gross Profit	2010 Margin	2009 Revenue	2009 Revenue mix	2009 Gross Profit	2009 Margin
	£m	%	£m	%	£m	%	£m	%
New Car	158.6	40.4	10.9	6.9	98.5	38.6	7.6	7.7
Used Car	190.4	48.6	15.4	8.1	121.2	47.5	11.4	9.4
Aftersales	51.5	13.1	21.8	42.3	41.9	16.4	18.1	43.2
Internal sales	(8.4)	(2.1)			(6.1)	(2.4)		
Total	392.1		48.1	12.3	255.5		37.1	14.5
Operating expenses			(43.4)				(33.7)	
Operating profit before flotation and transaction expenses			4.7				3.4	
Flotation and transaction expenses			(1.5)				-	
Operating profit			3.2				3.4	

	2010 Existing businesses	2010 Acquisitions in year	2010 total	2009 total	Year on year growth	Like-for-like growth
New units	7,972	1,191	9,163	5,805	58%	37%
Scrappage units	(1,629)	(37)	(1,666)	(486)		
New units excluding Scrappage	6,343	1,154	7,497	5,319	41%	19%
Used units	12,466	1,568	14,034	10,465	34%	19%
Service hours	241,119	32,226	273,345	230,938	18%	4%

Finance Director's Report

Overview

Total revenues in the period increased 53% to £392.1m from £255.5m in the prior year. The new acquisitions accounted for £31.8m of the increased revenue. The Group achieved an organic increase in revenue of 41% which was shared across all areas of the business.

Gross profit increased by £11m (29.4%) from £37.1m to £48.1m in the year reflecting a significant increase in revenue from each of the departments. Gross profit margin across the Group declined from 14.5% to 12.3% reflecting the change in revenue mix with the increase in new car sales at lower margins. The aftersales operations contributed 45% of the total gross profit for the Group compared to 48% in the previous period, again reflecting the significant increases in Gross profit contribution from the new and used car departments.

In April 2010 the Company was admitted to AIM, the one off expenses associated with that listing were £1.47m, and the transaction costs associated to the acquisition of new businesses were £0.07m resulting in a total of £1.54m of non recurring costs.

The underlying EBITDA in the period rose to £6.1m from £4.6m in the previous year. Underlying operating profit was £4.7m compared to £3.4m in the previous year, resulting in an operating margin of 1.2% (2009: 1.3%). Following the conversion to IFRS there are no amortisation charges relating to goodwill in the year or prior year.

Underlying operating expenses rose in line with the increased Gross Profit, increasing 29% to £43.3m from £33.8m.

Net finance expenses reduced to £0.6m from £1.3m in the previous year for two main reasons: firstly, mortgage interest reduced to £0.3m in comparison with £0.5m in the previous year as a consequence of the fall in Bank base rate and LIBOR; secondly (due to a much stronger new vehicle market in the year) there was a reduction in net consignment stock charges and credits of £0.5m.

The Group's underlying profit before tax was £4.2m in comparison with £2.0m in the previous year. Continuing operations contributed £4.4m of underlying profit before tax compared with £2.0m in the previous year. The Group's acquisitions made a loss before tax of £0.3m which was in line with the Board's expectation at the time of acquisition.

The underlying earnings per share were 3.06p (2009: 1.61p).

Taxation

The Group tax charge was £0.66m in the period (2009: £0.4m) representing an effective rate of tax of 25% on the profit before tax of £2.6m. The reduced tax rate was aided by the utilisation of some brought forward tax losses and the reversal of an over accrual in the prior year.

Financial Position

The Group has a robust balance sheet with a net asset position of £16.0m under-pinned by £22.5m of freehold and long leasehold property. Reflecting our prudent approach to financial management the Group has only £0.3m of goodwill within the balance sheet. Secured against the freehold and long leasehold property are mortgages amounting to £13.7m, each of the loans have different repayment profiles between 7 and 10 years, and bear interest at between base plus 1.25% and for those loans taken out more recently, LIBOR plus 3%. During the financial year the Group comfortably met the bank covenants attaching to these borrowings.

The net debt of the Group as at 31 August 2010 was £4.4m (2009: £5.7m), reflecting the Group's cash position of £9.3m (2009: £5.8m). The Group's gearing at 31 August 2010 was 27.5%, reduced from 40% in 2009.

The Group uses term loan facilities to fund the purchase of freehold and long leasehold properties, it utilises stocking loans to fund the acquisition of consignment, demonstrator and used vehicles and has a £7.75m overdraft facility which is used to manage seasonal fluctuations in working capital. The overdraft facilities are renewable annually and are next due in February 2011.

Operating and Financial Review (continued)

Cashflow and Capital Expenditure

The Group generated an operating cash inflow of £8.1m after paying the £1.544m of flotation expenses and transaction fees. The Group reduced working capital by £3.8m in the year due mainly to stock funding efficiencies. The Group invested £5.1m in acquisitions and related property and £1.4m in capital expenditure.

Other capital expenditure included a significant refurbishment of our Preston dealership which represents Fiat Volvo and Lotus, minor corporate identity refurbishments at some of our other dealerships and further investment in our IT infrastructure.

To finance the purchase of the Maidstone and Tunbridge Wells freehold premises which cost £3.7m, the Group raised a term loan of £2.7m at LIBOR plus 3%. During the year capital repayments of £0.4m were made against the total term loans outstanding. The capital repayments due in the financial year to 31 August 2011 are £1.0m.

As a result of the net cash increase of £3.5m to £9.3m and gross debt increasing by £2.3m to £13.7m, overall net debt reduced from £5.7m to £4.4m.

Shareholders' Funds

Prior to admission to AIM, and in order to standardise the share capital of the Company, the share capital and share premium accounts were restructured to convert the historic A,B,C,D and E shares (with different nominal values) and the share premium account into a single class of ordinary share with a nominal value of 10p each. There are now 100,000,000 ordinary shares of 10p each in issue with a resulting share premium of £0.8m. There were no new funds raised at admission to AIM therefore the share capital and share premium account remain at £10.8m consistent with prior year. All ordinary shares rank pari passu for both voting and dividend rights.

Pension Schemes

The Group does not operate any defined benefit pension schemes, and has no liability arising from a scheme. The Group made contributions amounting to £0.2m to defined contributions schemes for certain employees.

Financial Instruments

The Group does not have any contractual obligation under any financial instruments for the management of interest rate risk.

Dividends

In its admission document the Company stated that it did not intend to pay a dividend in respect of the year ended 31 August 2010. Should the strong performance of the business experienced in the last year, be repeated in the coming year the Board would consider a first dividend in respect of the financial year ending 31st August 2011.

Directors' report

The directors present their directors' report and financial statements for the year ended 31 August 2010.

Principal activities

Cambria's principal activities are the sale and servicing of motor vehicles and the provision of ancillary services. The Group operates from 25 sites with a total of 37 dealer franchises.

Enhanced Business Review

All details required are covered in the Chairman's Statement and the Operating and Financial Review between pages 4 and 15.

Cambria Business Philosophy

Cambria's culture – The Four Pillars

The Group works hard to instil a group culture. This culture is built around four pillars which are:

Pillar One - associate delight

The Directors believe that associates are the Company's most important asset and therefore members of the team are not referred to as members of staff or employees, but rather as "associates". The Directors want all associates to be proud to be associated with the Group and to be given the autonomy to make decisions that effect the running of "their" business. The Directors promote internal development and foster a culture whereby associates feel they can achieve their career aspirations with Cambria. Equally, Cambria invests in it's associates in order for them to achieve their full potential within the Group.

Pillar Two - guest delight

Cambria associates are encouraged to treat all customers at all times, in the way that they would treat a guest visiting their own home. The Directors believe that associate empowerment is key to achieving this goal and the Directors believe that the organisation must be transparent and open at all times generating empathy with the diverse guest base of the Group.

Pillar Three - brand delight

The Group's goal is to become the retailer of choice for all of the automotive manufacturers that it represents. This pillar focuses on achieving the following goals:

- brand vehicle sales objectives
- brand part sales objectives
- top half placing in brand customer satisfaction surveys
- the development of a trusting relationship with brand personnel from the manufacturer partners

Pillar Four - stakeholder delight

The Group's aims to provide satisfaction to its Stakeholders. It seeks to achieve this through:

- disclosing timely and accurate information providing Stakeholders with a detailed understanding of business performance; and
- communicating openly and transparently.

