



CamBRIA

Automobiles plc

Directors' report and financial statements

Registered number 05754547

31 August 2012

Cambria

Automobiles plc

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Chairman's Statement

Our financial year 2011/12 coincided with a challenging period for our industry, which saw the Cambria Automobiles plc ("Cambria") achieve revenues of £352.5 million and an underlying profit before tax of £3.1 million.

Group Overview

It is now six years since Cambria was established and two and a half years since it was admitted to the London Stock Exchange AIM market. The management, under the leadership of our Chief Executive Mark Lavery, has sought to create a top 20 UK dealership group with a balanced portfolio of manufacturer brands spanning the high luxury, premium and volume segments.

Much has been achieved towards reaching this target and Cambria now comprises a stable of 39 franchised dealerships spanning 16 brands, with Vauxhall, Dacia and Abarth being new additions in the year under review. A key feature of our development has been to build the business organically from our own resources, together with the close cooperation of our manufacturer partners, with due consideration to our geographical focus and range of brand representation.

Crucially we have continued to remain faithful to our objective to minimise the creation of goodwill on acquisitions, but recognise that we may pay goodwill for the right opportunity. To date the Group has focussed its acquisition and growth strategy through acquiring businesses and assets that are underperforming. Indeed, in many cases the business has been in a distressed situation from a trading point of view. The Group's management have done an exceptional job in producing strong returns from distressed businesses. This now puts the Group in a position where the Board can consider adding earnings enhancing acquisitions to the portfolio.

Our positive operational cash generation provides us with a strong ungeared balance sheet, a foundation for the development of the business and we have a number of significant opportunities under review in the current year. We, of course, remain focussed on providing superior returns on shareholders' funds, which reached 13.5% in the year reported.



The year to 31st August 2012 was a challenging one, although I am pleased to report that the second half was considerably stronger and in line with our record second half performance achieved in 2011. Your board took action during the first half to ameliorate the worst effects of the testing UK car market, resulting in a significant reduction in our ongoing operational cost base. These measures are now largely complete but the discipline to seek efficiencies in our operations wherever we can find them remains ingrained in our culture.

I am confident that these results further underline the robustness of our business model and the effectiveness of our senior management team in driving its implementation and that our continual focus upon tight management of costs, coupled with our lean operating procedures, will further contribute to our future performance.

The improvement in our performance in the second half of the year continues into the opening months of our 12/13 financial year, with signs that the UK car market is performing more strongly as vehicle manufacturers face increasing challenges in continental European markets.

Financial Management

The Board places great importance on the prudent management of the Group's finances. Our balance sheet has been further strengthened by these results and for the first time we are in a position of closing the year with net cash and the balance sheet further underpinned by our ownership of freehold properties and by minimal goodwill. Liquidity remains high thanks to our banking facilities with Lloyds Banking Group. This strong financial position enables us to take advantage of acquisition opportunities as they arise.

Promethean

We announced in July that Promethean, a significant founding shareholder in the Group, intended to distribute its shareholding, which amounted to 33.32% of Cambria's shares, to its own shareholders in specie. This distribution took place on 7 September 2012. Our broker Canaccord Genuity supported us in managing the aftermarket of the transaction and we now have a strengthened institutional shareholder base and considerably greater liquidity in our shares.



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 to which UK lending banks are subjected, 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 were pleased to add Vauxhall, Dacia and Abarth as brand partners in the year and expect to expand further our brand representation during the course of the current year as negotiations currently underway are concluded.

As announced in November 2011, Rodney Smith, one of the founding Directors, retired and in February 2012, Warren Scott, my predecessor stepped down from the Board. On behalf of the Board and shareholders I would like to thank Rodney and Warren for their valued contribution to the Group.

I would also like to thank the Cambria Associates who continue to demonstrate commitment through these challenging times.

Dividend

The Board is pleased to announce a 0.3p per share dividend for the year. It is the intention of the Board to maintain a progressive dividend policy.

Outlook

There has been a positive change in the new car market conditions since the beginning of the 2012 Calendar year and with the pressure on the mainland European car markets, the UK appears to be performing well in comparison.

I am pleased to report that Cambria continues to maintain the momentum gained in the second half, and we enter the current financial year with confidence, having produced a strong first quarter, ahead of business plan and significantly ahead of previous year.



Philip Swatman

Non-Executive Chairman



Operating and Financial Review



Chief Executive's Review

Mark Lavery, Chief Executive said

Cambria has performed in line with our expectations and, after a particularly difficult first half, has produced a far better second half. The cost rationalisation programme carried out in the first half is now broadly completed and while we continue to look at areas where cost saving can be made, we are in a leaner position than at the same point last year.

During the course of the year we completed the purchase of our first Vauxhall business with the addition of Doves Vauxhall Southampton to the portfolio, refurbishing the facility in line with manufacturer standards. We also purchased the freehold of our Blackburn Volvo and Renault facility and disposed of our loss making Birmingham Pure Triumph business.

The Group has produced strong cash generation which for the first time has left the Group in a net cash position with no net gearing. The balance sheet and liquidity continue to improve and we have significant facilities available for continued expansion.

It is critical that the Group protects its balanced Brand portfolio with significant interests in high luxury, premium and volume brands and we hope to be in a position to announce further acquisitions in the near future. There has been a positive change in new car market conditions since the beginning of the 2012 Calendar year. With the pressure on the mainland European car markets, the UK appears to be performing well in comparison.

The Group has had a strong start to the current financial year, ahead of business plan and significantly ahead of previous year. New car volumes are 8.6% ahead of last year with improved margin. I am pleased to report that our Guest Connect programme is in its second year of operation and it is having a significant effect on aftersales profit contribution. I remain confident that the Group will deliver an improved performance in our 2013 financial year.

Operating and Financial Review

Cambria Automobiles plc announces its full year results for the financial year ending 31st August 2012. Cambria is a franchised motor retail group formed in 2006 and developed through a buy-and-build strategy. We have completed 8 corporate acquisitions to date and now represent 16 different brands from 26 locations encompassing 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 2012 £m	12 months Ended 31-Aug 2011 £m
Revenue	352.5	373.3
Underlying EBITDA*	5.4	7.2
Underlying operating profit*	3.9	5.7
Underlying profit before tax*	3.1	4.9
Underlying net profit margin*	0.9%	1.3%
EBITDA	5.0	6.9
Operating profit	3.5	5.5
Profit before tax	2.7	4.7
Non-recurring expenses	0.4	0.2
Net Assets	21.5	19.5
Net profit margin	0.78%	1.25%
Underlying earnings per share*	2.64p	3.63p
Earnings per share	2.34p	3.47p

* these items exclude the non-recurring expenses of £0.39m (2011: £0.23m)



Operating and Financial Review (continued)

In presenting the financial statements for the year to 31 August 2012, there has been a fall in our underlying pre-tax profits to £3.1m against a previous year outcome of £4.9m. This result has been achieved in a period of significant economic uncertainty and poor consumer confidence and during the first half of the year we undertook a significant cost rationalisation programme.

