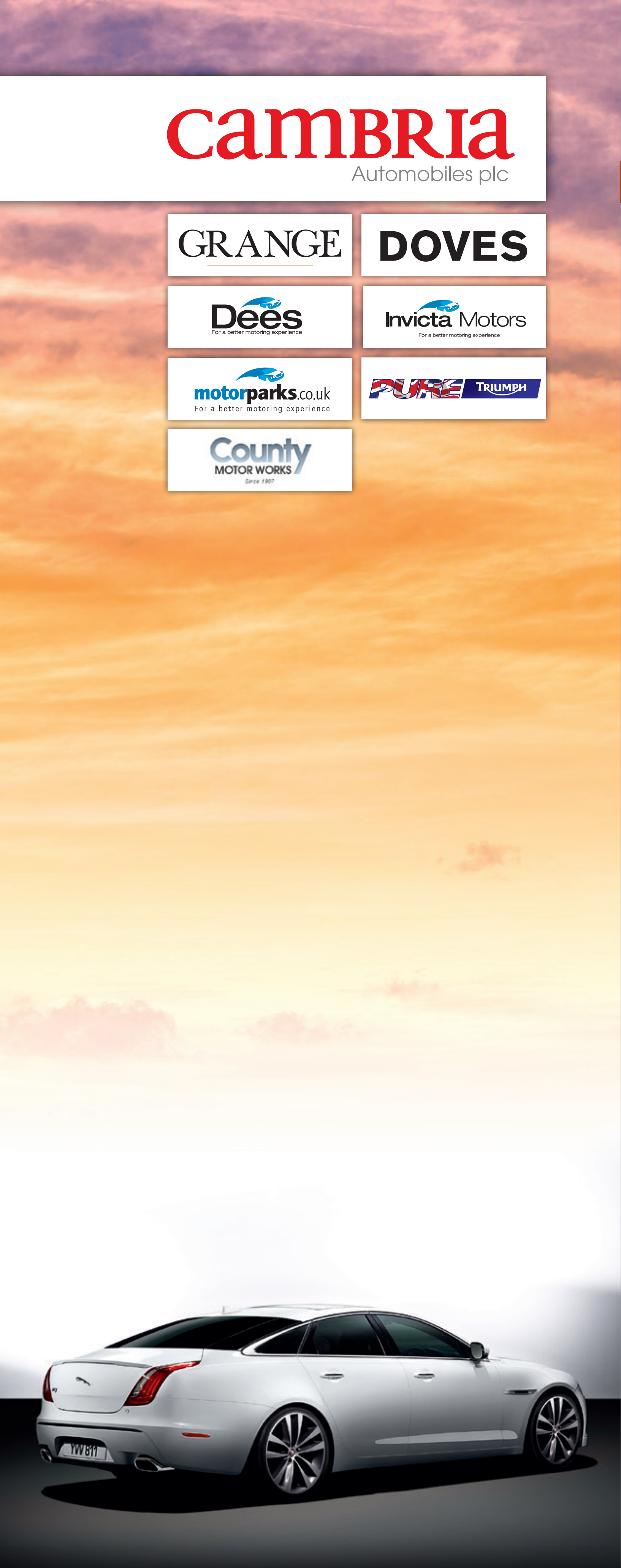
CAMBRIA
Automobiles plc

Directors' report and financial statements

Registered number 05754547

31 August 2013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Chairman's Statement

I am very pleased to report that Cambria has delivered a strong set of results for the year ended 31 August 2013. Unlike the prior year, the Group's financial year coincided with a full 12 months of buoyant trading in the industry. We increased revenues to £395.8m (2012: £352.5m), improved underlying profit before tax by 32% to £4.1m (2012: £3.1m) and earnings per share by 49% to 3.49p (2012: 2.34p). Importantly, performance improvements were generated across all core elements of the business - New Vehicles, Used Vehicles and Aftersales.

Group Overview

Cambria was established in 2006 with a strategy to build a balanced motor retail group, through close cooperation with our manufacturer partners and the self funded acquisition and turnaround of underperforming businesses. Following the acquisition of County Motor Works, located in Chelmsford in January 2013, the Group has grown to comprise 27 dealerships, representing 42 franchises and 17 brands, and has a balanced portfolio spanning the high luxury, premium and volume segments.