Primary Risks

The primary risk to the Group is the continuing decline in the UK economy and volatility in the new and used car markets and the changes made by our manufacturer brand partners to the pricing and margin structure on the new vehicles that we sell. Through implementing tight controls and building a strong operational Group infrastructure, the Directors believe they are taking all possible steps to protect the business.

The Group also has exposure to movements in interest rate due to the variable nature of the term loans.

Directors' report (continued)

Proposed dividend

The directors do not recommend the payment of a dividend for 2010 (2009: *£nil*)

Directors

The directors who held office during the year were as follows:

W Scott
M J J Lavery
R P Smith
M W Burt
J A Mullins
Sir P A Burt

All directors benefited from qualifying third party indemnity provisions in place during the financial period.

Associates

The Group recognises the benefit of keeping associates informed of group affairs and the views of associates are given full consideration at regular meetings with their representatives.

Full and fair consideration is given to the employment of disabled persons, who are treated no differently from other associates as regards recruiting, training, career development and promotion opportunities. For people who may become disabled, in the course of employment, the group will make every effort to accommodate them in suitable alternative employment.

Political and charitable contributions

Neither the Company nor any of its subsidiaries made any political or charitable donations or incurred any political expenditure during the year (2009: *£10,000*).

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

J A Mullins
Director

Dorcan Way, Swindon, SN3 3RA
26 November 2010

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' 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. As required by the AIM rules of the London Stock Exchange they are required to prepare the group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period.

In preparing each of the group and parent company 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
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU
- for the parent company financial statements state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.



Independent auditors' report to the members of Cambria Automobiles plc

We have audited the financial statements of Cambria Automobiles plc for the year ended 31 August 2010 set out on pages 20 to 67. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRS) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK Accounting Standards (UK 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 auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 18, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 August 2010 and of the groups' profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- the financial statements 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. Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

Derek McAllan (Senior Statutory Auditor) 26 November 2010
for and on behalf of KPMG Audit plc, Statutory Auditor

Chartered Accountants
Arlington Business Park
Reading
Berkshire
RG7 4SD

Consolidated Statement of comprehensive income

for year ended 31 August 2010

	Note	2010	2009
			Re-presented*
		£000	£000
Revenue	3		
Continuing operations		360,307	255,466
Acquisitions		31,810	-
		<u>392,117</u>	<u>255,466</u>
Cost of sales			
Continuing operations		(316,792)	(218,331)
Acquisitions		(27,264)	-
		<u>(344,056)</u>	<u>(218,331)</u>
Gross Profit			
Continuing Operations		43,515	37,135
Acquisitions		4,546	-
		<u>48,061</u>	<u>37,135</u>
Other operating income	5	-	3
Administrative expenses			
Continuing operations		(40,211)	(33,767)
Acquisitions		(4,667)	-
		<u>(44,878)</u>	<u>(33,767)</u>
Results from operating activities	4	<u>3,183</u>	<u>3,371</u>
Finance income	9	12	41
Finance expenses	9	(588)	(1,370)
Net finance expenses		<u>(576)</u>	<u>(1,329)</u>
Profit before tax from continuing operations before flotation and transaction costs		<u>4,417</u>	<u>2,042</u>
Loss before tax – acquisitions		<u>(266)</u>	<u>-</u>
		<u>4,151</u>	<u>2,042</u>
Flotation expenses	4	(1,474)	-
Transaction costs on business combinations	4	(70)	-
		<u>(1,544)</u>	<u>-</u>
Profit before tax	4	<u>2,607</u>	<u>2,042</u>
Taxation	10	(657)	(432)
Profit and total comprehensive income for the period		<u>1,950</u>	<u>1,610</u>
Basic and diluted earnings per share	8	<u>1.95p</u>	<u>1.61p</u>

* see note 27

All comprehensive income is attributable to owners of the parent company

Consolidated Statement of changes in equity

for year ended 31 August 2010

	Share capital	Share premium	Retained earnings	Total equity
	£000	£000	£000	£000
Balance at 31 August 2008	318	10,481	1,676	12,475
Profit for the year	-	-	1,610	1,610
Balance at 31 August 2009	318	10,481	3,286	14,085
Restructuring of share capital	9,682	(9,682)	-	-
Profit for the year	-	-	1,950	1,950
Balance at 31 August 2010	10,000	799	5,236	16,035



Consolidated Statement of financial position

at 31 August 2010

	Note	2010	2009
			Re-presented*
		£000	£000
Non-current assets			
Property, plant and equipment	11	25,520	21,466
Intangible assets	12	480	478
Deferred tax asset	13	508	645
		<u>26,508</u>	<u>22,589</u>
Current assets			
Inventories	14	62,435	43,523
Trade and other receivables	15	7,938	7,200
Cash and cash equivalents	16	9,266	5,777
		<u>79,639</u>	<u>56,500</u>
Total assets		<u>106,147</u>	<u>79,089</u>
Current liabilities			
Other interest-bearing loans and borrowings	17	(1,024)	(294)
Trade and other payables	18	(74,896)	(52,239)
Taxation		(519)	-
Provisions	20	(342)	(452)
		<u>(76,781)</u>	<u>(52,985)</u>
Non-current liabilities			
Other interest-bearing loans and borrowings	17	(12,672)	(11,138)
Provisions	20	(151)	(236)
Other payables	13	(508)	(645)
		<u>(13,331)</u>	<u>(12,019)</u>
Total liabilities		<u>(90,112)</u>	<u>(65,004)</u>
Net assets		<u>16,035</u>	<u>14,085</u>
Equity attributable to equity holders of the parent			
Share capital	21	10,000	318
Share premium		799	10,481
Retained earnings		5,236	3,286
		<u>16,035</u>	<u>14,085</u>
Total equity		<u>16,035</u>	<u>14,085</u>

* see note 27

These financial statements were approved by the board of directors on 26 November 2010 and were signed on its behalf by:

Mark Lavery

Director

Company registered number: 05754547

Consolidated Cash Flow Statement

for year ended 31 August 2010

	Note	2010	2009
		£000	£000
Cash flows from operating activities			
Profit for the year		1,950	1,610
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment	11/12	1,338	1,192
Financial income	9	(12)	(41)
Financial expense	9	588	1,370
(Gain)/loss on sale of property, plant and equipment		1	(3)
Taxation	10	657	432
Transaction and flotation expenses	4	1,544	-
		<u>6,066</u>	<u>4,560</u>
(Increase)/decrease in trade and other receivables		(738)	1,102
(Increase)/decrease in inventories		(17,609)	(1,657)
(Decrease)/increase in trade and other payables		22,388	2,542
(Decrease)/increase in provisions		(195)	(910)
		<u>9,912</u>	<u>5,637</u>
Interest paid		(233)	(821)
Tax received		-	33
Transaction and flotation expenses	4	(1,544)	-
		<u>8,135</u>	<u>4,849</u>
Net cash from operating activities			
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	7
Interest received		12	41
Acquisition of subsidiary	2	(5,082)	-
Acquisition of property, plant and equipment		(1,429)	(873)
Acquisition of other intangible assets		(57)	(133)
		<u>(6,556)</u>	<u>(958)</u>
Net cash from investing activities			
Cash flows from financing activities			
Proceeds from new loan		2,655	-
Interest paid		(355)	(533)
Repayment of borrowings		(390)	(24)
		<u>1,910</u>	<u>(557)</u>
Net cash from financing activities			
Net increase in cash and cash equivalents		3,489	3,334
Cash and cash equivalents at 1 September 2009	16	5,777	2,443
		<u>9,266</u>	<u>5,777</u>
Cash and cash equivalents at 31 August 2010	16		

Notes

(forming part of the financial statements)

1 Accounting policies

Cambria Automobiles plc is a company which quoted on the AIM market of the London Stock Exchange Plc and is incorporated and domiciled in the United Kingdom. The address of the registered office is Swindon Motor Park, Dorcan Way, Swindon, SN3 3RA. The registered number of the company is 05754547.

These financial statements as at 31 August 2010 consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its group.

The Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRS"). The Company has elected to prepare its parent company financial statements in accordance with UK GAAP; and these are presented on pages 56 to 67.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the financial statements.

Judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed at the end of this note.

The consolidated financial statements for the year ended 31 August 2009 were prepared under UK GAAP. In addition to those consolidated financial statements, an AIM admission document was issued that was prepared in accordance with Adopted IFRS for the period from the date of the AIM admission which was 1 April 2009 to 31 August 2009. As a result, this set of statutory financial statements is the Group's second set of financial statements prepared in accordance with Adopted IFRS. However, since this is the first set of statutory financial statements published in accordance with Adopted IFRS an illustrative explanation of the differences between UK GAAP and Adopted IFRS is set out in Note 27.