The underlying pre-tax profit from the continuing operations was £3.5m, with the newly acquired Vauxhall business in Southampton making a £0.22m loss and the Pure Triumph motorcycle dealership in Birmingham making a £0.14m loss before its disposal during the year.

During the first half of the financial year, the Group made an underlying pre-tax profit of £1.1m, and £2m in the second half which, for the continuing businesses, was broadly in line with the second half achieved in 2011, our record financial year.

Financial Highlights

- Total revenue for the year of £352.5m, down from £373.3m in prior year
- Underlying Profit before tax of £3.1m, versus £4.9m in prior year, in line with the Board's expectation, reflecting weaker new car volume and profitability particularly in the first half of the year
- Continuing businesses made an underlying Profit before tax of £3.5m with the acquired dealership making a loss of £0.22m and disposed dealership making a loss of £0.14m
- Rationalisation programme implemented in the first quarter with a one off cost of £0.3m significantly reduced ongoing cost structure in like for like businesses
- Underlying EBITDA of £5.4m
- Strong cash flows resulting in net cash of £0.1m, net gearing nil
- Group net assets at £21.5m
- Robust balance sheet position with only £0.3m of goodwill
- Underlying return on shareholders' funds of 13.5 %
- Announcement of dividend for the year of 0.3p per share

Operational Highlights

- Total new vehicle unit sales decreased 5.4% year on year to 7,718 from 8,155 in 2011 against the Group's Brand portfolio partners decrease in registrations of 4.1%. The total new car market registrations increased 1.6% year on year
- The private retail element of the Group's new car sales was flat year on year against a market up 2.3% year on year
- New vehicle gross profit reduced by £1.5m with margin reducing 0.4% impacted by effect of multiple pressures facing vehicle manufacturer partners, particularly during the first half
- Used vehicle gross profit up £1.1m, and a 1% point margin improvement to 9.2%, against unit sales decrease of 2.7% year on year
- Aftersales revenues reduced by 0.8%, with gross profits decreasing £0.7m, impacted by the implementation of cost rationalisation programme
- Acquisition of the Group's maiden Vauxhall business completed in September 2011, with integration progressing well, although the business made losses of £0.22m
- First Abarth showroom opened in March 2012
- Disposal of Birmingham Triumph completed in May 2012 removing losses of £0.14m
- Purchase from cash flow of the Blackburn freehold property costing £0.9m, reducing the Group's external rent cost by £0.08m pa.

Group Strategy

Since our incorporation in March 2006, we have continued to apply our focussed "buy-and-build" strategy of acquiring under-performing motor dealership assets from internally generated funds. 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.

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 our acquisitions have to date and will continue to be funded from our own cash resources and credit facility unless there is a large and supremely compelling acquisition opportunity that requires additional equity.

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.

Cambria is currently investing in the Cambria Academy which will develop and establish a training Academy for the Groups Associates, this is critically important as the Group embarks on its next exciting period of expansion.

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 improve those businesses acquired during previous financial years, and to integrate and develop the businesses that we have acquired and set up in the year making significant investment in the management of those businesses as well as in the property infrastructure.

During the year we have acquired our first Vauxhall business and have refurbished the facility to align the site with Vauxhall requirements and to make it a positive Guest experience when visiting the site. We continue to work with Vauxhall to identify acquisition opportunities to ensure that the partnership develops, and that it becomes a Primary Brand partner.

We have added the Abarth franchise into our Preston facility, alongside its sister brand Fiat and have added Dacia as a value proposition into the Renault showroom in Blackburn.

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 period under review.

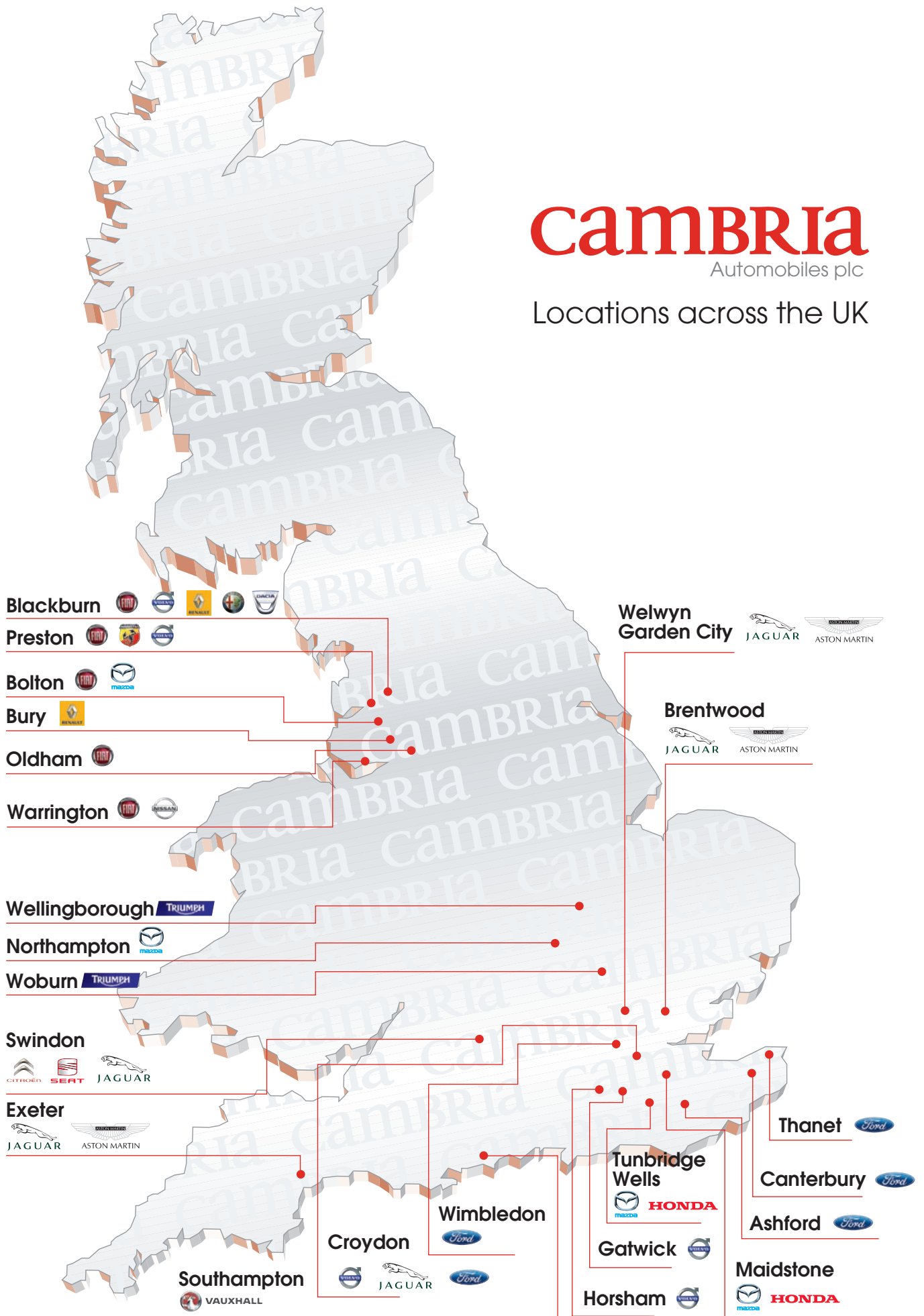
Cambria has enjoyed the benefits of a strategically balanced brand portfolio with a strong mix of prestige/high luxury and volume businesses, and intends to continue the buy and build strategy acquiring businesses that represent good value for our shareholders.

