

The background of the entire page is a deep purple color. It features a central, bright light source that creates a lens flare effect, with several long, thin, white and light purple streaks radiating outwards from the center, giving the impression of motion or light trails. The streaks are most prominent in the lower half of the page.

CamBRiA
Automobiles plc

Directors' report and financial statements

Registered number 05754547

31 August 2011

GRANGE

DOVES

Dees
For a better motoring experience

Invicta Motors
For a better motoring experience

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For a better motoring experience

PURE TRIUMPH



HONDA

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Chairman's Statement

Once again I am pleased to report another set of record results for Cambria with the Group achieving revenues of £373.3 million and an underlying profit before tax of £4.9m million. The ongoing development and the resulting performance of the Group is very encouraging particularly in light of the extremely tough trading conditions. Cambria has successfully integrated the acquisitions made in recent years and is well placed to consolidate on its success.

Group Overview

Cambria was established in 2006 with a plan to create a top ten UK dealership group through the acquisition of attractive individual or groups of dealerships, and build on these opportunities through organic investment and development from the Group's own resources. For a significant proportion of the period since the formation of the Group, the UK economy has struggled and it is testament to the quality of the Cambria operating teams that they have not only taken advantage of opportunities to acquire businesses, but also 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 shareholders' funds, which reached 22.7% in the year reported

Challenging markets can test the best of plans, but we believe that these results underline the robust nature of our business model and the effectiveness of our senior management team in driving its implementation. A continual focus upon tight management of costs, coupled with our lean operating procedures, has also contributed to this result.

We believed that the economic recession and the challenges faced by our industry in the UK would provide further opportunities for acquisition and the Group examined a number of potential acquisitions during the year to 31 August 2011 without completing any. I am pleased to report however that we have completed one subsequent to the year end. This is evidence of the rigour we apply in the analysis and assessment of an opportunity. We maintain a pipeline of prospects, but we will only acquire a business if we believe that it is capable of generating a superior return against capital required and will respond to the operational changes and discipline the team brings to all our businesses.



UK New Car Market

The UK new car market decreased by 9% in the year compared to the previous year. When I reported last year I said the outlook for the following 12 months in the UK was at best uncertain. This proved to be the case with some of the most difficult trading conditions many automotive operators had ever experienced in the UK. It is believed that the UK economy is suffering a double dip recession, which may continue for the next 12 months and conceivably for some time to come. The Board has once again recognised the challenges that this is creating operationally and the 2011/2012 budget process implemented a further cost review programme to ensure the Group is appropriately shaped to continue to maximise profitability in the current environment. We anticipate more difficult trading conditions but believe we are well prepared for this environment. Most importantly the Board remains confident that our business model will enable us to continue to be successful notwithstanding these operating challenges.

Financial Management

The Board continues to place great importance on the prudent management of Cambria's finances. The Group balance sheet has been strengthened by the results for 2010/2011 and continues to be underpinned by the ownership of freehold properties at a number of the dealerships we operate, together with an overall prudent level of debt. We will continue to purchase freeholds of the dealerships we acquire where such freeholds can be acquired at reasonable cost and are locations we believe will serve us well in the future. Liquidity remains high as a result of our banking facilities with Lloyds Banking Group and as well as our stock finance facilities. This liquidity will enable us to take advantage of future acquisition opportunities as they arise and this prudent approach to the management of key aspects of our business will drive future returns.

As I reported last year, in 2010 Cambria achieved a key milestone when its shares were admitted to trading on AIM in April. We did not raise new funds at the time of the IPO as the Board believed it had sufficient capital to continue to expand the Group for the foreseeable future in a manner which enhanced shareholder value. We have retained this capital and will deploy it selectively going forward. The Board continues to work on broadening the institutional shareholder base and attracting shareholders who will support the Group in its future development. The Board is pleased to announce the appointment of Collins Stewart as Cambria's broker. The appointment of Collins Stewart will broaden the access we have to institutional investors who are attracted to the Cambria story. Collins Stewart will support us in managing the broadening of the shareholder base in a structured manner when the lock-up period for Promethean held shares ceases.



Chairman's Statement (continued)

Key Relationships

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 acquisition programme recognising our strategy of prudent financial management. Notwithstanding the continued criticism of the UK lending banks, we are grateful for this continued strong support which will be important and a key differentiator in capitalising on future acquisition opportunities.

Our relationship with the manufacturers that we represent is a core pillar of our business approach. The management team continues to develop and maintain strong working relationships where Cambria is seen as an effective and valued business partner. We are pleased to add Alfa Romeo and Vauxhall as brand partners and we continue to discuss representation with a number of additional manufactures that we do not currently represent with a view to securing opportunities with them in the future.

As announced in our pre-close statement issued in September, Rodney Smith, a Non-Executive Director, and founding Director of the Group informed the Board of his intention to retire, and will step down from the Board on 30 November 2011. On behalf of the Board and shareholders I would like to thank Rodney for his valued contribution to the development of the Group over the past five years. We will announce the appointment of a new Non-Executive Director in due course.

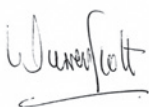
Finally the Board would like to thank the Cambria associates who in these challenging times continue to demonstrate a strong commitment to the Cambria Group.

Dividend

The Board is pleased to announce the inaugural dividend payment by the Company of 0.3p per share. It is the intention of the Board to maintain a progressive dividend policy.

Outlook

Cambria continues to take positive steps to manage the cost base in order to ensure that we have a business which is agile enough to meet the challenges of the market in which we operate. We continue to out-perform our underlying markets and view the future with confidence, notwithstanding the obvious short-term challenges which our industry faces.



Warren Scott
Non-Executive Chairman



Operating and Financial Review



Chief Executive's Review

Mark Lavery, Chief Executive said

"The year to August 2011 has been another strong year for Cambria with underlying profit before tax growing by 16.7% to £4.9m, up from £4.2m in a very difficult market. While the ending of the government sponsored scrappage scheme reduced revenues, the cost reduction actions taken during the year more than offset the reduction in revenues. This is the fourth successive year in which Cambria has delivered significant earnings growth and high level of return on shareholders' funds.

I am pleased with the performance achieved by the Group against the backdrop of challenging new and used car markets. We continue to use this market weakness to drive forward our buy-and-build strategy, utilising our strong balance sheet. It was pleasing to announce the acquisition of our maiden Vauxhall dealership, Doves Vauxhall in Southampton, on 1 September 2011. We continue to out-perform our underlying markets and view the future with confidence, notwithstanding the obvious short-term challenges which the industry faces.