Basis of preparation

The financial statements are prepared under the historical cost convention.

The directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further information regarding the company's business activities together with the factors likely to affect its future development, performance and position is set out in the Directors' Report on page 16.

Basis of consolidation

The financial statements consolidate the financial statements of the Company together with its trading subsidiary companies.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial information of subsidiaries is included from the date that control commences until the date that control ceases.

All business combinations are accounted for by applying the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date irrespective of the extent of any minority interest. Any contingent consideration payable is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

The excess of the cost of an acquisition over the fair values of the Group's share of identifiable assets and liabilities acquired is recognised as goodwill. If the fair value of identifiable assets and liabilities acquired (i.e. discount on acquisition) exceeds the cost of the business combination, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated on consolidation.

Notes (continued)

(forming part of the financial statements)

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and VAT.

Sales of motor vehicles, parts and accessories are recognised when the significant risks and rewards of ownership have been transferred to the buyer. In general this occurs when vehicles or parts are delivered to the customer and title has passed. Servicing and bodyshop sales are recognised on completion of the agreed work.

Deposits received from customers

Deposits received from customers prior to the completion of a sale (delivery of vehicle) are included in the accounts as creditors falling due within one year.

Expenses

Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities, stocking interest charge on consignment and used vehicles and finance leases. Financing income comprise interest receivable on funds invested and interest credits received from manufacturers on stock management.

Borrowing costs are recognised in the period in which they are incurred.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Operating profit

Operating profit relates to profit before finance income, finance expense and income tax expense.



Notes (continued)

(forming part of the financial statements)

1 Accounting policies (continued)

Intangible assets

Goodwill

Goodwill represents the excess between the cost of an acquisition of a subsidiary compared to the net fair value of the identifiable assets, liabilities and contingent liabilities, and recognition of identifiable intangibles at the date of acquisition. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units of the acquiree which represent the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill is not amortised but is tested annually for impairment. Any impairment is recognised immediately in the statement of comprehensive income and is not subsequently reversed.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is charged on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each year. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Computer software	3 – 5 years
Order book	6 months following date of acquisition
Customer list	3 years following date of acquisition

The fair value of customer lists on acquisition have been calculated using discounted cash flows. The fair value of the order book on acquisition has been calculated based on post acquisition margins associated with deposits for future sales held at the date of acquisition.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

• freehold buildings	50 years
• leasehold properties	over the lifetime of the lease
• plant and machinery	5 to 10 years
• fixtures and fittings	5 to 10 years
• computer equipment	3 to 5 years

Depreciation methods, useful lives, residual values and possible impairments have been reviewed at the year end. As a result of this review, no impairment charge has been deemed necessary for the period.

Notes (continued)

(forming part of the financial statements)

Impairment excluding inventories and deferred tax assets

The carrying amounts of the Group's assets, are reviewed at each year end to determine whether there is any indication of impairment; an asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each year end.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in income.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amount of other assets is the greater of their fair values less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of trade and other receivables carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. In determining the cost of motor vehicles, the actual amount paid to date for each vehicle is used, for spare parts and service items cost is based on the first-in first-out principle. An appropriate provision is made for obsolete or slow moving items.

New vehicles on consignment from manufacturers are included in the Statement of Financial Position with a corresponding liability in creditors due within one year. This stock is considered to be under the control of the Group as it is considered that the Group bears all the risks and rewards or ownership, even though legal title has not yet passed.

Consignment stock is held for a maximum period (which varies between manufacturers) before becoming due for payment. Part of the consignment period is interest free and the remaining periods are interest bearing (periods and charges vary between manufacturers but interest is generally linked to LIBOR).

Used motor vehicles are stated at the lower of cost or net realisable value, by reference to Glass's Guide or CAP data.

Notes (continued)

(forming part of the financial statements)

1 Accounting policies (continued)

Financial Instruments

Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in the historical financial information for called up share capital and share premium account exclude amounts in relation to those shares.

Non-derivative financial instruments

Non-derivative financial instruments comprise, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

Notes (continued)

(forming part of the financial statements)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense as incurred.

Leasing

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Operating lease payments

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Provisions

A provision is recognised in the Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation.

Notes (continued)

(forming part of the financial statements)

1 Accounting policies (continued)

Adopted IFRS not yet applied

The following Adopted IFRSs have been issued but have not been applied by the Group in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- IFRS 8 amended clarifies that segment information for total assets is only required if such information is regularly reported to the chief operating decision maker
- IAS 17 has been amended to clarify that a lease of land with an indefinite economic life need not be classified as an operating lease

Critical accounting judgements in applying the Group's accounting policies

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Certain critical accounting judgements in applying the Group's accounting policies are described below:

Goodwill impairment

The carrying value of goodwill is tested annually for impairment by using cash flow projections for each cash generating unit.

Intangible assets

On the acquisition of Grange Motors (Swindon) Limited in the period ended 31 August 2007, a third party valuation has been carried out on the intangible assets that are pertinent to the motor business. This included consideration of franchise rights, brand, and other intangible assets. The directors apply the principles of the external valuation of the intangibles on the Swindon acquisition to subsequent acquisitions and have concluded that intangibles arising on subsequent acquisitions are immaterial.

Consignment inventories

Consignment vehicles are regarded as being effectively under the control of the Group and are included within inventories in the Statement of Financial Position as the Group has the significant risks and rewards of ownership even though legal title has not yet passed. The corresponding liability is included in trade and other payables.

Deferred tax

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular judgement is used when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing and level of future taxable income.



Notes (continued)

(forming part of the financial statements)

2 Acquisition of subsidiaries

Effect of acquisitions in 2009

There were no acquisitions in 2009.

Effect of acquisitions 2010

On 31 October 2009 the Group acquired the trade and assets of certain dealerships from the Administrators of Autohaus Limited for a cash consideration of £369,000. Transaction fees of £30,000 have been charged to operating expenses in the year. No goodwill arose on this transaction. In the 10 months to 31 August 2010 the businesses contributed a net loss of £161,000 to the consolidated net profit for the year. No further disclosures have been made in respect of this acquisition as the directors consider the amounts to be immaterial.

On 4 January 2010 the Group began trading as a Fiat and Mazda dealer in Bolton following the acquisition of certain assets from the Administrator of Lythgoe Motors Limited for £22,500 on 23 December 2009. No goodwill arose on this transaction. In the 8 months to 31 August 2010 the business contributed a net loss of £170,000 to the consolidated net profit for the year. No further disclosures have been made in respect of this acquisition as the directors consider the amounts to be immaterial.

On 25 February 2010, the Group acquired all of the ordinary shares in D & F Trading Limited (renamed Invicta Motors (Maidstone) Limited post acquisition) and two freehold properties from Drake and Fletcher Limited. The company was a motor dealership group based in Kent. In the 6 months to 31 August 2010 the subsidiary contributed net profit of £65,000 to the consolidated net profit for the year. If the acquisition had occurred on 1 September 2009, it would have contributed a further £17 million to Group revenue however we do not expect that it would have added further profitability to the Group.

The reason for the acquisition was to expand the Group's representation in the Kent area with Mazda and the addition of the Honda franchise to the Group.

The acquisition had the following effect on the Group's assets and liabilities.

	Pre-acquisition carrying amount and Fair Value
	£000
Acquiree's net assets at the acquisition date:	
Freehold property	3,738
Plant and equipment	150
Inventories	1,303
Trade and other payables	(109)
	<hr/>
Net and identifiable assets and liabilities	5,082
	<hr/>
Goodwill on acquisition	-
	<hr/>
Consideration paid (note that transaction costs of £39,500 have been written off to operating expenses), satisfied in cash	5,082
	<hr/> <hr/>

Notes (continued)

(forming part of the financial statements)

3 Revenue

	2010	2009
	£000	£000
Sale of goods	349,096	219,724
Aftersales services	43,021	35,742
Total revenues	392,117	255,466

4 Segmental reporting

The Group has adopted IFRS 8 'Operating Segments' which determines and presents operating segments based on information presented to the Group's Chief Operating Decision Maker ("CODM"), the Chief Executive Officer. The Group is operated and managed on a Dealership by Dealership basis. The CODM receives information both on a dealership basis and by revenue stream (New, Used, Aftersales). Given the number of dealerships, it was deemed most appropriate to present the information by revenue stream for the purposes of segmental analysis.