Prestige		Volume		Motorcycle	
Aston Martin	3	Abarth	1	Triumph	2
Alfa Romeo	1	Citroen	1		
Honda	2	Dacia	1		
Jaguar	5	Fiat	5		
Volvo	5	Ford	5		
		Mazda	4		
		Nissan	1		
		Renault	1		
		Seat	1		
		Vauxhall	1		
	16		21		2

CAMBRIA

Automobiles plc

Locations across the UK



Operating and Financial Review (continued)

Cambria's balanced brand portfolio has seen us benefit from the relative stability of the prestige/high luxury market.

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 while we restructure and invest in these businesses.

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

New vehicles - new vehicle revenue was down from £146.5m to £133.7m, with total new car and motorcycle sales down 5.4% from 7,718 units compared with 8,155 in 2011. The new vehicle department gross profit margin was 6.8% against 7.2% in 2011 and there was a £1.5m reduction in Gross profit. The reduced margin partly reflecting the increased pressure that we experienced on margin retention as our manufacturer partners experienced exchange rate pressure and a tougher consumer climate across Europe particularly in the back quarter of 2011. The European market has seen significant declines with European new car sales falling 7.3% in the 10 months to October 2012, and this has put increased pressure on our manufacturer brand partners.

The new car performance of the Group was delivered against a backdrop of a 1.6% year on year increase in new vehicle registrations in the UK for the period 1 September 2011 to 31 August 2012. The private registrations element of the new car market increased 2.3% year on year which was a stark change in the market during the second half of the year. The Group's Brand partners saw a combined 4.1% reduction in their total registrations during the course of the year with some of our partners experiencing significant volume reductions. The Group's sale of new cars to private individuals was flat year on year. The sale of commercial and fleet vehicles by the Group reduced 28% and 40% respectively compared with prior year. The reduction was primarily the result of reduced supply terms between one of our manufacturer brand partners and a number of commercial and fleet customers during the period. This reduction in commercial and fleet vehicles impacted new car gross profit by only £0.08m.

Used Car Sales

Used vehicles - we have seen another strong performance in our used vehicle departments, although revenues decreased from £184.0m to £176.5m, and the number of units sold decreased 2.7% from 14,217 to 13,826. The gross profit generated increased by £1.1m to £16.2m with the margin increasing from 8.2% to 9.2%. The major driver of the increased margin and profitability was derived from the focus on sale of Finance and Insurance products. The Group has also focussed on the tight management of its used vehicle inventories. Close control of the total level of inventory as well as stock profile and age has shown some benefits but the Board believes that there is still opportunity to improve further.

Aftersales

Aftersales - aftersales revenue decreased 0.7% year on year from £51.4m to £51.0m. Aftersales gross profit decreased by 3.2% year on year to £21.3m, in part reflecting the short term impact of the cost reduction programme implemented towards the end of 2011 and in part reflecting the reduced 0-3 year old car parc. The Group continues to review its processes for ensuring that we engage with all our guests to maximise the opportunity to interact with them through our Guest Relationship Management programme which is our contact strategy involving the sale of service plans and delivery of service and MOT reminders in a structured manner utilising all forms of digital media and traditional communication methods.

Outlook

There has been a positive change in new car market conditions since the beginning of the 2012 Calendar year and with the pressure on the mainland European car markets, the UK appears to be performing well in comparison.

Whilst mindful of continued global economic uncertainty I am pleased to report that Cambria continues to maintain the momentum gained in the second half of 2012. We enter the current financial year with confidence, having produced a strong first quarter, exceeding management expectations and significantly ahead of previous year.

Our continued strong cash generation coupled by a net ungeared balance sheet and minimal goodwill continues to place us well to develop and protect our balanced Brand portfolio. We continue to focus upon the development of our high luxury, premium and near premium brands and we hope to be in a position to announce further acquisitions in the near future.

Operating and Financial Review (continued)

	2012 Revenue	2012 Revenue mix	2012 Gross Profit	2012 Margin	2011 Revenue	2011 Revenue mix	2011 Gross Profit	2011 Margin
	£m	%	£m	%	£m	%	£m	%
New Car	133.7	37.9	9.0	6.8	146.5	39.2	10.5	7.2
Used Car	176.5	50.1	16.2	9.2	184.0	49.3	15.1	8.2
Aftersales	51.0	14.5	21.3	41.8	51.4	13.8	22.0	42.8
Internal sales	(8.7)	(2.5)			(8.6)	(2.3)		
Total	352.5	100.0	46.5	13.2	373.3	100.0	47.6	12.7
Operating expenses			(42.6)				(41.9)	
Operating profit before flotation and transaction expenses			3.9				5.7	
Non-underlying expenses			(0.4)				(0.2)	
Operating profit			3.5	1.0			5.5	1.5

	2012 total	2011 total	Year on year growth
New units	7,718	8,155	(5.4%)
Used units	13,826	14,217	(2.7%)
Service hours	288,114	279,523	3.1%



Mark Lavery
Chief Executive



Finance Director's Report

Overview

Total revenues in the period decreased 5.6% to £352.5m from £373.3m in the prior year. The majority of the reduction came from new vehicle sales where unit volumes were down 5.4% and revenues down 8.7%. Used car unit sales decreased 2.7% and overall revenues reduced by 4%. Revenues from the aftersales businesses declined by 0.07% compared with the previous year.

Total gross profit decreased by £1.1m (2.3%) from £47.6m to £46.5m in the year following the reduced new car volumes which accounted for £1.5m of the reduction. Gross profit margin across the Group improved from 12.7% to 13.2% reflecting the change in revenue mix with the reduction in new car sales. The used vehicle margin improved as a result of stronger profit per unit at 9.2%. The aftersales operations contributed 45.8% of the total gross profit for the Group compared to 46.2% in the previous period, at a gross profit margin of 41.8%.

Underlying operating expenses for the continuing businesses were reduced by £1.1m year on year, although following the addition of Southampton the Group's underlying administrative expenses, increased to £42.6m from £41.8m.

During the financial year, the Group incurred non-underlying expenses of £0.1m in relation to transaction costs and opening new franchises, and £0.3m in relation to redundancy costs associated with the cost rationalisation initiatives.