With a continual focus on tight management of costs, coupled with lean operating procedures, our management has done an exceptional job in producing strong returns from these underperforming businesses. We paid a minimal amount for goodwill in these acquisitions and the strength of our balance sheet has grown accordingly. The Group closed the year under review with net cash of £2.9m and net assets of £24.6m underpinned by the ownership of freehold properties and minimal goodwill. Resources also remain high, thanks to our facilities with Lloyds Banking Group. The total facilities available to the Group, including cash reserves, equate to £23.8m.

This strong financial position now enables us to take advantage of acquisition opportunities as they arise and to consider adding businesses that are immediately earnings enhancing, but may require a greater payment for goodwill, provided they fit our brand balance and financial return criteria. As we enter the new financial year, the Board is putting an even greater effort into the process of identifying, screening and developing more significant acquisitions. We have a number of opportunities under review and remain mindful of maintaining superior returns on shareholders' funds, which reached 16.6% in the year under review (2012: 13.5%).

Key Relationships

Our lending bank, Lloyds Banking Group, and our other credit institutions have continued to support Cambria and have been particularly responsive to our acquisition programme, recognising our prudent financial management. We are grateful for this strong support which will be both 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, in which Cambria is seen as an effective and valued business partner. We were pleased to have added a further Vauxhall and Alfa Romeo site and our first Chrysler Jeep site in the year and expect to expand our brand representation further during the current year, as the negotiations we have underway are concluded.

I would also like to thank the Cambria Associates (our employees), who continue to demonstrate commitment to the Group. We believe that our investment in their development, through the foundation of our Cambria Academy, will increase skill levels throughout our Guest (customer) facing sales force and their ability to provide a world class Guest service.

Dividend

The Board is pleased to announce a 0.4p per share final dividend for the year in addition to the maiden interim dividend of 0.1p per share paid in May 2013, giving a total of 0.5p for the year, a significant increase on the 0.3p per share paid in the previous year. The Board's intention remains to grow dividends in line with earnings.

Outlook

Since the industry lows experienced in Q4 2011, the UK market has enjoyed 20 consecutive months of continued year-on-year growth in new car registrations. The economic pressures affecting the mainland European new car markets remain and the UK appears well placed to continue with the current positive new car market for the foreseeable future.

Cambria has maintained its growth momentum in the first two months of the new financial year, delivering results ahead of our business plan and the year under review. The Board believes that there are significant opportunities for further growth and is confident of making strong progress in 2013/14.

Philip Swatman
Chairman

Operating and Financial Review

Chief Executive's Review

Mark Lavery, Chief Executive said

Our buy-and-build strategy to turn around underperforming businesses, executed under exceptionally tough trading conditions, has proved very successful. From a standing start in 2006, the Group now has 27 dealerships, representing 42 franchises and 17 brands. Our strong cash generation provides us with the balance sheet to acquire instantly earnings enhancing businesses, which will strengthen our portfolio mix and help to fulfil our national ambitions to create a Group with annual revenues of over £1 billion.

The Group's performance in the first two months of the new financial year was ahead of plan, as well as the year under review, and we are confident of maintaining this momentum.

Financial Highlights:

- Revenue increased to £395.8m (2012: £352.5m) - up 12%
- Underlying profit before tax ahead of Board's expectations at £4.1m (2012: £3.1m) - up 32%
- Earnings per share increased to 3.49p (2012: 2.34p) - up 49%
- Strong operational cash flows resulting in a cash position of £14.8m (2012: £11.5m) and net cash of £2.9m (2012: £0.1m)
- Balance sheet strengthened further - no net gearing
- Proposed final dividend of 0.4p per share plus maiden interim dividend of 0.1p, giving total dividend per share of 0.5p (2012: 0.3p) - up 67%
- Underlying return on shareholders' funds of 16.6% (2012: 13.5%)

Operational Highlights:

- Growth in new vehicle sales of 16.1% - ahead of the market at 9.8%
- Modest increase in used vehicle sales with 6.5% improvement in profit per unit
- Aftersales revenue and gross profit accounted for 14.3% and 45.1% of Group revenue and gross profit respectively
- Acquisition of County Motor Works and freehold property, adding a further Vauxhall and Alfa Romeo dealership and the Group's first Chrysler Jeep dealership
- Brand standards refurbishment of Swindon Motor Park facility completed - cost of £0.5m
- Post year end acquisition of freehold interest in Fiat and Nissan dealership in Warrington for £2.2m, reducing annual rental costs by £0.2m

Operating and Financial Review

Cambria's financial year 2012/13 dovetailed with 12 months of strong trading in the industry and the Group's operating and financial performance improvements, reported in H1, continued into the second half at an accelerated pace. This pleasing performance was delivered in an increasingly buoyant UK new car market and a consumer environment showing real signs of recovery.