Cambria continues to take positive steps to manage the cost base of the business with further rationalisation of the more mature businesses in the portfolio to ensure that these businesses are more agile in the challenging market conditions. There are obvious challenges in the consumer environment. Economic times remain uncertain and UK consumer confidence remains fragile; combined with exchange rate pressures and inflationary pressures these lead the Board to be cautious about the trading outlook for the current financial year"



Operating and Financial Review

Cambria Automobiles plc announces its full year results for the financial year ending 31st August 2011, its second set of full year results as a public company. Cambria is a franchised motor retail group that was formed in 2006 and through a buy-and-build strategy, encompassing eight corporate acquisitions to date, has grown to represent 14 different brands from 27 locations with 39 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 2011 £m	12 months ended 31-Aug 2010 £m
Revenue	373.3	392.1
Underlying EBITDA*	7.2	6.1
Underlying operating profit*	5.7	4.7
Underlying profit before tax*	4.9	4.2
Underlying net profit margin*	1.3%	1.06%
EBITDA	6.9	4.5
Operating profit	5.5	3.2
Profit before tax	4.7	2.6
Non-underlying expenses	0.2	1.54
Net Assets	19.5	16.0
Net profit margin	1.25%	0.66%
Underlying earnings per share*	3.63p	3.06p
Earnings per share	3.47p	1.95p

* these items are excluding the non-underlying costs of £0.23m (2010: £1.54m)



Operating and Financial Review (continued)

I am pleased to announce that for the fourth year in succession we have seen significant growth in our underlying pre tax profits to £4.9m against a previous year of £4.2m. These results have been achieved in a period of significant economic uncertainty and poor consumer confidence, which has impacted particularly in the second half of our financial year.

Despite the reduced revenue of £373m, down 4.8%, the Group delivered an improved gross margin, which combined with tight cost management, has resulted in the improvement in Group net profit.

Financial Highlights

- Fourth successive year of increased underlying PBT, achieving £4.9m compared with the previous year's £4.2m
- Total revenue decreased 4.8% year on year to £373.3m significantly impacted by the removal of the scrappage scheme
- Gross profit decreased by 1% year on year, however underlying EBITDA increased by 17.9% to £7.2m Underlying earnings per share increased to 3.63p from 3.06p
- Group net assets at £19.5m under-pinned by £22.6m of freehold and long lease-hold property
- Robust balance sheet position with only £0.3m of goodwill
- Strong cash flow ensured net debt reduced to £1m from £4.4m, gearing at 5.2%
- Underlying return on shareholders' funds of 22.7%
- Announcement of maiden dividend of 0.3p per share

Operational Highlights

- New Car Unit Volumes decreased 11% year on year against a new car market decrease of 9% year on year and a market decline in private registrations of 21%
- New car volumes excluding scrappage increased 9%
- Used Car Volumes increased 1% year on year
- Service Hours increased 2% year on year
- Major re-development and opening of an additional facility adding Alfa Romeo and a further Renault dealership to the Group's brand portfolio
- Major re-development of the Maidstone freehold property for Honda and Mazda
- Continued robust approach to the management of the Group's working capital and cash generation
- Additional £5m, three year Revolving Credit Facility arranged to finance further acquisitions
- Post year end addition of the Group's maiden Vauxhall dealership

Operating Review

Group Strategy

Since our incorporation in March 2006, we have continued to apply our focused "buy-and-build" strategy organically acquiring under-performing motor dealership assets. Following any acquisition, the Cambria management team implements new financial, 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 now completed eight separate transactions since our incorporation.

During the period under review, the Group has continued to integrate the ten additional businesses acquired in the previous financial year, six of which had been acquired from an Administrator. One of the Acquisitions required that a major re-development of a dealership was undertaken during the period under review. In Blackburn, the Group has also entered into occupation of a leasehold premises, redeveloped it and added Alfa Romeo and a further Renault dealership to the Group.

We continue with our three step approach to purchasing a new business – acquisition, integration, operation, as laid out below:

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 to ensure that we avoid any legacy costs. Our Group balance sheet shows that on consolidation we have only £0.3m of goodwill which has been generated across the eight acquisitions. We do not have any defined benefit pension schemes. We have always taken the approach that Cambria will not acquire any business unless there is a strong underlying business case to do so, and have aborted on a transaction this year where this criterion was not met. Our acquisitions have to date, and will continue to, be funded from our own cash resources.

Operating and Financial Review (continued)

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 implements 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 with the particular business. A training needs analysis is conducted followed by the implementation of training programmes for all relevant Associates in the new business.

Operation

With any new acquisition, the standard financial controls are implemented immediately ranging from individual cheque signatories to daily reporting of vehicle sales and aftersales revenues, margins and other performance figures. We then implement our two growth strategies (i) “Cambria Digital”, which is our internet social networking strategy for vehicle sales, and (ii) 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 three step approach gives us a significant advantage particularly in difficult economic times.

Brand Partnerships

In line with our “buy-and-build” strategy, we have continued to work with existing Brand Partners and new potential Brand Partners with whom we can develop Primary Brand Partner relationships (more than three franchises). During the year we have worked hard to integrate those businesses acquired in the first half of the previous financial year, making significant investment in the management of those businesses as well as in the property infrastructure.

During the period we have completed the redevelopment of the Maidstone Honda and Mazda dealership at a capital investment of £0.7m. The redevelopment caused significant interruption to the business performance, but now leaves us with a well presented modern retail facility from which we can represent our brand partners. Additionally we have entered into a new leasehold property in Blackburn, adjoining our existing Blackburn dealership. We have completed a major refurbishment of that facility and have added Alfa Romeo and Renault onto the Blackburn Motorpark which now represents Alfa Romeo, Fiat, Renault and Volvo. Again this development and start up took significant management and capital investment of £0.5m. By mutual consent we have terminated the Lotus franchise in Preston.

During the course of the year we worked with a number of new potential Brand Partners to identify acquisition opportunities within their networks. We entered into a number of acquisition target negotiations, none of which concluded during the financial year. Unfortunately during the process of one such negotiation, we took the decision to abort the transaction as a result of our diligence investigations after incurring significant professional fees.

On 1 September 2011 we completed the acquisition of our maiden Vauxhall dealership, in Southampton, which has been long established with the Vauxhall Brand. We are very pleased to bring the Vauxhall franchise into the Group’s Brand portfolio and intend to make Vauxhall a Primary Brand Partner as other opportunities arise. The acquisition was the Groups 8th corporate transaction and takes the Group to 27 locations representing 39 franchised outlets.

Cambria has enjoyed the benefits of a strategically balanced brand portfolio with a strong mix of prestige/high luxury and volume businesses, and intends to continue the buy and build strategy acquiring businesses that represent good value for our shareholders.