The underlying EBITDA in the period was £5.4m from £7.2m in the previous year. Underlying operating profit was £3.9m compared to £5.7m in the previous year, resulting in an operating margin of 1.1% (2011: 1.5%).

Net finance expenses remained at £0.8m.

The Group's underlying profit before tax was £3.1m in comparison with £4.9m in the previous year. The acquisitions and disposals accounted for losses of £0.4m in the year.

The underlying earnings per share were 2.64p (2011: 3.63p). Basic earnings per share were 2.34p (2011: 3.47p), and the Group's underlying return on shareholders' funds for the year was 13.5% (2011: 22.7%).

Taxation

The Group tax charge was £0.4m (2011: £1.2m) representing an effective rate of tax of 14.3% (2011: 25.6%) on the profit before tax of £2.7m (2011: £4.7m). The tax rate is low in the reporting period as a result of the recognition of a deferred tax asset and an element of a specific capital allowances claim. The anticipated tax charge for 2013 is dependent on the outcome of the capital allowances claim, in the event no further capital allowances are recognised, the effective tax rate will increase in 2013 back to 2011 levels.

Financial Position

The Group has a robust balance sheet with a net asset position of £21.5m under-pinned by £23.1m 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 £11.4m, 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 cash position of the Group as at 31 August 2012 was £0.1m (2011: net debt £1.0m), reflecting a cash position of £11.5m (2011: £11.7m). The Group's gearing at 31 August 2012 was (0.6%), reduced from 5.2% in 2011.

The Group uses term loan facilities to fund the purchase of freehold and long leasehold properties, 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 2013.

Operating and Financial Review (continued)

The Group has arranged a £5m 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 £20.5m.

Cashflow and Capital Expenditure

The Group generated an operating cash inflow of £3m with working capital increasing by £0.5m as a result of the acquired business and a total of £1.4m in capital expenditure.

Capital expenditure included the acquisition of the freehold property in Blackburn for £0.9m, the refurbishment of the Vauxhall site in Southampton, the development of the Abarth showroom in Preston, and the acquisition of the Southampton business.

During the year capital repayments of £1.34m were made against the total term loans outstanding. The capital repayments due in the financial year to 31 August 2013 are £1.35m.

As a result of the net cash outflow of £0.2m, the cash position was £11.5m, with gross debt decreasing by £1.34m to £11.4m and overall net debt reduced from £1m to net cash of £0.1m.

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

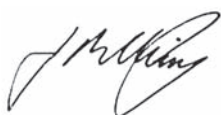
The Group does not operate any defined benefit pension schemes, and has no liability arising from any such scheme. The Group made contributions amounting to £0.15m to defined contributions schemes for certain employees.

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 that it will make a dividend payment in respect of the financial year to 31 August 2012 of 0.3p per share as a full and final dividend payment. If approved by the shareholders at the Annual General Meeting to be held on 21 January 2013, the dividend will be payable on 25 January 2013 to those shareholders registered on 28 December 2012. 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 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 2012.

Principal activities

Cambria's principal activities are the sale and servicing of motor vehicles and the provision of ancillary services. The Group operates from 26 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, 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 2012 of 0.3p per share which equates to £300,000 (2011: £300,000). If approved at the Annual General Meeting to be held on 21 January 2013, the dividend will be payable on 25 January 2013 to those shareholders registered on 28 December 2012.

Directors

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

P H Swatman (appointed 3 April 2012)
W Scott (resigned 3 April 2012)
M J J Lavery
R P Smith (resigned 30 November 2011)
M W Burt
J A Mullins
Sir P A Burt

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

Associates

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

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

Political and charitable contributions

During the year, the Company made a charitable donation of £10,000 to BEN, the Motor And Allied Trades Benevolent Fund (2011: £nil). The Group and its Associates also support BEN through a payroll giving scheme.

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year (2011: £nil).

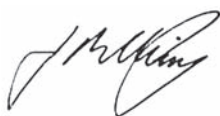
Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG Audit Plc as auditor 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
13 December 2012

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 2012 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 auditor

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 2012 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

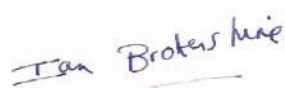
Opinion on other matter prescribed by the Companies Act 2006

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.


Ian Brokenshire (Senior Statutory Auditor) 13 December 2012
for and on behalf of KPMG Audit plc, Statutory Auditor
Chartered Accountants
Arlington Business Park
Reading
Berkshire
RG7 4SD

Consolidated Statement of comprehensive income
for year ended 31 August 2012

	Note	2012	2011
		£000	£000
Revenue	3	352,535	373,303
Cost of sales		(306,017)	(325,748)
Gross Profit	4	46,518	47,555
Administrative expenses		(43,019)	(42,055)
Results from operating activities	4	3,499	5,500
Finance income	9	54	38
Finance expenses	9	(820)	(882)
Net finance expenses		(766)	(844)
Profit before tax from operations before non-recurring expenses, acquisitions and disposals		3,486	4,974
Trading loss from branch acquired in year		(217)	-
Trading loss from branch disposed in year		(142)	(87)
Non-recurring expenses	5	(394)	(213)
Profit before tax	4	2,733	4,656
Taxation	10	(393)	(1,190)
Profit and total comprehensive income for the period		2,340	3,466
Basic and diluted earnings per share	8	2.34p	3.47p

All comprehensive income is attributable to owners of the parent company

Consolidated Statement of changes in equity

for year ended 31 August 2012

	Note	Share capital	Share premium	Retained earnings	Total equity
		£000	£000	£000	£000
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
Profit for the year		-	-	2,340	2,340
Dividend paid	21	-	-	(300)	(300)
Balance at 31 August 2012		10,000	799	10,742	21,541



Consolidated Statement of financial position

at 31 August 2012

	Note	2012	2011
		£000	£000
Non-current assets			
Property, plant and equipment	11	25,751	25,676
Intangible assets	12	391	470
Deferred tax asset	13	626	356
		<u>26,768</u>	<u>26,502</u>
Current assets			
Inventories	14	56,342	57,460
Trade and other receivables	15	7,123	6,905
Cash and cash equivalents	16	11,503	11,702
		<u>74,968</u>	<u>76,067</u>
Total assets		<u>101,736</u>	<u>102,569</u>
Current liabilities			
Other interest-bearing loans and borrowings	17	(1,352)	(1,352)
Trade and other payables	18	(67,829)	(69,109)
Taxation		(460)	(652)
Provisions	20	(41)	(41)
		<u>(69,682)</u>	<u>(71,154)</u>
Non-current liabilities			
Other interest-bearing loans and borrowings	17	(10,020)	(11,358)
Provisions	20	(54)	(95)
Other payables	13	(439)	(461)
		<u>(10,513)</u>	<u>(11,914)</u>
Total liabilities		<u>(80,195)</u>	<u>(83,068)</u>
Net assets		<u>21,541</u>	<u>19,501</u>
Equity attributable to equity holders of the parent			
Share capital	21	10,000	10,000
Share premium		799	799
Retained earnings		10,742	8,702
		<u>21,541</u>	<u>19,501</u>
Total equity		<u>21,541</u>	<u>19,501</u>