During the year, we completed the purchase of County Motor Works in Chelmsford which represents Vauxhall, Alfa Romeo and Chrysler Jeep. The integration of this business has progressed well, producing a small contribution to Group profits in the first seven months of ownership.

The table below summarises our financial performance, which is detailed in the Finance Director's Report:

Year ended 31 August	2013 £m	2012 £m
Revenue	395.8	352.5
Underlying EBITDA*	6.1	5.4
Underlying operating profit*	4.6	3.9
Underlying profit before tax*	4.1	3.1
Underlying net profit margin*	1.0%	0.9%
EBITDA	6.0	5.0
Operating profit	4.5	3.5
Profit before tax	4.0	2.7
Non-recurring expenses	0.1	0.4
Net Assets	24.6	21.5
Net profit margin	1.0%	0.78%
Underlying earnings per share*	3.57p	2.64p
Earnings per share	3.49p	2.34p

* These items exclude non-recurring expenses of £0.1m (2012: £0.39m)

I am pleased to report that the Group has again generated strong cash during the year, improving Cambria's net cash position and we have significant facilities available for continued expansion. Accordingly, we have been able to invest more resource in identifying acquisition opportunities. It is very important for Cambria to build on the favourable mix of its portfolio, maintaining a good balance of high luxury, premium and volume brands as the Group grows.

Brand Partnerships

In line with our buy-and-build strategy, our management has continued to work with both existing and potential Brand Partners (manufacturers) with whom the Group may develop Primary Brand Partner relationships (i.e. more than three franchised dealerships). We have worked hard to improve the businesses acquired in previous years and to integrate and develop the ones acquired and established in the year under review, making significant investment in the management of those businesses as well as in the property infrastructure.

Our current portfolio of Brand Partners and dealerships comprises:

Prestige		Volume		Motorcycle	
Aston Martin	3	Abarth	1	Triumph	2
Alfa Romeo	2	Citroen	1		
Honda	2	Chrysler Jeep	1		
Jaguar	5	Dacia	1		
Volvo	5	Fiat	5		
		Ford	5		
		Mazda	4		
		Nissan	1		
		Renault	1		
		Seat	1		
		Vauxhall	2		
	17		**23**		**2**

During the year, we invested in the re-development of our Swindon Motor Park site to bring it up to current franchise standards for Citroen and Seat. The modernisation of the showroom significantly enhances the Guest experience at this facility.

In addition to the acquisition of County Motor Works, we worked with a number of existing and potential new Brand Partners to identify acquisition opportunities within their networks. We entered into a number of acquisition target negotiations, some of which are ongoing.