Prestige		Volume		Motorcycle	
Aston Martin	3	Citroen	1	Triumph	3
Alfa Romeo	1	Fiat	5		
Honda	2	Ford	5		
Jaguar	5	Mazda	4		
Volvo	5	Nissan	1		
		Renault	2		
		Seat	1		
		Vauxhall	1		
	16		20		3



CAMBRIA

Automobiles plc

Locations across the UK

Blackburn    

Preston  

Bolton  

Bury 

Oldham 

Warrington  

Birmingham 

Wellingborough 

Northampton 





Woburn 


Swindon
  


Exeter
 



Welwyn Garden City  


Brentwood
 


Southampton    


Croydon 


Wimbledon 


Tunbridge Wells  



Gatwick 

Horsham 

Thanet 

Canterbury 

Ashford 

Maidstone  

Operating and Financial Review (continued)

Cambria's balanced brand portfolio has seen us benefit from the relative stability of the prestige/high luxury market. The government's scrappage scheme finished in May 2010 and this has had a major impact on volume operations in relation to the vehicle unit sales in our 2010 reporting period.

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, and we have to be conscious of the potential dilution in earnings whilst these businesses are restructured and invested in.

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 was down by 9% against the previous period which was assisted significantly by the government's scrappage scheme which represented 13% of the market in that period. The more important and relevant measure for franchised dealers is the private registrations statistics which showed the market down 21% year on year. Our new car volumes for the period were 8,155 units against a previous year of 9,163 units, a decrease of 11% year on year. The Government backed scrappage scheme accounted for 18% of our volumes in the previous period. It is also worth noting that the Japanese Tsunami had an impact on the supply and availability of certain manufacturer models that were reliant either on component supply from Japan or indeed where the vehicles were manufactured in Japan. Gross Margin for new cars improved from 6.9% to 7.2% as expected due to the low margins retained on those scrappage vehicles sold in the previous year.

Used Car Sales

2011 saw Cambria grow used car volumes to 14,217 units against a previous year of 14,034, an increase of 1%. The average price of the used cars sold reduced, but Gross margin on used cars showed a small improvement from 8.1% to 8.2%. Our used car strategy continues to be a core part of our activity and with the continued success of the Cambria Digital strategy we believe this is an area where we 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 continued decrease in the one to three year car parc, as new vehicle registrations fall year on year, we saw our aftersales revenue remain broadly flat. Gross margin in the period improved from 42.3% to 42.8% in the current year. The Aftersales departments contributed £22m of gross profit which represents 46.2% of total gross profit for the year.

We continue to invest in vehicle health checks, and our Guest Connect Strategy for retaining our aftersales guests outside of the 0-3 year car parc with our "Duty of Care Gearbox" that is intended to provide all guests with a one stop maintenance solution for their vehicle.

Outlook

The current trading environment is difficult and the Board notes that the second half of the financial year was more challenging than the strong first half that the Group experienced. The Board is able to report that September trading has been acceptable, with profits broadly in line with business plan but behind the strong performance experienced in the previous year's trading. There are obvious challenges in the consumer environment. Economic times remain uncertain and UK consumer confidence remains fragile: combined with exchange rate pressures and inflationary pressures these lead the Board to be cautious about the trading outlook for the current financial year.

Operating and Financial Review (continued)

Outlook (continued)

The Board is being pro-active in ensuring that the cost base is fit for its expectation that the trading environment will continue to be difficult, and is intending to rationalise the existing cost base appropriately. In addition, there are still opportunities to improve performance in our existing businesses that are all at different stages of maturity and development.

The Group's Guest Connect Programme, encompassing Cambria Digital and Service & MOT Reminder, Electronic Vehicle Health Check and Service Plans, was launched last 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 have made progress in improving customer satisfaction scores.

The three prong strategy of acquisition, integration and operation will continue to be driven with the Group well placed to take advantage of acquisition opportunities that will arise in these difficult economic times. The Group has continued to drive profit in tough trading conditions; and this has, through tight cost control and cash management, put the Group in a position with only £1m of net debt and significant financing facilities available for investment in acquisitions.

The Board continues to review acquisition opportunities with both existing and new franchise partners, and intends to capitalise on the opportunities presented by the challenging market to expand the Group. The acquisition of the Vauxhall business in Southampton opens a new relationship with the second largest volume franchise in the UK market, and we look forward to developing that relationship.

	2011 Revenue	2011 Revenue mix	2011 Gross Profit	2011 Margin	2010 Revenue	2010 Revenue mix	2010 Gross Profit	2010 Margin
	£m	%	£m	%	£m	%	£m	%
New Car	146.5	39.2	10.5	7.2	158.6	40.4	10.9	6.9
Used Car	184.0	49.3	15.1	8.2	190.4	48.6	15.4	8.1
Aftersales	51.4	13.8	22.0	42.8	51.5	13.1	21.8	42.3
Internal sales	(8.6)	(2.3)			(8.4)	(2.1)		
Total	373.3	100.0	47.6	12.7	392.1	100.0	48.1	12.3
Operating expenses			(41.9)				(43.4)	
Operating profit before flotation and transaction expenses			5.7				4.7	
Non-underlying expenses			(0.2)				(1.5)	
Operating profit			5.5	1.5			3.2	0.8

	2011 total	2010 total	Year on year growth
New units	8,155	9,163	(11%)
Scrappage units		(1,666)	
New units excluding Scrappage	8,155	7,497	9%
Used units	14,217	14,034	1%
Service hours	279,523	273,345	2%



Mark Lavery
Chief Executive

Finance Director's Report

Overview

Total revenues in the period decreased 4.8% to £373.3m from £392.1m in the prior year. The majority of the reduction was from new vehicle sales where unit volumes were down 11% and revenues down 7.6%. Whilst used car unit sales increased 1% the average sales price reduced and overall revenues reduced by 3.4%. Revenues from the aftersales businesses remained in line with the previous year.

Total gross profit decreased by £0.5m (1%) from £48.1m to £47.6m in the year following the reduced new car volumes which accounted for £0.4m of the reduction. Gross profit margin across the Group improved from 12.3% to 12.7% reflecting the change in revenue mix with the reduction in new car sales post scrappage, but at better margins. The used vehicle margin remained resilient at 8.2%. The aftersales operations contributed 46.2% of the total gross profit for the Group compared to 45.3% in the previous period, at a gross profit margin of 42.8%.

Underlying operating expenses continue to be well managed, and as a result of Group initiatives that were put in place at the business planning stage for the year, underlying operating expenses reduced to £41.9m from £43.4m.