These financial statements were approved by the board of directors on 13 December 2012 and were signed on its behalf by:



Mark Lavery
Director

Company registered number: 05754547

Consolidated Cash Flow Statement

for year ended 31 August 2012

	Notes	2012	2011
		£000	£000
Cash flows from operating activities			
Profit for the year		2,340	3,466
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment	11/12	1,479	1,422
Financial income	9	(54)	(38)
Financial expense	9	820	882
Loss on sale of property, plant and equipment		-	1
Profit on disposal of branch	2	(81)	-
Taxation	10	393	1,190
Non recurring expenses	5	394	231
		<u>5,291</u>	<u>7,154</u>
Decrease/(increase) in trade and other receivables		(218)	1,033
Decrease/(increase) in inventories		1,002	4,975
(Decrease)/increase in trade and other payables		(1,289)	(5,787)
Decrease in provisions		(41)	(357)
		<u>4,745</u>	<u>7,018</u>
Interest paid		(493)	(531)
Tax paid		(877)	(952)
Non recurring expenses	5	(394)	(231)
		<u>2,981</u>	<u>5,304</u>
Net cash from operating activities			
Cash flows from investing activities			
Interest received		54	38
Acquisition of branch by trade and assets purchase	2	(313)	-
Acquisition of property, plant and equipment		(1,437)	(1,495)
Acquisition of other intangible assets		-	(74)
Disposal of branch by trade and assets sale	2	481	-
		<u>(1,215)</u>	<u>(1,531)</u>
Net cash from investing activities			
Cash flows from financing activities			
Interest paid		(327)	(351)
Repayment of borrowings		(1,338)	(986)
Dividend paid		(300)	-
		<u>(1,965)</u>	<u>(1,337)</u>
Net cash from financing activities			
Net increase in cash and cash equivalents		(199)	2,436
Cash and cash equivalents at 1 September	16	11,702	9,266
		<u>11,503</u>	<u>11,702</u>
Cash and cash equivalents at 31 August	16	11,503	11,702

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 2012 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 54 to 64.

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 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 of assets excluding inventories

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 facility provider.

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)

1 Accounting policies (continued)

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early and their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- **IFRS 9 Financial Instruments** – IFRS 9 introduces new requirements for the classification and measurement of financial assets, based upon the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 will be effective for annual periods beginning on or after 1 January 2015 with early adoption permitted.
- **IFRS 13 Fair Value Measurement** – IFRS 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout IFRS. The Group may therefore need to review its methodologies used in determining fair values. IFRS 13 will be effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

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 and property portfolio impairment

The carrying values of goodwill and property are tested annually for impairment, for goodwill by using cash flow projections for each cash generating unit, and for property by comparing the carrying value to the higher of value in use or market value.

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-recurring expenses

Non-recurring 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.



ASTON MARTIN

Notes (continued)

(forming part of the financial statements)

2 Acquisitions and disposals of trading branches

Effect of acquisition and disposal in 2012 (There were no acquisitions or disposals in 2011)

Acquisition of trading branch

On 1 September 2011, the Group completed the acquisition of the Vauxhall dealership in Southampton from Hartwell Group plc. It is the Group's intention to expand its relationship with Vauxhall as other opportunities arise.

		Pre-acquisition carrying amount and Fair Value
		£000
<i>Acquiree's net assets at the acquisition date:</i>		
Plant and equipment		46
Inventories		277
Trade and other payables		(10)
		<hr/>
Net and identifiable assets and liabilities		313
		<hr/>
Goodwill on acquisition		-
		<hr/>
Consideration paid (note that transaction costs of £77,825 were written off to operating expenses in 2012), satisfied in cash		313
		<hr/> <hr/>
The results attributable to the branch acquired during the financial year were as follows:		
	2012	2011
	£000	£000
Revenue	12,692	-
Loss before tax	(217)	-

Disposal of trading branch

The decision was made during the year to dispose of the Group's Triumph motorcycle branch in Birmingham due to its location and trading prospects. The sale was completed on 14 May 2012 to Ducati Manchester with all employees being transferred.

	Pre-disposal carrying amount and Fair Value
	£000
Net assets at the disposal date:	
Plant and equipment	6
Inventories	394
	<hr/>
Net and identifiable assets and liabilities	400
	<hr/>
Profit on disposal	81
	<hr/>
Consideration received (note that transaction costs of £18,068 were written off to operating expenses in 2012), satisfied in cash	481
	<hr/> <hr/>

Notes (continued)

(forming part of the financial statements)

2 Acquisitions and disposals of trading branches (continued)

The results attributable to the branch disposed during the financial year were as follows:	2012	2011
	£000	£000
Revenue	1,368	2,717
Loss before tax	(142)	(87)

3 Revenue

	2012	2011
	£000	£000
Sale of goods	310,249	330,945
Aftersales services	42,286	42,358
Total revenues	352,535	373,303

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.

	2012 Revenue	2012 Revenue mix	2012 Gross Profit	2012 Margin	2011 Revenue	2011 Revenue mix	2011 Gross Profit	2011 Margin
	£m	%	£m	%	£m	%	£m	%
New Car	133.7	37.9	9.0	6.8	146.5	39.2	10.5	7.2
Used Car	176.5	50.1	16.2	9.2	184.0	49.3	15.1	8.2
Aftersales	51.0	14.5	21.3	41.8	51.4	13.8	22.0	42.8
Internal sales	(8.7)	(2.5)	-	-	(8.6)	(2.3)	-	-
Total	352.5	100.0	46.5	13.2	373.3	100.0	47.6	12.7
Operating expenses			(42.6)				(41.9)	
Operating profit before non recurring expenses			3.9				5.7	
Non recurring expenses			(0.4)				(0.2)	
Operating profit			3.5	1.0			5.5	1.5

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)

	2012	2011
	£000	£000
Profit Before Tax	2,733	4,656
Non recurring expenses (note 5)	394	231
	<hr/>	<hr/>
Underlying Profit Before Tax	3,127	4,887
Net finance expense	766	844
Depreciation and amortisation	1,479	1,422
	<hr/>	<hr/>
Underlying EBITDA	5,372	7,153
Non recurring expenses	(394)	(231)
	<hr/>	<hr/>
EBITDA	4,978	6,922
	<hr/>	<hr/>

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

5 Non recurring expenses

	2012	2011
	£000	£000
Transaction and new franchising costs	101	169
Cost rationalisation programme	293	62
	<hr/>	<hr/>
	394	231
	<hr/>	<hr/>

6 Expenses and auditors' remuneration

The result from operating activities is stated after charging/(crediting) the following:

	2012	2011
	£000	£000
Impairment loss recognised/(reversed) on other trade receivables and prepayments (note 22(b))	18	(89)
	<hr/>	<hr/>

Auditors' remuneration:

	2012	2011
	£000	£000
Audit of these financial statements	25	20
Audit of financial statements of subsidiaries pursuant to legislation	91	90
Other services relating to taxation	29	29
All other services	19	23
	<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	
	2012	2011
Sales	309	299
Service	355	382
Parts	110	107
Administration	174	172
	<u>948</u>	<u>960</u>

The aggregate payroll costs of these persons were as follows:

	2012	2011
	£000	£000
Wages and salaries	25,259	25,796
Social security costs	2,790	2,748
Expenses related to defined contribution plans	151	154
	<u>28,200</u>	<u>28,698</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.