	2010 Revenue	2010 Revenue mix	2010 Gross Profit	2010 Margin	2009 Revenue	2009 Revenue mix	2009 Gross Profit	2009 Margin
	£m	%	£m	%	£m	%	£m	%
New Car	158.6	40.4	10.9	6.9	98.5	38.6	7.6	7.7
Used Car	190.4	48.6	15.4	8.1	121.2	47.5	11.4	9.4
Aftersales	51.5	13.1	21.8	42.3	41.9	16.4	18.1	43.2
Internal sales	(8.4)	(2.1)			(6.1)	(2.4)		
Total	392.1		48.1	12.3	255.5		37.1	14.5
Operating expenses			(43.4)				(33.7)	
Operating profit before flotation and transaction expenses			4.7				3.4	
Flotation and transaction expenses			(1.5)				-	
Operating profit			3.2				3.4	

The Board reviews the performance of the business in terms of both net profit before tax and EBITDA, as such the Board has included a reconciliation of EBITDA to the Profit before tax.

Notes (continued)

(forming part of the financial statements)

4 Segmental reporting (continued)

	2010	2009
	£000	£000
Profit Before Tax	2,607	2,042
Transaction and flotation costs	1,544	-
Underlying Profit Before Tax	4,151	2,042
Net finance expense	576	1,329
Depreciation	1,338	1,192
Net loss/(gain) on disposal of property, plant and equipment	1	(3)
EBITDA	4,522	4,560
Transaction and flotation costs	1,544	-
Underlying EBITDA	6,066	4,560

5 Other operating income

	2010	2009
	£000	£000
Gain on disposal of property, plant and equipment	-	3

6 Expenses and auditors' remuneration

Included in profit/(loss) are the following:

	2010	2009
	£000	£000
Impairment loss (reversed)/recognised on other trade receivables and prepayments	(261)	205

Auditors' remuneration:

	2010	2009
	£000	£000
Audit of these financial statements	20	10
Audit of financial statements of subsidiaries pursuant to legislation	90	78
Other services relating to taxation	25	24
All other services	30	-

Notes (continued)

(forming part of the financial statements)

7 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2010	2009
Sales	281	217
Service	339	311
Parts	165	98
Administration	161	132
	<u>946</u>	<u>758</u>

The aggregate payroll costs of these persons were as follows:

	2010	2009
	£000	£000
Wages and salaries	26,761	19,598
Social security costs	2,860	2,087
Expenses related to defined contribution plans	161	161
	<u>29,782</u>	<u>21,846</u>

8 Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to equity shareholders by the number of ordinary shares in issue in the year. Prior to admission to AIM on 1 April 2010 the shareholder structure of the Group's parent company was composed of five different share classes with varying rights attributing to them. The share structure was reorganised prior to admission to AIM resulting in the conversion of the various classes of share into one class of ordinary share with 100,000,000 shares in issue. The analysis of earnings per share has been prepared on the basis of the revised ordinary share structure, not on the basis of the shares at the balance sheet date.

There are no dilutive share options in issue.

	2010	2009
	£000	£000
Profit attributable to shareholders	1,950	1,610
Expense of transaction and flotation costs	1,544	-
Tax on adjustments (at 28%)	(432)	-
	<u>3,062</u>	<u>1,610</u>
Adjusted profit attributable to equity shareholders	3,062	1,610
Adjusted number of shares in issue (£000)	100,000	100,000
Basic earnings per share	1.95p	1.61p
Adjusted earnings per share	3.06p	1.61p

Notes (continued)

(forming part of the financial statements)

9 Finance income and expense

Recognised in profit or loss

	2010	2009
	£000	£000
Finance income		
Rent deposit interest	-	2
Interest receivable	12	39
Total finance income	12	41
Finance expense		
Interest payable on bank borrowings	355	549
Consignment and used stocking interest	233	821
Total finance expense	588	1,370
Total interest expense on financial liabilities held at amortised cost	355	549
Total other interest expense	233	821
	588	1,370

10 Taxation

Recognised in the income statement

	2010	2009
	£000	£000
Current tax expense		
Current year	519	-
	519	-
Deferred tax		
Utilisation of tax losses paid to previous owner of subsidiary undertaking	215	432
Adjustment in respect of prior years	(77)	-
	138	432
Total tax expense	657	432

Notes (continued)

(forming part of the financial statements)

10 Taxation (continued)

Reconciliation of total tax

	2010	2009
	£000	£000
Profit for the year	1,950	1,610
Total tax expense	657	432
Profit excluding taxation	2,607	2,042
Tax using the UK corporation tax rate of 28% (2009:28%)	730	572
Non-deductible expenses	168	-
Tax exempt income	-	(30)
Accounting depreciation for which no tax relief is due	144	-
Utilisation of tax losses	(523)	(542)
Tax payment due to previous owners of subsidiary in relation to utilisation of pre-acquisition losses	215	432
Adjustment in respect of prior years	(77)	-
Total tax expense	657	432



Notes (continued)

(forming part of the financial statements)

11 Property, plant and equipment

	Freehold land & buildings	Long leasehold land & buildings	Short leasehold land & buildings	Plant & equipment	Fixtures, fittings & computer equipment	Total
	£000	£000	£000	£000	£000	£000
Cost						
Balance at 1 September 2008	14,594	5,032	3,372	8,041	596	31,635
Additions	12	26	282	92	461	873
Disposals	-	-	-	(34)	(2)	(36)
Transfer	-	-	-	(5,274)	5,274	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 1 September 2009	14,606	5,058	3,654	2,825	6,329	32,472
Additions	580	-	82	169	622	1,453
Acquired through business combinations	3,738	-	-	150	-	3,888
Disposals	-	-	-	(445)	(837)	(1,282)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 31 August 2010	<u>18,924</u>	<u>5,058</u>	<u>3,736</u>	<u>2,699</u>	<u>6,114</u>	<u>36,531</u>
Depreciation						
Balance at 1 September 2008	647	237	2,362	6,143	486	9,875
Charge for the year	189	81	168	254	471	1,163
Disposals	-	-	-	(32)	-	(32)
Transfer	-	-	-	(4,006)	4,006	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 1 September 2009	836	318	2,530	2,359	4,963	11,006
Depreciation charge for the year	256	83	184	280	481	1,284
Disposals	-	-	-	(444)	(835)	(1,279)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 31 August 2010	<u>1,092</u>	<u>401</u>	<u>2,714</u>	<u>2,195</u>	<u>4,609</u>	<u>11,011</u>
Net book value						
At 31 August 2009	<u>13,770</u>	<u>4,740</u>	<u>1,124</u>	<u>466</u>	<u>1,366</u>	<u>21,466</u>
At 31 August 2010	<u>17,832</u>	<u>4,657</u>	<u>1,022</u>	<u>504</u>	<u>1,505</u>	<u>25,520</u>

Security

The title of all freehold and long leasehold properties except for the property located at Bottom O'th Moor, Huddersfield Road, Oldham, OL1 3HQ and the property located at Port Way, Ashton on Ribble, Preston, Lancs, PR2 2YQ have been pledged as security to the bank loans disclosed in note 17.

Property, plant and equipment under construction

At 31 August 2010 there were no assets in the course of construction (2009: £nil).

Notes (continued)

(forming part of the financial statements)

12 Intangible assets

	Goodwill	Software	Other	Total
	£000	£000	£000	£000
Cost				
Balance at 1 September 2008	346	456	176	978
Other acquisitions – externally purchased	-	133	-	133
Balance at 1 September 2009	346	589	176	1,111
Other acquisitions – externally purchased	-	57	-	57
Balance at 31 August 2010	346	646	176	1,168
Amortisation and impairment				
Balance at 1 September 2008	-	443	161	604
Amortisation	-	15	15	30
Balance at 1 September 2009	-	458	176	634
Amortisation for the year	-	54	-	54
Balance at 31 August 2010	-	512	176	688
At 31 August 2009 and 1 September 2009	346	132	-	478
At 31 August 2010	346	134	-	480

The undertakings included in the consolidated Group accounts are as follows:

- * Owned directly by Cambria Automobiles Acquisitions Limited
- ** Owned directly by Cambria Automobiles Group Limited
- *** Owned directly by Cambria Automobiles (South East) Limited