During the financial year, the Group incurred non-underlying expenses of £0.17m in relation to aborted transaction costs and opening new franchises, and £0.06m in relation to redundancy costs associated with the cost rationalisation initiatives. The prior year non underlying expenses were in relation to the one off expenses associated with the listing on AIM which were £1.47m, and the transaction costs associated to the acquisition of new businesses in 2010 were £0.07m resulting in a total of £1.54m of non recurring costs.

The underlying EBITDA in the period rose to £7.2m from £6.1m in the previous year. Underlying operating profit was £5.7m compared to £4.7m in the previous year, resulting in an operating margin of 1.5% (2010: 1.2%). Following the conversion to IFRS there are no amortisation charges relating to goodwill in the year or prior year.

Net finance expenses increased to £0.8m from £0.6m in the previous year primarily due to interest on the consignment stock as a result of the reduced new vehicle units sold.

The Group's underlying profit before tax was £4.9m in comparison with £4.2m in the previous year, a 16.6% increase.

The underlying earnings per share were 3.63p (2010: 3.06p). Basic earnings per share were 3.46p (2010: 1.95p), and the Groups underlying return on shareholders' funds for the year was 22.7% (2010: 21.7%).

Taxation

The Group tax charge was £1.2m in the period (2010: £0.6m) representing an effective rate of tax of 25.6% (2010: 25.2%) on the profit before tax of £4.7m (2010: £2.6m).

Financial Position

The Group has a robust balance sheet with a net asset position of £19.5m under-pinned by £22.6m of freehold and long leasehold property. Reflecting our prudent approach to financial management the Group has only £0.3m of goodwill on the balance sheet. Secured against the freehold and long leasehold property are mortgages amounting to £12.7m, each of the loans have different repayment profiles between seven and ten years, and bear interest at between base plus 1.25% and 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 2011 was £1.0m (2010: £4.4m), reflecting a cash position of £11.7m (2010: £9.3m). The Group's gearing at 31 August 2011 was 5.2%, reduced from 27.6% in 2010.

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 £4m overdraft facility which is used to manage seasonal fluctuations in working capital. The overdraft facilities are renewable annually and are next due in February 2012. During the course of the year, the Group arranged a £5m, three year Revolving Credit Facility which is available for draw down against new business acquisitions and freehold property purchases. This additional funding facility gives us significant liquidity to identify and approach acquisition targets. Total facilities available including cash reserves equate to £20m.

Operating and Financial Review (continued)

Cashflow and Capital Expenditure

The Group generated an operating cash inflow of £5.3m with working capital remaining similar year on year and invested a total of £1.5m in capital expenditure.

Capital expenditure included the significant redevelopment of our Maidstone dealership which represents Honda and Mazda for £0.7m and the development of the new leasehold premises in Blackburn to add Alfa Romeo and Renault to the facility at a cost of £0.5m.

During the year capital repayments of £1m were made against the total term loans outstanding. The capital repayments due in the financial year to 31 August 2012 are £1.35m.

As a result of the net cash increase of £2.4m to £11.7m and gross debt decreasing by £1m to £12.7m, overall net debt reduced from £4.4m to £1m.

Shareholders' Funds

There are 100,000,000 ordinary shares of 10p each with a resulting share premium of £0.8m. There were no new funds raised during the year 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 with respect to the hedging of interest rate risk.

Dividends

The Board is pleased to announce a maiden dividend for the year ended 31 August 2011 of 0.3p per share. If approved by shareholders at the Annual General Meeting to be held on 9 January 2012, the dividend will be payable on 16 January 2012 to those shareholders registered on 9 December 2011. The Board aims to maintain a progressive dividend policy but intends to ensure that the payment of dividend does not detract from its primary strategy to continue to "buy-and-build" and to organically grow the Group using existing resources.



James Mullins
Finance Director

Directors' report

The directors present their directors' report and financial statements for the year ended 31 August 2011.

Principal activities

Cambria's principal activities are the sale and servicing of motor vehicles and the provision of ancillary services. The Group operates from 27 sites with a total of 39 dealer franchises.

Enhanced Business Review

All details required are covered in the Chairman's Statement and the Operating and Financial Review between pages 1 and 10.

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 affect 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 its 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 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 recommend the payment of a full and final dividend for the year ended 31 August 2011 of 0.3p per share which equates to £300,000 (2010: £nil). If approved by shareholders at the Annual General Meeting to be held on 9 January 2012, the dividend will be payable on 16 January 2012 to those shareholders registered on 9 December 2011.

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

On 8 September 2011 Rodney Smith informed the Board of his intention to retire, and it was agreed that he would serve his notice until 30 November 2011.

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 (2010: £nil).


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



James Mullins
Director

Dorcan Way, Swindon, SN3 3RA
25 November 2011

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 group and parent company 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 auditor's report to the members of Cambria Automobiles plc

We have audited the financial statements of Cambria Automobiles plc for the year ended 31 August 2011 which comprise the Group Statement of Financial Position and Parent Company Balance Sheet, the Group Statement of Comprehensive Income, the Group Statement of Changes in Equity, the Group Statement of Cash Flow, the Parent Company Reconciliation of Movements in Shareholders' Funds and the related notes. 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, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (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/private.cfm.

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 2011 and of the group's 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) 25 November 2011
for and on behalf of KPMG Audit plc, Statutory Auditor
Chartered Accountants

Consolidated Statement of comprehensive income

for year ended 31 August 2011

	Note	2011 £000	2010 £000
Revenue			
Continuing operations	3	373,303	392,117
Cost of sales			
Continuing operations		(325,748)	(344,056)
Gross Profit			
Continuing Operations	4	47,555	48,061
Administrative expenses			
Continuing operations		(42,055)	(44,878)
Results from operating activities	4	5,500	3,183
Finance income	9	38	12
Finance expenses	9	(882)	(588)
Net finance expenses		(844)	(576)
Profit before tax from continuing operations before non-underlying expenses		4,887	4,151
Flotation expenses	5		(1,474)
Non-underlying expenses	5	(231)	(70)
Profit before tax	4	4,656	2,607
Taxation	10	(1,190)	(657)
Profit and total comprehensive income for the period		3,466	1,950
Basic and diluted earnings per share	8	3.47p	1.95p

All comprehensive income is attributable to owners of the parent company

Consolidated Statement of changes in equity

for year ended 31 August 2011

	Share capital	Share premium	Retained earnings	Total equity
	£000	£000	£000	£000
Balance at 31 August 2009	318	10,481	3,286	14,085
Profit for the year	-	-	1,950	1,950
Balance at 31 August 2010	10,000	799	5,236	16,035
Profit for the year	-	-	3,466	3,466
Balance at 31 August 2011	10,000	799	8,702	19,501