	2012	2011
	£000	£000
Profit attributable to shareholders	2,340	3,466
Non underlying costs (Note 5)	394	231
Tax on adjustments (at 25.16 % (2011:27.16%))	(99)	(63)
Adjusted profit attributable to equity shareholders	<u>2,635</u>	<u>3,634</u>
Number of shares in issue ('000)	<u>100,000</u>	<u>100,000</u>
Basic earnings per share	<u>2.34p</u>	<u>3.47p</u>
Adjusted earnings per share	<u>2.64p</u>	<u>3.63p</u>

Notes (continued)

(forming part of the financial statements)

9 Finance income and expense

Recognised in profit or loss

	2012	2011
	£000	£000
<i>Finance income</i>		
Rent deposit interest	16	8
Interest receivable	38	30
	<u> </u>	<u> </u>
Total finance income	54	38
	<u> </u>	<u> </u>
<i>Finance expense</i>		
Interest payable on bank borrowings	327	351
Consignment and used stocking interest	493	531
	<u> </u>	<u> </u>
Total finance expense	820	882
	<u> </u>	<u> </u>
Total interest expense on financial liabilities held at amortised cost	327	351
Total other interest expense	493	531
	<u> </u>	<u> </u>
	820	882
	<u> </u>	<u> </u>

10 Taxation

Recognised in the income statement (written as Profit and Loss)

	2012	2011
	£000	£000
<i>Current tax expense</i>		
Current year	773	1,040
Adjustment in respect of prior years	(12)	-
Adjustment in respect of prior years – capital allowances claim	(76)	-
	<u> </u>	<u> </u>
	685	1,040
	<u> </u>	<u> </u>
<i>Deferred tax</i>		
Utilisation of tax losses paid to previous owner of subsidiary undertaking	34	150
Adjustment in respect of prior years	(161)	-
Origination and reversal of temporary differences	(161)	(45)
Change in tax rate in current year	(4)	45
	<u> </u>	<u> </u>
	(292)	150
	<u> </u>	<u> </u>
Total tax expense	393	1,190
	<u> </u>	<u> </u>

Notes (continued)

(forming part of the financial statements)

10 Taxation (continued)

Reconciliation of total tax

	2012	2011
	£000	£000
Profit for the year	2,340	3,466
Total tax expense	393	1,190
Profit excluding taxation	2,733	4,656
Tax using the UK corporation tax rate of 25.16 % (2011: 27.16%)	688	1,265
Non-deductible expenses	45	25
Accounting depreciation for which no tax relief is due	114	156
Depreciation in excess of capital allowances	4	-
Utilisation of brought forward losses	(32)	-
Tax payment due to previous owners of subsidiary in relation to utilisation of pre-acquisition losses	34	150
Change in tax rate in respect of deferred tax on utilisation of pre-acquisition losses due to previous owner of subsidiary	2	45
Change in tax rate	143	216
Adjustments in respect of prior years	(249)	(667)
Change in deferred tax in respect of property	(356)	-
Total tax expense	393	1,190

The applicable tax rate for the current year is 25.16% (2011: 27.16%) following the reduction in the main rate of UK corporation tax from 26% to 24% with effect from 1 April 2012.

The Chancellors Autumn Statement issued on 5 December 2012 announced that the UK corporation tax rate will reduce to 21% by April 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively.

This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 August 2012 has been calculated based on the rate of 23% substantively enacted at the balance sheet date.



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 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 1 September 2011	19,387	5,058	3,895	2,601	6,468	37,409
Additions	900	-	36	137	364	1,437
Branch acquisitions	-	-	-	46	-	46
Disposals	-	-	-	(65)	(335)	(400)
Branch disposals	-	-	-	(10)	(12)	(22)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 31 August 2012	20,287	5,058	3,931	2,709	6,485	38,470
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation						
Balance at 1 September 2010	1,092	401	2,714	2,195	4,609	11,011
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 1 September 2011	1,333	476	2,821	2,150	4,953	11,733
Depreciation charge for the year	280	81	274	222	543	1,400
Disposals	-	-	-	(65)	(334)	(399)
Branch disposals	-	-	-	(7)	(8)	(15)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 31 August 2012	1,613	557	3,095	2,300	5,154	12,719
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value						
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>
At 31 August 2012	18,674	4,501	836	409	1,331	25,751
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

As at 31 August 2012 there was a capital commitment to complete the refurbishment of the dealership in Swindon. The amount committed was £328,000 as at 31 August 2012 (2011: *£nil*)

The directors have considered the property portfolio for impairment by comparing the carrying amount to the higher of value in use or market value and have concluded that no impairment is required.

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 2012 there were no assets in the course of construction (2011: *£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 2010	346	646	176	1,168
Other acquisitions – externally purchased	-	74	-	74
Balance at 1 September 2011	346	720	176	1,242
Balance at 31 August 2012	346	720	176	1,242
Amortisation and impairment				
Balance at 1 September 2010	-	512	176	688
Amortisation	-	84	-	84
Balance at 1 September 2011	-	596	176	772
Amortisation for the year	-	79	-	79
Balance at 31 August 2012	-	675	176	851
At 31 August 2011 and 1 September 2011	346	124	-	470
At 31 August 2012	346	45	-	391

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
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
Invicta Motors (Maidstone) Limited*	England and Wales	Motor retailer	100% Ordinary
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

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:

	2012	2011
	£000	£000
Administrative expenses	79	84

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	
	2012	2011
	£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.

	Assets	
	2012	2011
	£000	£000
Tax value of losses carry-forwards (pre-acquisition losses)	257	311
Property, plant and equipment	344	(846)
Provisions	2	19
Tax value of loss carry-forwards	23	872
Recognised net deferred tax assets	626	356

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 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	
	2012	2011
	£000	£000
Amount payable to previous owner of subsidiary	439	461

Unrecognised deferred tax assets and liabilities

The deferred tax asset in relation to loss carried forward within a subsidiary has not been recognised due to uncertainty over the future profitability of the subsidiary, these losses are locked in to this particular subsidiary and cannot be utilised in the wider Group.