	Country of incorporation	Principal activity	Class and percentage of shares held
Subsidiary undertakings			
Cambria Automobiles Group Limited	England and Wales	Holding Company	100% Ordinary
Cambria Automobiles Acquisitions Limited **	England and Wales	Investment Company	100% Ordinary
Cambria Automobiles Property Limited **	England and Wales	Property Company	100% Ordinary
Cambria Automobiles (Swindon) Limited *	England and Wales	Motor retailer	100% Ordinary & Preference
Grange Motors (Swindon) Limited *	England and Wales	Motor retailer	100% Ordinary
Thoranmar Limited *	England and Wales	Motor retailer	100% Ordinary
Cambria Vehicle Services Limited*	England and Wales	Motor retailer	100% Ordinary
Cambria Automobiles (South East) Limited*	England and Wales	Motor retailer	100% Ordinary
Grange Motors (Brentwood) Limited***	England and Wales	Motor retailer	100% Ordinary
Invicta Motors Limited***	England and Wales	Motor retailer	100% Ordinary & Preference
Deelease Limited	England and Wales	Dormant	100% Ordinary
Dove Group Limited	England and Wales	Dormant	100% Ordinary
Translease Vehicle Management Limited	England and Wales	Dormant	100% Ordinary
Invicta Motors (Maidstone) Limited*	England and Wales	Motor retailer	100% Ordinary

Notes (continued)

(forming part of the financial statements)

12 Intangible assets (continued)

Amortisation charge

The amortisation charge is recognised in the following line items in the income statement:

	2010	2009
	£000	£000
Administrative expenses	54	29

Impairment loss and subsequent reversal

Goodwill and indefinite life intangible assets considered significant in comparison to the Group's total carrying amount of such assets have been allocated to cash generating units or groups of cash generating units as follows:

	Goodwill	
	2010	2009
	£000	£000
Grange Motors (Swindon) Ltd	261	261
Thoranmart Ltd	85	85
	346	346

The recoverable amount of each CGU has been calculated with reference to its value in use. The key assumptions of this calculation are a review of one year's EBITDA.

The value in use exceeds the above carrying values for each CGU, therefore no impairment is considered necessary.



Notes (continued)

(forming part of the financial statements)

13 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

The amount of temporary differences, unused tax losses and tax credits for which no deferred tax asset is recognised is set out below. The asset would be recovered if offset against future taxable profits of the group.

The Group has an arrangement with the vendors of Cambria Automobiles (South East) Limited, which was acquired in the year ended 31 August 2008, under which an amount equal to any tax benefit received by the Group in relation to tax losses that existed at the date of acquisition must be paid to the vendors as additional consideration. At the date of acquisition, the utilisation of tax losses was not probable and therefore no deferred tax asset was recognised as part of the acquisition accounting, and the fair value of the liability for contingent consideration was immaterial. Subsequent to the acquisition, in the period to 31 August 2009, the utilisation of pre-acquisition losses became probable and, as a result, a deferred tax asset has been recognised. A liability for the contingent consideration payable to the vendors has been recognised at its fair value. Comparative amounts have been represented in accordance with IAS 1.

	Assets	
	2010	2009
	£000	£000
Tax value of loss carry-forwards	508	645
Tax assets	508	645
Net of tax liabilities	-	-
Recognised net tax assets	508	645

Unrecognised deferred tax assets and liabilities

In the current year, the deferred tax liability relating to plant, property and equipment and provisions has not been recognised as it is not material. In prior year, this was a deferred tax asset, however it was also unrecognised as it will reverse after the utilisation of losses which is anticipated to be beyond the Group's future forecasts.

	Assets	
	2010	2009
	£000	£000
Property, plant and equipment	(407)	(450)
Provisions	132	176
Tax value of loss carry-forwards	261	649
Tax (liabilities)/assets	(14)	375
Net of tax liabilities	-	-
Unrecognised net tax (liabilities)/assets	(14)	375

Notes (continued)

(forming part of the financial statements)

14 Inventories

	2010	2009
	£000	£000
Vehicle consignment stock	40,040	24,090
Motor vehicles	20,044	17,879
Parts and other stock	2,351	1,554
	<u>62,435</u>	<u>43,523</u>

Included within inventories is £nil (2009: £nil) expected to be recovered in more than 12 months.

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £341 million (2009: £215 million).

15 Trade and other receivables

	2010	2009
	£000	£000
Trade receivables	5,443	5,428
Prepayments and other debtors	2,495	1,772
	<u>7,938</u>	<u>7,200</u>

Included within trade and other receivables is £nil (2009: £nil) expected to be recovered in more than 12 months.

16 Cash and cash equivalents/ bank overdrafts

	2010	2009
	£000	£000
Cash and cash equivalents per balance sheet	9,266	5,777
	<u>9,266</u>	<u>5,777</u>

Notes (continued)

(forming part of the financial statements)

17 Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate risk, see note 22.

	2010	2009
	£000	£000
Non-current liabilities		
Secured bank loans	12,672	11,138
Current liabilities		
Secured bank loans	1,024	294

Terms and debt repayment schedule

All debt is in GBP currency

	Nominal interest rate	Year of Maturity	Face Value and Carrying Amount	Face Value and Carrying Amount
			2010	2009
			£000	£000
Loan 31/07/2006	Base +1.25%	2019	2,530	2,841
Loan 01/08/2007	Base +1.25%	2020	725	725
Loan 31/12/2007	LIBOR +1.75%	2020	7,866	7,866
Loan 01/03/2010	LIBOR +3.00%	2017	2,575	-
			13,696	11,432

Finance lease liabilities

There were no finance lease liabilities at 31 August 2009 or 2010.



Notes (continued)

(forming part of the financial statements)

18 Trade and other payables

	2010	2009
	£000	£000
Current		
Vehicle consignment creditor	46,148	27,303
Other trade payables	8,881	8,263
Non-trade payables and accrued expenses	7,820	7,572
Vehicle funding	12,047	9,101
	<u>74,896</u>	<u>52,239</u>

Included within trade and other payables is £nil (2009: £nil) expected to be settled in more than 12 months.

19 Employee benefits

Pension plans

Defined contribution plans

The Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £161,000 (2009: £161,000).

20 Provisions

Restructuring provision	Onerous leases/ contracts	Staff costs	IT	Total
	£000	£000	£000	£000
Balance at 1 September 2009	236	344	108	688
Provisions used during the year	(44)	(43)	(108)	(195)
Balance at 31 August 2010	192	301	-	493
Current	-	344	108	452
Non current	236	-	-	236
Balance at 31 August 2009	236	344	108	688
Current	41	301	-	342
Non current	151	-	-	151
Balance at 31 August 2010	192	301	-	493

The onerous lease provision is being released against the costs incurred on the relevant lease. The provision will be fully released by 2015. All other provisions are expected to be utilised by 31 August 2011.

Notes (continued)

(forming part of the financial statements)

21 Capital and reserves

Share capital

	2010	2009
	£000	£000
Authorised		
'A' Ordinary shares of 10 pence each	-	17
'B' Ordinary shares of £1 each	-	166
'C' Ordinary shares of 1 pence each	-	135
'D' Ordinary shares of 1 pence each	-	-
'E' Ordinary shares of 1 pence each	-	-
Ordinary shares of 10 pence each	10,000	-
	<u>10,000</u>	<u>318</u>
Allotted, called up and fully paid		
'A' Ordinary shares of 10 pence each	-	17
'B' Ordinary shares of £1 each	-	166
'C' Ordinary shares of 1 pence each	-	135
'D' Ordinary shares of 1 pence each	-	-
'E' Ordinary shares of 1 pence each	-	-
Ordinary shares of 10 pence each	10,000	-
	<u>10,000</u>	<u>318</u>
Shares classified in shareholders funds	10,000	318
	<u>10,000</u>	<u>318</u>

Prior to the admission to AIM, on 26 March 2010, the A, B, C, D and E shares and the Share Premium attached to them were all converted into 100,000,000 Ordinary Shares of 10p each giving the Company an issued share capital of £10,000,000 and a share premium of £799,000. All of the shares rank pari passu, and no shareholder enjoys different or enhanced voting rights from any other shareholder. All shares are eligible for dividends and rank equally for dividend payments.

Notes (continued)

(forming part of the financial statements)

22 Financial instruments

22 (a) Fair values of financial instruments

Trade and other receivables

The fair value of trade and other receivables, is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

Interest-bearing borrowings

Fair value, which after initial recognition is determined for disclosure purposes only, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date.