Consolidated Statement of financial position

at 31 August 2011

	Note	2011	2010
		£000	£000
Non-current assets			
Property, plant and equipment	11	25,676	25,520
Intangible assets	12	470	480
Deferred tax asset	13	356	508
		<u>26,502</u>	<u>26,508</u>
Current assets			
Inventories	14	57,460	62,435
Trade and other receivables	15	6,905	7,938
Cash and cash equivalents	16	11,702	9,266
		<u>76,067</u>	<u>79,639</u>
Total assets		<u>102,569</u>	<u>106,147</u>
Current liabilities			
Other interest-bearing loans and borrowings	17	(1,352)	(1,024)
Trade and other payables	18	(69,109)	(74,896)
Taxation		(652)	(519)
Provisions	20	(41)	(342)
		<u>(71,154)</u>	<u>(76,781)</u>
Non-current liabilities			
Other interest-bearing loans and borrowings	17	(11,358)	(12,672)
Provisions	20	(95)	(151)
Other payables	13	(461)	(508)
		<u>(11,914)</u>	<u>(13,331)</u>
Total liabilities		<u>(83,068)</u>	<u>(90,112)</u>
Net assets		<u>19,501</u>	<u>16,035</u>
Equity attributable to equity holders of the parent			
Share capital	21	10,000	10,000
Share premium		799	799
Retained earnings		8,702	5,236
Total equity		<u>19,501</u>	<u>16,035</u>

These financial statements were approved by the board of directors on 25 November 2011 and were signed on its behalf by:



Mark Lavery
Director

Company registered number: 05754547

Consolidated Cash Flow Statement

for year ended 31 August 2011

	Note	2011	2010
		£000	£000
Cash flows from operating activities			
Profit for the year		3,466	1,950
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment	11/12	1,422	1,338
Financial income	9	(38)	(12)
Financial expense	9	882	588
Loss on sale of property, plant and equipment		1	1
Taxation	10	1,190	657
Non-underlying expenses	5	231	1,544
		<u>7,154</u>	<u>6,066</u>
Decrease/(increase) in trade and other receivables		1,033	(738)
Decrease/(increase) in inventories		4,975	(17,609)
(Decrease)/increase in trade and other payables		(5,787)	22,388
Decrease in provisions		(357)	(195)
		<u>7,018</u>	<u>9,912</u>
Interest paid		(531)	(233)
Tax paid		(952)	-
Non-underlying expenses	5	(231)	(1,544)
		<u>(1,714)</u>	<u>(1,867)</u>
Net cash from operating activities		5,304	8,135
Cash flows from investing activities			
Interest received		38	12
Acquisition of subsidiary	2	-	(5,082)
Acquisition of property, plant and equipment		(1,495)	(1,429)
Acquisition of other intangible assets		(74)	(57)
		<u>(1,531)</u>	<u>(6,556)</u>
Net cash from investing activities		(1,531)	(6,556)
Cash flows from financing activities			
Proceeds from new loan		-	2,655
Interest paid		(351)	(355)
Repayment of borrowings		(986)	(390)
		<u>(1,337)</u>	<u>1,910</u>
Net cash from financing activities		(1,337)	1,910
Net increase in cash and cash equivalents		2,436	3,489
Cash and cash equivalents at 1 September	16	9,266	5,777
		<u>11,702</u>	<u>9,266</u>
Cash and cash equivalents at 31 August	16	11,702	9,266

Notes

(forming part of the financial statements)

1 Accounting policies

Cambria Automobiles plc is a company which is 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 2011 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 53 to 63.

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.

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 pages 16 to 17.

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.

All revenue generated and non-current assets held are attributable to UK operations only.

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. Manufacturer incentives are recognised as revenue when earned. Servicing and bodyshop sales, including warranty work, are recognised on completion of the agreed work. Finance commission revenue is recognised as the related vehicles are sold.

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.

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 comprises 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 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.

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.

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 and payable 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.

Demonstrator vehicles are held within inventories at the lower of cost and net realisable value.

Vehicle funding and stocking loans form part of the Group's working capital and are recognised at the fair value of the amount due to the manufacturer.

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)

IFRS not yet applied

The following IFRSs have been issued but have not been applied by the Group in these financial statements as they are yet to be endorsed by the EU. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- IFRS 9 issued to replace in phases IAS 39 in order to clarify the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

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, if the vehicles are not sold in the consignment period the group has the obligation to purchase. 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.

Non-underlying expenses

Non-underlying expenses are items which derive from events or transactions that are outside the normal course of business, and do not directly relate to the on-going operations, therefore have been separately disclosed in order for the financial statements to present a true and fair view.



Notes (continued)

(forming part of the financial statements)

2 Acquisition of subsidiaries

Effect of acquisitions in 2011

There were no acquisitions in 2011.

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.

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)

Net and identifiable assets and liabilities	5,082
Goodwill on acquisition	-

Consideration paid (note that transaction costs of £39,500 were written off to operating expenses in 2010), satisfied in cash	5,082
	=====

Notes (continued)

(forming part of the financial statements)

3 Revenue

	2011	2010
	£000	£000
Sale of goods	330,945	349,096
Aftersales services	42,358	43,021
Total revenues	373,303	392,117

4 Segmental reporting

The Group has adopted IFRS 8 'Operating Segments' which determines and presents operating segments based on information presented to the Groups 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.

	2011 Revenue	2011 Revenue mix	2011 Gross Profit	2011 Margin	2010 Revenue	2010 Revenue mix	2010 Gross Profit	2010 Margin
	£m	%	£m	%	£m	%	£m	%
New Car	146.5	39.2	10.5	7.2	158.6	40.4	10.9	6.9
Used Car	184.0	49.3	15.1	8.2	190.4	48.6	15.4	8.1
Aftersales	51.4	13.8	22.0	42.8	51.5	13.1	21.8	42.3
Internal sales	(8.6)	(2.3)	-	-	(8.4)	(2.1)	-	-
Total	373.3	100.0	47.6	12.7	392.1	100.0	48.1	12.3
Operating expenses			(41.9)				(43.4)	
Operating profit before flotation and transaction expenses			5.7				4.7	
Non-underlying expenses			(0.2)				(1.5)	
Operating profit			5.5	1.5			3.2	0.8

The CODM reviews the performance of the business in terms of both net profit before tax and EBITDA, as such the following table shows a reconciliation of the Profit before tax to EBITDA.

Notes (continued)

(forming part of the financial statements)

4 Segmental reporting (continued)

	2011	2010
	£000	£000
Profit Before Tax	4,656	2,607
Non-underlying expenses (note 5)	231	1,544
	<hr/>	<hr/>
Underlying Profit Before Tax	4,887	4,151
	<hr/>	<hr/>
Net finance expense	844	576
Depreciation and amortization	1,422	1,338
	<hr/>	<hr/>
Underlying EBITDA	7,153	6,066
Non-underlying expenses	(231)	(1,544)
	<hr/>	<hr/>
EBITDA	6,922	4,522
	<hr/>	<hr/>

Revenue and non-current assets are attributable to United Kingdom operations only.