	Assets	
	2012	2011
	£000	£000
Tax value of loss carry-forwards	755	-
Unrecognised net tax assets	755	-

The Chancellors Autumn Statement issued on 5 December 2012 announced that the UK corporation tax rate will reduce to 21% by April 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively.

This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 August 2012 has been calculated based on the rate of 23% substantively enacted at the balance sheet date.

It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

Notes (continued)

(forming part of the financial statements)

14 Inventories

	2012	2011
	£000	£000
Vehicle consignment stock	32,900	33,747
Motor vehicles	21,154	21,621
Parts and other stock	2,288	2,092
	<u>56,342</u>	<u>57,460</u>

Included within inventories is £nil (2011: £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 £302 million (2011: £321 million).

15 Trade and other receivables

	2012	2011
	£000	£000
Trade receivables	5,462	5,134
Prepayments and other receivables	1,661	1,771
	<u>7,123</u>	<u>6,905</u>

Included within trade and other receivables is £nil (2010: £nil) expected to be recovered in more than 12 months.

16 Cash and cash equivalents

	2012	2011
	£000	£000
Cash and cash equivalents per balance sheet	11,503	11,702
	<u>11,503</u>	<u>11,702</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.

	2012	2011
	£000	£000
Non-current liabilities		
Secured bank loans	10,020	11,358
Current liabilities		
Secured bank loans	1,352	1,352

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
			2012	2011
			£000	£000
Loan 31/07/06	Bank of England Base Rate +1.25%	2019	2,009	2,281
Loan 01/08/07	Bank of England Base Rate +1.25%	2020	580	653
Loan 31/12/2007	LIBOR +1.75%	2020	6,620	7,407
Loan 01/03/2011	LIBOR +3.00%	2017	2,163	2,369
			11,372	12,710



Notes (continued)

(forming part of the financial statements)

18 Trade and other payables

	2012	2011
	£000	£000
Current		
Vehicle consignment creditor	38,498	39,644
Other trade payables	6,903	8,350
Non-trade payables and accrued expenses	6,540	7,159
Vehicle funding	15,888	13,956
	<u>67,829</u>	<u>69,109</u>

Included within trade and other payables is £nil (2011: £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 £151,000 (2011: £154,000).

20 Provisions

	Onerous Leases
	£000
Balance at 1 September 2011	136
Provisions used during the year	(41)
	<u>95</u>
Balance at 31 August 2012	<u>95</u>
Current	41
Non current	95
	<u>136</u>
Balance at 31 August 2011	<u>136</u>
Current	41
Non current	54
	<u>95</u>
Balance at 31 August 2012	<u>95</u>

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

	2012	2011
	£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 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.



Notes (continued)

(forming part of the financial statements)

Dividends

The following dividends were declared and paid by the company in the year ended 31 August.

	2012	2011
	£000	£000
0.3p per ordinary share (2011: nil)	300	-
	_____	_____

After the end of the reporting period, the following dividends were proposed by the directors. The dividends have not been provided for and there are no tax consequences.

	2012	2011
	£000	£000
0.3p per ordinary share (2011: 0.3p)	300	300
	_____	_____

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:

	2012	2011
	%	%
Loans and borrowings	2.5	2.6

Notes (continued)

(forming part of the financial statements)

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 2012	As at 31 August 2011
	£000	£000
Financial assets		
<i>Loans and receivables at amortised cost including cash and cash equivalents</i>		
Trade receivables(net) (note 15)	5,462	5,134
Other receivables (note 15)	1,661	1,771
Cash and cash equivalents	11,503	11,702
	<hr/>	<hr/>
Total Financial assets	18,626	18,607
	<hr/> <hr/>	<hr/> <hr/>
Financial liabilities		
<i>Financial liabilities at amortised cost</i>		
Other interest-bearing loans and borrowings (note 17)	11,372	12,710
Trade and other payables (note 18)	67,829	69,109
	<hr/>	<hr/>
Total Financial liabilities	79,201	81,819
	<hr/> <hr/>	<hr/> <hr/>

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 Financial instruments (continued)

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 £5,462,000 (2011: £5,134,000) 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:

	2012	2011
	£000	£000
United Kingdom	5,462	5,134

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

	2012	2011
	£000	£000
Vehicle debtors	1,690	1,999
Non vehicle debtors	2,678	2,246
Manufacturer debtors	1,094	889
	5,462	5,134

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
	2012	2012	2011	2011
	£000	£000	£000	£000
Trade receivables not past due	5,462	-	5,134	-
Trade receivables past due	64	64	46	46
	5,526	64	5,180	46

Notes (continued)

(forming part of the financial statements)

22 Financial instruments (continued)

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 2011	46
Impairment loss recognised	19
Allowance for impairment utilised	(1)
Balance at 31 August 2012	64

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 £2,589,000 (2011: £2,934,000) at Bank of England base rate plus 1.25%, loans of £6,620,000 (2011: £7,407,000) at LIBOR plus 1.75% and on loans of £2,163,000 (2011: £2,369,000) at LIBOR plus 3%.

	2011					
	Carrying amount	Contractual cash flows	1 year or less	1 to <2years	2 to <5years	5years and over
	£000	£000	£000	£000	£000	£000
Non-derivative financial liabilities						
Secured bank loans	12,710	14,251	1,671	1,636	4,702	6,242
		=====	=====	=====	=====	=====
	2012					
	Carrying amount	Contractual cash flows	1 year or less	1 to <2years	2 to <5years	5years and over
	£000	£000	£000	£000	£000	£000
Non-derivative financial liabilities						
Secured bank loans	11,372	12,480	1,625	1,591	5,686	3,578
		=====	=====	=====	=====	=====

Notes (continued)

(forming part of the financial statements)

22 Financial instruments (continued)

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:

	2012	2011
	£000	£000
Variable rate instruments		
Cash and cash equivalents	11,503	11,702
Vehicle funding	(15,888)	(13,956)
Loans and overdrafts	(11,372)	(12,710)
	<u>(15,757)</u>	<u>(14,964)</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.

	2012	2011
	£000	£000
Equity		
Decrease	135	133
Profit or loss		
Decrease	135	133

Notes (continued)

(forming part of the financial statements)

22 Financial instruments (continued)

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 at 31 August 2012	As at 31 August 2011
	£000	£000
Total borrowings	11,372	12,710
Less: cash and cash equivalents	(11,503)	(11,702)
Net (surplus)/debt	(131)	1,008
Total equity	21,541	19,501
Gearing ratio	(0.6%)	5.2%

23 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2012	2011
	£000	£000
Less than one year	2,640	2,533
Between one and five years	8,297	7,885
More than five years	23,321	24,769
	34,258	35,187

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 £2,674,000 was recognised as an expense in the income statement in respect of operating leases (2011: £2,434,000).

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 2011 and 2012.

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 45.4% (2011: 49.1%) per cent of the voting shares of the Company.