The interest rates used to discount estimated cash flows, where applicable are based on the weighted cost of capital and were as follows:

	2010	2009
	%	%
Loans and borrowings	2.2	2.1

Fair values

The fair values for each class of financial assets and financial liabilities together with their carrying amounts shown in the balance sheet are as follows:

	As at 31 August 2010	As at 31 August 2009
	£000	£000
Financial assets		
<i>Loans and receivables at amortised cost including cash and cash equivalents</i>		
Trade receivables(net) (note 15)	5,443	5,428
Other receivables (note 15)	2,495	1,772
Cash and cash equivalents	9,266	5,777
Total Financial assets	17,204	12,977
Financial liabilities		
<i>Financial liabilities at amortised cost</i>		
Other interest-bearing loans and borrowings (note 17)	13,696	11,432
Trade and other payables (note 18)	74,824	52,239
Total financial liabilities	88,520	63,671

The Directors consider the carrying amount of the Group's financial assets and financial liabilities, as detailed above, approximate their fair value.

Notes (continued)

(forming part of the financial statements)

22 (b) Credit risk

Credit risk management

The Group is exposed to credit risk primarily in respect of its trade receivables and financial assets. Trade receivables are stated net of provision for estimated impairment losses. Exposure to credit risk in respect of trade receivables is mitigated by the Group's policy of only granting credit to certain customers after an appropriate evaluation of risk coupled with the findings from external reference agencies. Credit risk arises in respect of amounts due from vehicle manufacturers in relation to bonuses and warranty receivables. This risk is mitigated by the number of manufacturers for which the group holds franchises, procedures to ensure timely collection of debts and management's belief that it does not expect any manufacturer to fail to meet its obligations. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Exposure to credit risk

The carrying amount of trade receivables represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date was £5,443,000 (2009: £5,428,000) being the total of the carrying amount of financial assets, excluding equity investments, shown in the table below.

The maximum exposure to credit risk for trade receivables at the balance sheet date by geographic region was:

	2010	2009
	£000	£000
United Kingdom	5,443	5,428

The maximum exposure to credit risk for trade receivables at the balance sheet date by type of counterparty was:

	2010	2009
	£000	£000
Vehicle debtors	2,475	3,247
Non vehicle debtors	2,029	1,699
Manufacturer debtors	939	482
	5,443	5,428

Credit quality of financial assets and impairment losses

The ageing of trade receivables at the balance sheet date is given below. The Group's policy is to provide for all debts which are past due. The directors consider the balance to be recoverable based on credit terms and post balance sheet receipts.

	Gross	Impairment	Gross	Impairment
	2010	2010	2009	2009
	£000	£000	£000	£000
Current 0-30 days	4,751	35	4,668	21
31-60 days	663	8	974	193
61-120 days	141	73	182	182
More than 120 days	23	19	-	-
	5,578	135	5,824	396

Notes (continued)

(forming part of the financial statements)

22 (b) Credit risk (continued)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	£000
Balance at 31 August 2009	396
Impairment loss reversed	(261)
Balance at 31 August 2010	135

The allowance account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly.

22 (c) Liquidity risk

Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Liquidity is managed by the Group's central treasury function within policy guidelines set by the Board with primes areas of focus being liquidity and interest rate exposure. The group is financed primarily by bank loans, vehicle stocking credit lines and operating cash flow. The directors have assessed the future funding requirements of the Group and compared them to the level of committed available borrowing facilities. These committed facilities are maintained at levels in excess of planned requirements and are in addition to short term uncommitted facilities that are also available to the Group. The assessment included a review of financial forecasts, financial instruments and cash flow projections. These forecasts and projections show that the Group, taking account of reasonably possible scenarios, should be able to operate within the level of its borrowing facilities for the foreseeable future.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements: Interest is payable on loans of £3,255,000 (2009: £3,566,000) at bank base rate plus 1.25%, loans of £7,866,000 (2009: £7,866,000) at LIBOR plus 1.75% and on loans of £2,576,000 (2009: £nil) at LIBOR plus 3%.

	2009					
	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
	£000	£000	£000	£000	£000	£000
Non-derivative financial liabilities						
Secured bank loans	11,432	12,831	590	1,105	3,814	7,322
	2010					
	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
	£000	£000	£000	£000	£000	£000
Non-derivative financial liabilities						
Secured bank loans	13,696	15,267	1,384	1,619	2,902	9,362

Notes (continued)

(forming part of the financial statements)

22 (d) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as interest rates will affect the Group's income or the value of its holdings of financial instruments

Market risk - Foreign currency risk

The Group does not have any exposure to foreign currency risk

Market risk – Interest rate risk

Profile

At the balance sheet date the interest rate profile of the Group's interest-bearing financial instruments was:

	2010	2009
	£000	£000
Variable rate instruments		
Cash and cash equivalents	9,266	5,777
Vehicle funding	(12,047)	(9,101)
Loans and overdrafts	(13,696)	(11,432)
	<u>(16,477)</u>	<u>(14,756)</u>

The objectives of the Group's interest rate policy are to minimise interest costs. The Group does not actively manage cash flow interest risk as the directors believe that the retail sector in which the Group operates provides a natural hedge against interest rate movements. Consequently, it is Group policy to borrow on a floating rate basis.

Whilst there are no hedging instruments, the Board reviews its hedging policy on a regular basis.

Sensitivity analysis

A change of 0.5 basis points in interest rates at the balance sheet date would have decreased equity and profit or loss by the amounts shown below.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates, financial instrument at fair value through profit or loss or available for sale with fixed interest rates and the fixed rate element of interest rate swaps. The analysis is performed on the same basis for comparative periods.

	2010	2009
	£000	£000
Equity		
Decrease	130	93
Profit or loss		
Decrease	130	93

Notes (continued)

(forming part of the financial statements)

22 (e) Capital management

Prior to each acquisition, the Board considers its funding options and the appropriate mix of secured debt and equity.

The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders. The Group must ensure that sufficient capital resources are available for working capital requirements and meeting principal and interest payment obligations as they fall due.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio, which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as total shareholders' equity.

The gearing ratios for each year are as follows:

	As of 31 August 2010	As of 31 August 2009
	£000	£000
Total borrowings	13,696	11,432
Less: cash and cash equivalents	(9,266)	(5,777)
Net debt	4,430	5,655
Total equity	16,107	14,085
Gearing ratio	27.5%	40.1%

23 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2010	2009
	£000	£000
Less than one year	2,434	2,105
Between one and five years	8,197	8,421
More than five years	25,617	22,653
	36,248	33,179

The Group leases a number of motor dealership sites under operating leases. Land and buildings have been considered separately for lease classification.

During the year £2,394,000 was recognised as an expense in the income statement in respect of operating leases (2009: £2,178,000).

Notes (continued)

(forming part of the financial statements)

24 Contingencies

The Group is jointly and severally liable in respect of value added tax liabilities arising in other group undertakings. The related fellow subsidiary undertakings and the parent company were in a repayment situation at 31 August 2009 and 2010.

In recognition of the Cambria Automobiles plc group bank and used vehicle funding facilities, the following companies have entered into a joint agreement to guarantee liabilities with banks and finance houses of the motor manufacturers that provide new and used vehicles to the group:

Cambria Automobiles plc, Cambria Automobiles Properties Limited, Cambria Automobiles Group Limited, Cambria Automobiles Acquisitions Limited, Cambria Automobiles (Swindon) Limited, Grange Motors (Swindon) Limited, Thoranmart Limited, Cambria Automobiles (South East) Limited, Grange Motors (Brentwood) Limited, Invicta Motors Limited, Invicta Motors (Maidstone) Limited and Cambria Vehicle Services Limited.

Intra-group guarantees are accounted for as insurance contracts.

25 Related parties

Identity of related parties with which the Group has transacted

Key management personnel are considered to be the board of directors for the purposes of this disclosure.

Transactions with key management personnel

At the year end, the Directors of the Company and their immediate relatives controlled 49.1% per cent of the voting shares of the Company.

The compensation of key management personnel is as follows:

	2010	2009
	£000	£000
Directors' emoluments		
Salaries	507	417
Annual bonus	525	255
Non-contractual bonuses	910	-
	<u>1,942</u>	<u>672</u>

The emoluments consist of:

	Salaries	Contractual Bonus	Non-Contractual Bonus	Total	Total
<i>Directors' emoluments</i>	2010	2010	2010	2010	2009
	£000	£000	£000	£000	£000
James Mullins	111	83	125	319	155
Rodney Smith	81	82	125	288	117
Mark Lavery	270	360	660	1,290	400
Warren Scott	25	-	-	25	-
Sir Peter Burt	10	-	-	10	-
Michael Burt	10	-	-	10	-
	<u>507</u>	<u>525</u>	<u>910</u>	<u>1,942</u>	<u>672</u>

All directors benefited from qualifying third party indemnity provisions during the financial period.