5 Non-underlying expenses

	2011	2010
	£000	£000
Listing costs	-	1,474
Transaction and new franchising costs	169	70
Cost rationalisation programme	62	-
	<hr/>	<hr/>
	231	1,544
	<hr/>	<hr/>

6 Expenses and auditors' remuneration

Included in profit are the following:

	2011	2010
	£000	£000
Impairment loss (reversed)/recognised on other trade receivables and prepayments	56	(261)
	<hr/>	<hr/>

Auditors' remuneration:

	2011	2010
	£000	£000
Audit of these financial statements	20	20
Audit of financial statements of subsidiaries pursuant to legislation	90	90
Other services relating to taxation	29	25
All other services	23	30
	<hr/>	<hr/>

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	
	2011	2010
Sales	299	281
Service	382	339
Parts	107	165
Administration	172	161
	<u>960</u>	<u>946</u>

The aggregate payroll costs of these persons were as follows:

	2011	2010
	£000	£000
Wages and salaries	25,796	26,761
Social security costs	2,748	2,860
Expenses related to defined contribution plans	154	161
	<u>28,698</u>	<u>29,782</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. There is one class of ordinary share with 100,000,000 shares in issue.

There are no dilutive share options in issue.

	2011	2010
	£000	£000
Profit attributable to shareholders	3,466	1,950
Non-underlying expenses (Note 5)	231	1,544
Tax on adjustments (at 27.16% (2010:28%))	(63)	(432)
	<u>3,634</u>	<u>3,062</u>
Adjusted profit attributable to equity shareholders	3,634	3,062
Number of shares in issue ('000)	100,000	100,000
Basic earnings per share	<u>3.47p</u>	<u>1.95p</u>
Adjusted earnings per share	<u>3.63p</u>	<u>3.06p</u>

Notes (continued)

(forming part of the financial statements)

9 Finance income and expense

Recognised in profit or loss

	2011	2010
	£000	£000
Finance income		
Rent deposit interest	8	-
Interest receivable	30	12
Total finance income	38	12
Finance expense		
Interest payable on bank borrowings	351	355
Consignment and used stocking interest	531	233
Total finance expense	882	588
Total interest expense on financial liabilities held at amortised cost	351	355
Total other interest expense	531	233
	882	588

10 Taxation

Recognised in the income statement

	2011	2010
	£000	£000
Current tax expense		
Current year	1,040	519
	1,040	519
Deferred tax		
Utilisation of tax losses paid to previous owner of subsidiary undertaking	150	215
Adjustment in respect of prior years	-	(77)
Origination and reversal of temporary differences	(45)	-
Change in tax rate of tax losses due to previous owner of subsidiary undertaking	45	-
	150	138
Total tax expense	1,190	657

Notes (continued)

(forming part of the financial statements)

10 Taxation (continued)

Reconciliation of total tax

	2011	2010
	£000	£000
Profit for the year	3,466	1,950
Total tax expense	1,190	657
Profit excluding taxation	4,656	2,607
Tax using the UK corporation tax rate of 27.16 % (2010: 28%)	1,265	730
Non-deductible expenses	25	168
Accounting depreciation for which no tax relief is due	156	144
Utilisation of tax losses	-	(523)
Tax payment due to previous owners of subsidiary in relation to utilisation of pre-acquisition losses	150	215
Change in tax rate in respect of deferred tax on utilisation of pre-acquisition losses due to previous owner of subsidiary	45	-
Change in tax rate	216	-
Adjustment in respect of prior years deferred tax*	(667)	(77)
Total tax expense	1,190	657

*The 2011 adjustment in respect of prior years deferred tax is comprised of the following; recognising a deferred tax asset in respect of trading losses carried forward, reducing the deferred tax asset in respect of a capital loss, and other small differences in relation to accelerated capital allowances.

The applicable tax rate for the current year is 27.16% following the reduction in the main rate of UK corporation tax from 28% to 26% with effect from 1 April 2011.

On 23 March 2011 the Chancellor announced the reduction in the main rate of UK corporation tax to 26 per cent with effect from 1 April 2011 and a further reduction to 25 per cent with effect from 1 April 2012. These changes became substantively enacted on 29 March 2011 and 5 July 2011 respectively and therefore the effect of these rate reductions creates a reduction in the deferred tax asset which has been included in the figures above.

Notes (continued)

(forming part of the financial statements)

11 Property, plant and equipment

	Freehold land & buildings	Long leasehold land & buildings	Short leasehold improvements	Plant & Equipment	Fixtures, fittings & computer equipment	Total
	£000	£000	£000	£000	£000	£000
Cost						
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 1 September 2010	18,924	5,058	3,736	2,699	6,114	36,531
Additions	463	-	320	186	526	1,495
Disposals	-	-	(161)	(284)	(172)	(617)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 31 August 2011	19,387	5,058	3,895	2,601	6,468	37,409
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation						
Balance at 1 September 2009	836	318	2,530	2,359	4,963	11,006
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 1 September 2010	1,092	401	2,714	2,195	4,609	11,011
Depreciation charge for the year	241	75	268	239	515	1,338
Disposals	-	-	(161)	(284)	(171)	(616)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 31 August 2011	1,333	476	2,821	2,150	4,953	11,733
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value						
At 31 August 2010	17,832	4,657	1,022	504	1,505	25,520
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 August 2011	18,054	4,582	1,074	451	1,515	25,676
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Security

The title of all freehold and long leasehold properties have been pledged as security to the bank loans disclosed in note 17.

Property, plant and equipment under construction

At 31 August 2011 there were no assets in the course of construction (2010: £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 2009	346	589	176	1,111
Other acquisitions – externally purchased	-	57	-	57
Balance at 1 September 2010	346	646	176	1,168
Other acquisitions – externally purchased	-	74	-	74
Balance at 31 August 2011	346	720	176	1,242
Amortisation and impairment				
Balance at 1 September 2009	-	458	176	634
Amortisation	-	54	-	54
Balance at 1 September 2010	-	512	176	688
Amortisation for the year	-	84	-	84
Balance at 31 August 2011	-	596	-	772
At 31 August 2010 and 1 September 2010	346	134	-	480
At 31 August 2011	346	124	-	470

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
Deeslease 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:

	2011	2010
	£000	£000
Administrative expenses	84	54

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	
	2011	2010
	£000	£000
Grange Motors (Swindon) Ltd and Cambria Automobiles (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 a 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.