The compensation of key management personnel is as follows:

	2012	2011
	£000	£000
<i>Directors' emoluments</i>		
Salaries and consultancy fees	525	587
Annual bonus	213	463
	<u>738</u>	<u>1,050</u>

The emoluments consist of:

	Salaries	Consultancy fees	Bonus	Total	Total
	2012	2012	2012	2012	2011
	£000	£000	£000	£000	£000
Philip Swatman (appointed 3/4/2012)	13	-	-	13	-
James Mullins	125	-	63	188	213
Rodney Smith (resigned 30/11/2011)	13	9	-	22	87
Mark Lavery	300	-	150	450	675
Warren Scott (resigned 3/4/2012)	15	-	-	15	25
Sir Peter Burt	25	-	-	25	25
Michael Burt	25	-	-	25	25
	<u>516</u>	<u>9</u>	<u>213</u>	<u>738</u>	<u>1,050</u>

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

Notes (continued)

(forming part of the financial statements)

25 Related parties (continued)

During the year Mark Lavery and James Mullins (both Directors) each bought 4 vehicles from the Group and each sold 4 vehicles back to the Group. Rodney Smith and Warren Scott (whilst they were Directors during the year) each bought 1 vehicle from the Group and each sold 1 vehicle back to the Group. Sir Peter Burt bought 2 vehicles from the Group and sold 1 vehicle 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.

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

Dividend

The Board is pleased to announce that it will make a dividend payment in respect of the financial year to 31 August 2012 of 0.3p (2011: 0.3p) per share as a full and final dividend payment.



Company Balance Sheet

At 31 August 2012

	Note	2012		2011	
		£000	£000	£000	£000
Fixed assets					
Tangible Fixed Assets	5	162		218	
Investments	6	666		666	
			828		884
Current assets					
Stock	7	584		550	
Debtors	8	538		376	
Cash at bank and in hand		15,374		14,606	
		16,496		15,532	
Creditors: amounts falling due within one year	9	(2,709)		(2,765)	
Net current assets			13,787		12,767
Total assets less current liabilities			14,615		13,651
Net assets			14,615		13,651
Capital and reserves					
Called up share capital	11		10,000		10,000
Share premium account	12		799		799
Profit and loss account	12		3,816		2,852
Shareholders' funds			14,615		13,651

These financial statements were approved by the board of directors on 13 December 2012 and were signed on its behalf by:



M J J Lavery
Director

Company number: 05754547

Company Reconciliation of movements in shareholders' funds

for the year ended 31 August 2012

	Note	Company 2012 £000	Company 2011 £000
Profit for the financial year	12	1,264	1,790
Dividend paid		(300)	-
Net increase to shareholders' funds		964	1,790
Opening shareholders' funds		13,651	11,861
Closing shareholders' funds		14,615	13,651



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 16.

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. Where impairment indicators exist, the carrying value of investments will be reviewed against the value in use based upon the estimated future cash flows of the subsidiary undertaking.

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.

Notes (continued)

Classification of financial instruments issued by the Group

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

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

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

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

Dividends on shares presented within equity

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

2 Remuneration of directors

	2012	2011
	£000	£000
Directors' emoluments		
Salaries	525	587
Annual bonus	213	463
	<u>738</u>	<u>1,050</u>

The emoluments in respect of the highest paid director were:

	2012	2011
	£000	£000
Directors' emoluments		
Salaries	300	300
Annual bonus	150	375
	<u>450</u>	<u>675</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
	2012	2011
Number of employees		
Administration	37	34

The aggregate payroll costs of these persons were as follows:

	Company	Company
	2012	2011
	£000	£000
Wages and salaries	2,431	2,741
Social security costs	333	352
Other pension costs	14	11
	<u>2,778</u>	<u>3,104</u>

4 Dividends

The aggregate amount of dividends paid & received comprises:

	2012	2011
	£000	£000
Aggregate amount of dividends paid in the financial year	300	-
Aggregate amount of dividends received in the financial year		1500

The aggregate amount of dividends proposed but not recognised at the year end is £300,000 (2011: £300,000).



Notes (continued)

5 Tangible fixed assets

	Computer equipment	Total
	£000	£000
Company		
Cost		
At 1 September 2011	416	416
Additions	86	86
	<hr/>	<hr/>
At 31 August 2012	502	502
	<hr/>	<hr/>
Depreciation		
At 1 September 2011	198	198
Charge for year	142	142
	<hr/>	<hr/>
At 31 August 2012	340	340
	<hr/>	<hr/>
Net book value		
At 31 August 2012	162	162
	<hr/>	<hr/>
31 August 2011	218	218
	<hr/>	<hr/>



Notes (continued)

6 Fixed asset investments

	Shares in group undertakings
	£000
Company	
<i>Cost and net book value</i>	
At 1 September 2011 and 31 August 2012	666

The directors have considered the investments in subsidiary undertakings for impairment by comparing the carrying amount to the value in use and have concluded that no impairment is required.

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

	2012	2011
	£000	£000
Motor vehicles	584	550

Notes (continued)

8 Debtors

	2012	2011
	£000	£000
Trade debtors	46	8
Amounts owed by group undertakings	40	40
Prepayments and accrued income	318	328
Deferred tax (note 10)	33	-
Corporation tax	101	-
	<u>538</u>	<u>376</u>

9 Creditors: amounts falling due within one year

	2012	2011
	£000	£000
Amounts owed to group undertakings	904	356
Trade creditors	506	654
Vehicle funding	385	-
Other taxation and social security	165	269
Accruals and deferred income		
Corporation tax	749	1,360
	-	126
	<u>2,709</u>	<u>2,765</u>



Notes (continued)

10 Deferred taxation

Deferred Taxation	£000
	Company
At 1 September 2011	-
Movement in period	33
At 31 August 2012	33

The elements of deferred taxation are as follows:

	2012	2011
	£000	£000
Difference between accumulated depreciation and capital allowances	34	-
Other timing differences	(1)	-
Total deferred tax	33	-

Notes (continued)

11 Called up share capital

	2012	2011
	£000	£000
Authorised		
Ordinary shares of 10 pence each	10,000	10,000
	_____	_____
	10,000	10,000
	=====	=====
Allotted, called up and fully paid		
Ordinary shares of 10 pence each	10,000	10,000
	_____	_____
	10,000	10,000
	=====	=====
Shares classified as liabilities		
Shares classified in shareholders funds	10,000	10,000
	_____	_____
	10,000	10,000
	=====	=====

All of the shares rank pari passu, and no shareholder enjoys different or enhanced voting rights from any other shareholder. All shares are eligible for dividends and rank equally for dividend payments.

12 Share premium and reserves

	Share premium account	Profit and loss account
	£000	£000
At 1 September 2011	799	2,852
Profit for the year	-	1,264
Dividend paid	-	(300)
	_____	_____
At 31 August 2012	799	3,816
	=====	=====

13 Ultimate parent company and parent undertaking of larger group

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



CamBRIA

Automobiles plc

GRANGE

DOVES

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For a better motoring experience

Invicta Motors
For a better motoring experience

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