During the year Mark Lavery and James Mullins each bought 4 vehicles from the Group and each sold 4 vehicles back to the Group. There were no outstanding balances due to the Group at the year end.

Notes (continued)

(forming part of the financial statements)

25 Related parties (continued)

Other related party transactions

The Company is quoted on the AIM Market. Promethean own 33% of the company. During the year the company paid £44,000 (2009: £15,000) in management fees to Promethean prior to admission.

26 Ultimate parent company and parent company of larger group

In the opinion of the directors, the distribution of the ordinary shares and the rights attributing themselves to them means that there is no overall controlling party of the company.

27 Illustrative explanation of differences between UK GAAP and Adopted IFRS

As stated in note 1, these are the Group's second consolidated financial statements prepared in accordance with Adopted IFRS.

The Group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An illustration of the differences between UK GAAP to Adopted IFRS in respect of the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Note 13 explains the change in comparative information from that disclosed in the admission document.



Notes (continued)

(forming part of the financial statements)

27 Illustrative explanation of differences between UK GAAP and Adopted IFRS (continued)

	Note	1 September 2008			31 August 2009		
		UK GAAP £000	Effect of transition to Adopted IFRS £000	Adopted IFRS £000	UK GAAP £000	Effect of transition to Adopted IFRS £000	Adopted IFRS £000
Non-current assets							
Property, plant and equipment		21,773	(13)	21,760	21,598	(132)	21,466
Goodwill	a	(53)	399	346	221	125	346
Other intangibles		-	28	28	-	132	132
Deferred tax asset	c	-	-	-	-	645	645
		<u>21,720</u>	<u>414</u>	<u>22,134</u>	<u>21,819</u>	<u>770</u>	<u>22,589</u>
Current assets							
Inventories		41,866	-	41,866	43,523	-	43,523
Trade and other receivables	c	8,335	-	8,335	7,845	(645)	7,200
Cash and cash equivalents		2,443	-	2,443	5,777	-	5,777
		<u>52,644</u>	<u>-</u>	<u>52,644</u>	<u>57,145</u>	<u>(645)</u>	<u>56,500</u>
Total assets		<u>74,364</u>	<u>414</u>	<u>74,778</u>	<u>78,964</u>	<u>125</u>	<u>79,089</u>
Current liabilities							
Other interest-bearing loans and borrowings		(26)	-	(26)	(294)	-	(294)
Trade and other payables	c	(49,247)	-	(49,247)	(52,884)	645	(52,239)
Provisions	b	-	(1,598)	(1,598)	-	(452)	(452)
		<u>(49,273)</u>	<u>(1,598)</u>	<u>(50,871)</u>	<u>(53,178)</u>	<u>193</u>	<u>(52,985)</u>
Non-current liabilities							
Other interest-bearing loans and borrowings		(26)	-	(26)	(294)	-	(294)
Provisions	b	(1,598)	1,598	-	(688)	452	(236)
Other payables	c	-	-	-	-	(645)	(645)
		<u>(13,030)</u>	<u>1,598</u>	<u>(11,432)</u>	<u>(11,826)</u>	<u>(193)</u>	<u>(12,019)</u>
Total liabilities		<u>(62,303)</u>	<u>-</u>	<u>(62,303)</u>	<u>(65,004)</u>	<u>-</u>	<u>(65,004)</u>
Net assets		<u>12,061</u>	<u>414</u>	<u>12,475</u>	<u>13,960</u>	<u>125</u>	<u>14,085</u>
Equity attributable to equity holders of the parent							
Share capital		318	-	318	318	-	318
Share premium		10,481	-	10,481	10,481	-	10,481
Retained earnings		1,262	414	1,676	3,161	125	3,286
Total equity		<u>12,061</u>	<u>414</u>	<u>12,475</u>	<u>13,960</u>	<u>125</u>	<u>14,085</u>

Notes (continued)

(forming part of the financial statements)

27 Illustrative explanation of differences between UK GAAP and Adopted IFRS (continued)

Notes to the reconciliation of equity

a) Goodwill and intangibles

	Note	2009	2008
		£000	£000
Goodwill			
UK GAAP		221	(53)
Reverse amortisation on positive goodwill	i	571	316
Reverse amortisation on negative goodwill	i	(881)	(352)
Transaction costs written off under IFRS 3 (2008)	ii	(1,652)	(1,652)
Reclassified as intangibles	lii	(176)	(176)
Negative goodwill written back to retained earnings	lv	2,263	2,263
		<u>346</u>	<u>346</u>
Adopted IFRS			
Other intangible assets			
UK GAAP			
Reclassify software from property, plant, & equipment	v	132	13
Goodwill reclassified as intangible	iii	176	176
Amortisation	iii	(176)	(161)
		<u>132</u>	<u>28</u>

- i) Under adopted IFRS goodwill is not amortised but is tested annually for impairment.
- ii) On first time adoption IFRS 1 allows the group to apply IFRS 3 (2008) to all previous acquisitions. The impact of this is to write off all transaction costs arising on business combinations.
- iii) IAS 38 and IFRS 3 require intangible assets acquired as part of an acquisition to be separately identified on the balance sheet. Intangibles reclassified represent the fair value of orders existing at the date of acquisition and customer lists. Amortisation has been charged on these assets.
- iv) Under adopted IFRS, if the cost of acquisition is less than the fair value of the identifiable assets and liabilities acquired, the difference is recognised directly in the income statement.
- v) Under IAS 38 software is classified as an intangible fixed asset.

b) Under adopted IFRS provisions are classified as current and non-current provisions.

c) Under UK GAAP a deferred tax asset was recognised in the year ended 31 August 2009 in respect of a contingent consideration on a business combination in the prior year in relation to payment for tax losses to the vendor. Under IFRS 12, the deferred tax assets are classified as non-current assets rather than current assets.

Notes (continued)

(forming part of the financial statements)

27 Illustrative explanation of differences between UK GAAP and Adopted IFRS (continued)

Reconciliation of profit/loss for the year ended 31 August 2009

	Note	2009			Adopted IFRS
		UK GAAP	Effect of transition to Adopted IFRS	Reclassification	
		£000	£000		£000
Revenue		255,466	-		255,466
Cost of sales		(212,675)	-	(5,656)	(218,331)
Gross profit		42,791	-	(5,656)	37,135
Other operating income		-	3		3
Operating expenses	d	(39,134)	(289)	5,656	(33,767)
Operating profit before net financing costs		3,657	(286)		3,371
Profit on sale of fixed assets		3	(3)		-
Financial income		41	-		41
Financial expenses		(1,370)	-		(1,370)
Net financing expense		(1,326)	(3)		(1,329)
Profit before tax		2,331	(289)		2,042
Taxation		(432)	-		(432)
Profit for the year		1,899	(289)		1,610

Notes to the reconciliation of profit/loss

e) Operating expenses

		2009
		£000
Operating expenses		
UK GAAP		39,134
Reverse amortisation on positive goodwill	*	(255)
Reverse amortisation on negative goodwill	*	529
Amortisation of intangibles	**	15
Reclassification of Cost of Sales in line with segmental reporting	***	(5,656)
Adopted IFRS		33,767

* Under adopted IFRS goodwill is not amortised but is tested annually for impairment.

** IAS 38 and IFRS 3 require intangible assets acquired as part of an acquisition to be separately identified on the balance sheet. Intangibles reclassified represent the fair value of orders existing at the date of acquisition and customer lists. Amortisation has been charged on these assets.

*** The Board has reclassified certain costs that were historically shown as administrative expenses into cost of sales.

Explanation of material adjustments to the cash flow statement

There are no material differences between the cash flow statement presented under Adopted IFRSs and the cash flow statement presented under UK GAAP.

Company Balance Sheet

At 31 August 2010

	Note	2010		2009	
		£000	£000	£000	£000
Fixed assets					
Tangible Fixed Assets	5	202		163	
Investments	6	666		666	
			868		829
Current assets					
Stock	7	339		263	
Debtors	8	290		853	
Cash at bank and in hand		11,987		9,921	
		12,616		11,037	
Creditors: amounts falling due within one year	9	(1,623)		(1,272)	
Net current assets			10,993		9,765
Total assets less current liabilities			11,861		10,594
Provisions for liabilities	10		-		-
Net assets			11,861		10,594
Capital and reserves					
Called up share capital	11		10,000		318
Share premium account	12		799		10,481
Profit and loss account	12		1,062		(205)
Shareholders' funds			11,861		10,594

These financial statements were approved by the board of directors on 26 November 2010 and were signed on its behalf by:

M J J Lavery

Director

Company number: 05754547

Company Reconciliation of movements in shareholders' funds

for the year ended 31 August 2010

	Note	Company 2010 £000	Company 2009 £000
Profit/(loss) for the financial year	12	1,267	(126)
Net increase/(decrease) to shareholders' funds		1,267	(126)
Opening shareholders' funds		10,594	10,720
Closing shareholders' funds		11,861	10,594



1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Going Concern

The directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements

Further information regarding the company's business activities together with the factors likely to affect its future development, performance and position is set out in the Directors Report on page 11.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that the Group financial statements include the Company in its own published consolidated financial statements.

The Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by instalments over their estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- freehold buildings 50 years
- plant and machinery 5 to 10 years
- fixtures and fittings 5 to 10 years
- computer equipment 3 to 5 years

No depreciation is provided on freehold land.

Investments

Investments in subsidiary undertakings are stated at cost less amounts written off.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of motor vehicles, the actual amount paid to date for each car is used, for spare parts and service items stocks are valued at invoiced cost on a FIFO basis. An appropriate provision is made for obsolete or slow moving items.

New vehicles on consignment from manufacturers are included in the balance sheet where it is considered that the company bears the risks and rewards or ownership.

Consignment stock is held for a maximum period (which varies between manufacturers) before becoming due for payment. Part of the consignment period is interest free and the remaining period are interest bearing (periods varies between manufacturers).

Notes (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Classification of financial instruments issued by the Group

Following the adoption of FRS 25, financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Dividends on shares presented within equity

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.



2 Remuneration of directors

	2010	2009
	£000	£000
Directors' emoluments		
Salaries	507	417
Annual bonus	525	255
Non-contractual bonuses	910	-
	<u>1,942</u>	<u>672</u>

The emoluments in respect of the highest paid director were:

	2010	2009
	£000	£000
Directors' emoluments		
Salaries	270	250
Annual bonus	360	150
Non-contractual bonuses	660	-
	<u>1,290</u>	<u>400</u>

All directors benefited from qualifying third party indemnity provisions during the financial period

Notes (continued)

3 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows:

	Company	Company
	2010	2009
Number of employees		
Administration	35	17

The aggregate payroll costs of these persons were as follows:

	Company	Company
	2010	2009
	£000	£000
Wages and salaries	2,724	1,209
Social security costs	291	244
Non-recurring listing bonuses	1,025	-
Non-recurring social security costs	131	-
Other pension costs	10	1
	<u>4,181</u>	<u>1,454</u>

4 Dividends

The aggregate amount of dividends received comprises:

	2010	2009
Aggregate amount of dividends received in the financial year	<u>2,610</u>	<u></u>

The aggregate amount of dividends proposed and not recognised as income at the year end is £nil (2009: £nil).

5 Tangible fixed assets

	Computer equipment	Total
	£000	£000
Company		
Cost		
At 1 September 2009	178	178
Additions	109	109
	<hr/>	<hr/>
At 31 August 2010	287	287
	<hr/>	<hr/>
Depreciation		
At 1 September 2009	15	15
Charge for year	70	70
	<hr/>	<hr/>
At end of year	85	85
	<hr/>	<hr/>
Net book value		
At 31 August 2010	202	202
	<hr/>	<hr/>
31 August 2009	163	163
	<hr/>	<hr/>



Notes (continued)

6 Fixed asset investments

	Shares in group undertakings
	£000
Company	
<i>Cost and net book value</i>	
At 1 September 2008 and 31 August 2010	666

The undertakings in which the Company's interest at the year end is more than 20% are as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held
Subsidiary undertakings			
Cambria Automobiles Group Limited	England and Wales	Holding Company	100% Ordinary
Cambria Automobiles Acquisitions Limited **	England and Wales	Investment Company	100% Ordinary
Cambria Automobiles Properties Limited **	England and Wales	Property Company	100% Ordinary
Cambria Automobiles (Swindon) Limited *	England and Wales	Motor retailer	100% Ordinary & Preference
Grange Motors (Swindon) Limited *	England and Wales	Motor retailer	100% Ordinary
Thoranmart Limited *	England and Wales	Motor retailer	100% Ordinary
Cambria Vehicle Services Limited*	England and Wales	Motor retailer	100% Ordinary
Cambria Automobiles (South East) Limited*	England and Wales	Motor retailer	100% Ordinary
Grange Motors (Brentwood) Limited***	England and Wales	Motor retailer	100% Ordinary
Invicta Motors Limited***	England and Wales	Motor retailer	100% Ordinary & Preference
Deelease Limited***	England and Wales	Dormant	100% Ordinary
Dove Group Limited***	England and Wales	Dormant	100% Ordinary
Translease Vehicle Management Limited***	England and Wales	Dormant	100% Ordinary
Invicta Motors (Maidstone) Limited*	England and Wales	Motor retailer	100% Ordinary

* Owned directly by Cambria Automobiles Acquisitions Limited

** Owned directly by Cambria Automobiles Group Limited

*** Owned directly by Cambria Automobiles (South East) Limited

7 Stocks

	2010	2009
	£000	£000
Motor vehicles	339	263

Notes (continued)

8 Debtors

	2010	2009
	£000	£000
Trade debtors	77	256
Amounts owed by group undertakings	40	519
Prepayments and accrued income	173	78
	<u>290</u>	<u>853</u>

9 Creditors: amounts falling due within one year

	2010	2009
	£000	£000
Amounts owed to group undertakings	306	77
Trade creditors	494	486
Accruals and deferred income	823	709
	<u>1,623</u>	<u>1,272</u>

Notes (continued)

10 Provisions for liabilities

Deferred Taxation	£000
	Company
At 1 September 2009	-
Movement in period	-
	<u> </u>
At 31 August 2010	-
	<u> </u>

The elements of deferred taxation are as follows:

	2010	2009
	£000	£000
Difference between accumulated depreciation and capital allowances	11	13
	<u> </u>	<u> </u>
Total deferred tax	11	13
Unrecognised deferred tax asset	(11)	(13)
	<u> </u>	<u> </u>
Recognised deferred tax asset	-	-
	<u> </u>	<u> </u>

The deferred tax asset not recognised, which consists primarily of tax losses carried forward, would be recovered if set off against future profits of the company.

11 Called up share capital

	2010	2009
	£000	£000
Authorised		
'A' Ordinary shares of 10 pence each	-	17
'B' Ordinary shares of £1 each	-	166
'C' Ordinary shares of 1 pence each	-	135
'D' Ordinary shares of 1 pence each	-	-
'E' Ordinary shares of 1 pence each	-	-
Ordinary shares of 10 pence each	10,000	-
	<u>10,000</u>	<u>318</u>
Allotted, called up and fully paid		
'A' Ordinary shares of 10 pence each	-	17
'B' Ordinary shares of £1 each	-	166
'C' Ordinary shares of 1 pence each	-	135
'D' Ordinary shares of 1 pence each	-	-
'E' Ordinary shares of 1 pence each	-	-
Ordinary shares of 10 pence each	10,000	-
	<u>10,000</u>	<u>318</u>
Shares classified as liabilities	-	-
Shares classified in shareholders funds	10,000	318
	<u>10,000</u>	<u>318</u>

Prior to the admission to trading on AIM, on 26 March 2010, the A, B, C, D and E shares and the Share Premium attached to them were all converted into 100,000,000 Ordinary Shares of 10p each giving the Company an issued share capital of £10,000,000 and a share premium of £799,000. All of the shares rank pari passu, and no shareholder enjoys different or enhanced voting rights from any other shareholder. All shares are eligible for dividends and rank equally for dividend payments.

Notes (continued)

12 Share premium and reserves

	Share premium account	Profit and loss account
	£000	£000
At 1 September 2009	10,481	(205)
Converted into ordinary share capital	(9,682)	-
Profit for the year	-	1,267
At 31 August 2010	799	1,062

13 Related party disclosures

The Company is quoted on the AIM Market. Promethean own 33% of the Company. During the year the Company paid £44,000 (2009: £15,000) in management fees to Promethean prior to admission.

14 Ultimate parent company and parent undertaking of larger group

In the opinion of the directors, the distribution of the ordinary shares and the rights attributing themselves to them means that there is no overall controlling party of the Company.





CamBRIA

Automobiles plc

GRANGE

DOVES

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For a better motoring experience

Invicta Motors
For a better motoring experience

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PURE TRIUMPH