	Assets	
	2011	2010
	£000	£000
Tax value of losses carry-forwards (pre-acquisition losses)	311	508
Property, plant and equipment	(846)	-
Provisions	19	-
Tax value of loss carry-forwards	872	-
Recognised net tax assets	356	508

Unrecognised deferred tax assets and liabilities

In the prior year, the deferred tax liability relating to plant, property and equipment and provisions had not been recognised as it was not material.

	Assets	
	2011	2010
	£000	£000
Property, plant and equipment	-	(407)
Provisions	-	132
Tax value of loss carry-forwards	-	261
Tax (liabilities)/assets	-	(14)
Unrecognised net tax (liabilities)/assets	-	(14)

On 23 March 2011 the Chancellor announced the reduction in the main rate of UK corporation tax to 26 per cent with effect from 1 April 2011 and a further reduction to 25 per cent with effect from 1 April 2012. These changes became substantively enacted on 29 March 2011 and 5 July 2011 respectively and therefore the effect of these rate reductions creates a reduction in the deferred tax asset which has been included in the figures above.

The Chancellor proposed changes to further reduce the main rate of corporation tax by one per cent per annum to 23 per cent by 1 April 2014, but these changes have not yet been substantively enacted and therefore are not included in the figures above. The overall effect of the further reductions from 25 per cent to 23 per cent, if these applied to the deferred tax balance at 31 August 2011, would be to further reduce the deferred tax asset by approximately £28k.

Notes (continued)

(forming part of the financial statements)

14 Inventories

	2011	2010
	£000	£000
Vehicle consignment stock	33,747	40,040
Motor vehicles	21,621	20,044
Parts and other stock	2,092	2,351
	<u>57,460</u>	<u>62,435</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 £321 million (2010: £341 million).

15 Trade and other receivables

	2011	2010
	£000	£000
Trade receivables	5,134	5,443
Prepayments and other debtors	1,771	2,495
	<u>6,905</u>	<u>7,938</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

	2011	2010
	£000	£000
Cash and cash equivalents per balance sheet	11,702	9,266
	<u>11,702</u>	<u>9,266</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.

	2011	2010
	£000	£000
Non-current liabilities		
Secured bank loans	11,358	12,672
Current liabilities		
Secured bank loans	1,352	1,024

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
			2011	2010
			£000	£000
Loan 31/07/2006	Bank of England Base Rate +1.25%	2019	2,281	2,530
Loan 01/08/2007	Bank of England Base Rate +1.25%	2020	653	725
Loan 31/12/2007	LIBOR +1.75%	2020	7,407	7,866
Loan 01/03/2011	LIBOR +3.00%	2017	2,369	2,575
			12,710	13,696

Finance lease liabilities

There were no finance lease liabilities at 31 August 2010 or 2011.



Notes (continued)

(forming part of the financial statements)

18 Trade and other payables

	2011	2010
	£000	£000
Current		
Vehicle consignment creditor	39,644	46,148
Other trade payables	8,350	8,881
Non-trade payables and accrued expenses	7,159	7,820
Vehicle funding	13,956	12,047
	<u>69,109</u>	<u>74,896</u>

Included within trade and other payables is £nil (2010: £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 £154,000 (2010: £161,000).

20 Provisions

Restructuring provision	Onerous leases/ contracts	Staff costs	Total
	£000	£000	£000
Balance at 1 September 2010	192	301	493
Provisions used during the year	(56)	(301)	(357)
Balance at 31 August 2011	136	-	136
Current	41	301	342
Non current	151	-	151
Balance at 31 August 2010	192	301	493
Current	41	-	41
Non current	95	-	95
Balance at 31 August 2011	136	-	136

The onerous lease provision is being released against the costs incurred on the relevant lease. The provision will be fully released by 2015.

Notes (continued)

(forming part of the financial statements)

21 Capital and reserves

Share capital

	2011	2010
	£000	£000
Authorised		
Ordinary shares of 10 pence each	10,000	10,000
	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
Ordinary shares of 10 pence each	10,000	10,000
	<u>10,000</u>	<u>10,000</u>
Shares classified in shareholders funds	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

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:

	2011	2010
	%	%
Loans and borrowings	2.2	2.2

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 2011	As at 31 August 2010
	£000	£000
Financial assets		
<i>Loans and receivables at amortised cost including cash and cash equivalents</i>		
Trade receivables(net) (note 15)	5,134	5,443
Other receivables (note 15)	1,771	2,495
Cash and cash equivalents	11,702	9,266
Total Financial assets	18,607	17,204
Financial liabilities		
<i>Financial liabilities at amortised cost</i>		
Other interest-bearing loans and borrowings (note 17)	12,710	13,696
Trade and other payables (note 18)	69,109	74,896
Total financial liabilities	81,819	88,592

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 £5,134,000 (2010: £5,443,000) 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:

	2011	2010
	£000	£000
United Kingdom	5,134	5,443

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

	2011	2010
	£000	£000
Vehicle debtors	1,999	2,475
Non vehicle debtors	2,246	2,029
Manufacturer debtors	889	939
	5,134	5,443

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
	2011	2011	2010	2010
	£000	£000	£000	£000
Trade receivables not past due	5,134	-	5,443	-
Trade receivables past due	46	46	135	135
	5,180	46	5,578	135

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 2010	135
Impairment loss reversed	56
Allowance for impairment utilised	(145)
Balance at 31 August 2011	46

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 prime 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 £2,934,000 (2010: £3,255,000) at Bank of England base rate plus 1.25%, loans of £7,407,000 (2010: £7,866,000) at LIBOR plus 1.75% and on loans of £2,369,000 (2010: £2,575,000) at LIBOR plus 3%.

	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
	2011					
	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	12,710	14,205	1,358	1,591	3,024	8,232

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:

	2011	2010
	£000	£000
Variable rate instruments		
Cash and cash equivalents	11,702	9,266
Vehicle funding	(13,956)	(12,047)
Loans and overdrafts	(12,710)	(13,696)
	<u>(14,964)</u>	<u>(16,477)</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

An increase 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.

	2011	2010
	£000	£000
Equity		
Decrease	133	130
Profit or loss		
Decrease	133	130

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 2011	As of 31 August 2010
	£000	£000
Total borrowings	12,710	13,696
Less: cash and cash equivalents	(11,702)	(9,266)
Net debt	1,008	4,430
Total equity	19,501	16,035
Gearing ratio	5.2%	27.6%

23 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2011	2010
	£000	£000
Less than one year	2,533	2,434
Between one and five years	7,885	8,197
More than five years	24,769	25,617
	35,187	36,248

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 £2,434,000 was recognised as an expense in the income statement in respect of operating leases (2010: £2,394,000).

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 2010 and 2011.

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 Property 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:

	2011	2010
	£000	£000
Directors' emoluments		
Salaries and consultancy fees	587	507
Annual bonus	463	525
Non-contractual bonuses	-	910
	<u>1,050</u>	<u>1,942</u>

The emoluments consist of:

	Salaries	Consultancy Fees	Bonus	Total	Total
<i>Directors' emoluments</i>	2011	2011	2011	2011	2010
	£000	£000	£000	£000	£000
James Mullins	125	-	88	213	319
Rodney Smith	50	37	-	87	288
Mark Lavery	300	-	375	675	1,290
Warren Scott	25	-	-	25	25
Sir Peter Burt	25	-	-	25	10
Michael Burt	25	-	-	25	10
	<u>550</u>	<u>37</u>	<u>463</u>	<u>1,050</u>	<u>1,942</u>

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

During the year Mark Lavery, James Mullins, Rodney Smith and Warren Scott each bought 4 vehicles from the Group and each sold 4 vehicles back to the Group. All transactions were carried out at arm's length and 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 £nil (2010: £44,000) in management fees to Promethean.

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 Post balance sheet events

Acquisition

On 1 September 2011, the Group acquired the trade and assets of the Vauxhall dealership in Southampton from Hartwell PLC. The total consideration payable for the business and assets acquired was £323,601 there was no goodwill payable on the acquisition.

Dividend

The Board is pleased to announce that it will make its maiden dividend payment in respect of the financial year to 31 August 2011 of 0.3p per share as a full and final dividend payment.



Company Balance Sheet

At 31 August 2011

	Note	2011		2010	
		£000	£000	£000	£000
Fixed assets					
Tangible Fixed Assets	5	218		202	
Investments	6	666		666	
			884		868
Current assets					
Stock	7	550		339	
Debtors	8	376		290	
Cash at bank and in hand		14,606		11,987	
		15,532		12,616	
Creditors: amounts falling due within one year	9	(2,765)		(1,623)	
Net current assets			12,767		10,993
Total assets less current liabilities			13,651		11,861
Provisions for liabilities	10		-		-
Net assets			13,651		11,861
Capital and reserves					
Called up share capital	11		10,000		10,000
Share premium account	12		799		799
Profit and loss account	12		2,852		1,062
Shareholders' funds			13,651		11,861

These financial statements were approved by the board of directors on 25 November 2011 and were signed on its behalf by:



Mark Lavery

Director

Company number: 05754547

Company Reconciliation of movements in shareholders' funds

for the year ended 31 August 2011

	Note	Company 2011 £000	Company 2010 £000
Profit for the financial year	12	1,790	1,267
Net increase to shareholders' funds		1,790	1,267
Opening shareholders' funds		11,861	10,594
Closing shareholders' funds		13,651	11,861



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).

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.



Notes (continued)

2 Remuneration of directors

	2011	2010
	£000	£000
Directors' emoluments		
Salaries and consultancy fees	587	507
Annual bonus	463	525
Non-contractual bonuses	-	910
	<u>1,050</u>	<u>1,942</u>

The emoluments in respect of the highest paid director were:

	2011	2010
	£000	£000
Directors' emoluments		
Salaries	300	270
Annual bonus	375	360
Non-contractual bonuses	-	660
	<u>675</u>	<u>1,290</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
	2011	2010
Number of employees		
Administration	34	35

The aggregate payroll costs of these persons were as follows:

	Company	Company
	2011	2010
	£000	£000
Wages and salaries	2,741	2,724
Social security costs	352	291
Non-recurring listing bonuses	-	1,025
Non-recurring social security costs	-	131
Other pension costs	11	10
	<u>3,104</u>	<u>4,181</u>

4 Dividends

The aggregate amount of dividends received comprises:

	2011	2010
Aggregate amount of dividends received in the financial year	<u>1,500</u>	<u>2,610</u>

The aggregate amount of dividends proposed and not paid at the year end is £300,000 (2010: £nil).

Notes (continued)

5 Tangible fixed assets

	Computer equipment	Total
	£000	£000
Company		
Cost		
At 1 September 2010	287	287
Additions	129	129
At 31 August 2011	416	416
Depreciation		
At 1 September 2010	85	85
Charge for year	113	113
At 31 August 2011	198	198
Net book value		
At 31 August 2011	218	218
31 August 2010	202	202



Notes (continued)

6 Fixed asset investments

	Shares in group undertakings
	£000
Company	
<i>Cost and net book value</i>	
At 1 September 2010 and 31 August 2011	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 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
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

	2011	2010
	£000	£000
Motor vehicles	550	339

Notes (continued)

8 Debtors

	2011	2010
	£000	£000
Trade debtors	8	77
Amounts owed by group undertakings	40	40
Prepayments and accrued income	328	173
	<u>376</u>	<u>290</u>

9 Creditors: amounts falling due within one year

	2011	2010
	£000	£000
Amounts owed to group undertakings	356	306
Trade creditors	654	494
Other taxation and social security	269	-
Accruals and deferred income	1,360	823
Corporation tax	126	-
	<u>2,765</u>	<u>1,623</u>



Notes (continued)

10 Provisions for liabilities

Deferred Taxation	£000
	Company
At 1 September 2010	-
Movement in period	-
At 31 August 2011	-

The elements of deferred taxation are as follows:

	2011	2010
	£000	£000
Difference between accumulated depreciation and capital allowances	-	11
Total deferred tax	-	11
Unrecognised deferred tax asset	-	(11)
Recognised deferred tax asset	-	-

The deferred tax asset not recognised in 2010, which consists primarily of tax losses carried forward, would be recovered if set off against future profits of the company.



Notes (continued)

11 Called up share capital

	2011	2010
	£000	£000
Authorised		
Ordinary shares of 10 pence each	10,000	10,000
	<hr/>	<hr/>
	10,000	10,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
Ordinary shares of 10 pence each	10,000	10,000
	<hr/>	<hr/>
	10,000	10,000
	<hr/>	<hr/>
Shares classified as liabilities	-	-
Shares classified in shareholders funds	10,000	10,000
	<hr/>	<hr/>
	10,000	10,000
	<hr/>	<hr/>

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.

12 Share premium and reserves

	Share premium account	Profit and loss account
	£000	£000
At 1 September 2010	799	1,062
Profit for the year	-	1,790
	<hr/>	<hr/>
At 31 August 2011	799	2,852
	<hr/>	<hr/>

13 Related party disclosures

The Company is quoted on the AIM Market. Promethean own 33% of the Company. During the year the Company paid £nil (2010: £44,000) to Promethean.

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

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