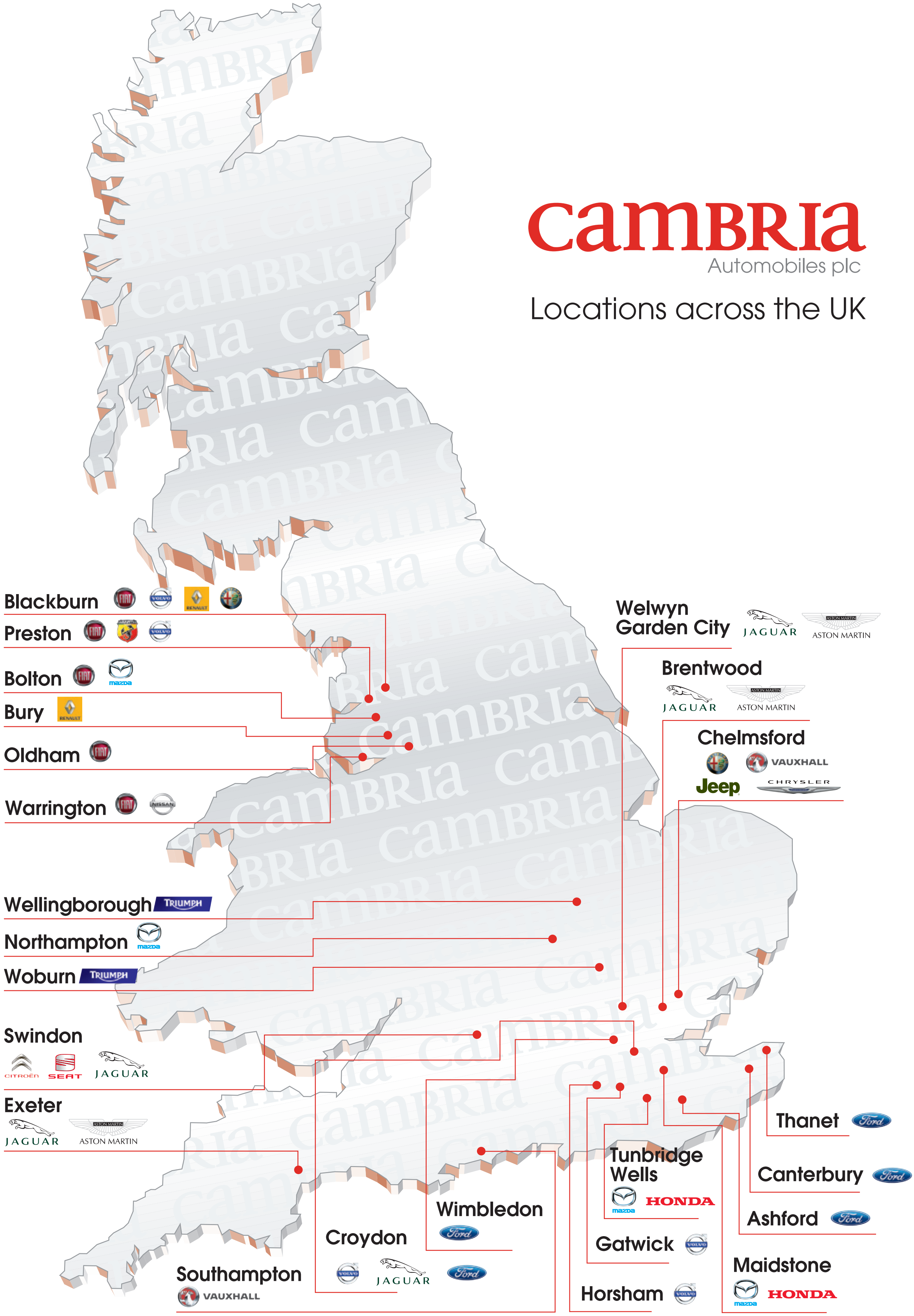
Cambria has enjoyed the benefits of a strategically balanced brand portfolio with a strong mix of high luxury, premium and volume businesses and we intend to continue our buy-and-build strategy acquiring businesses that represent good value for our shareholders.

When making acquisitions, the Board understands that the integration and maturing of the dealerships takes time and management investment. After acquiring 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, in which local management teams are empowered via our "four pillar strategy" to run their own business units. Cambria dealerships do not trade under the "Cambria" name but focus on local branding. Our dealerships trade as "Grange", "Doves", "Dees", "Invicta Motors", "County Motor Works", "Pure Triumph" or "Motorparks", depending on the franchise and the name in the local area. When acquiring a business, the Board considers the geographical location of the franchise and then chooses to either adopt a new trading style or retain the existing business name.

Cambria Automobiles plc

Locations across the UK



	2013 Revenue	2013 Revenue mix	2013 Gross Profit	2013 Margin		2012 Revenue	2012 Revenue mix	2012 Gross Profit	2012 Margin
	£m	%	£m	%		£m	%	£m	%
New Vehicles	159.8	40.4	10.6	6.7		133.7	37.9	9.0	6.8
Used Vehicles	188.8	47.7	17.5	9.3		176.5	50.1	16.2	9.2
Aftersales	56.6	14.3	23.1	40.8		51.0	14.5	21.3	41.8
Internal sales	(9.4)	(2.4)	-	-		(8.7)	(2.5)	-	-
Total	**395.8**	**100.0**	**51.2**	**12.9**		**352.5**	**100.0**	**46.5**	**13.2**
Operating expenses			(46.6)					(42.6)	
Operating profit before non-recurring expenses			4.6					3.9	
Non-recurring expenses			(0.1)					(0.4)	
Operating profit			**4.5**	**1.1**				**3.5**	1.0

New Vehicle Sales

	2013	2012	Year on year growth
New units	**8,957**	7,718	16.1%

New vehicle revenue increased from £133.7m to £159.8m with total new car and motorcycle sales volume up 16.1%. The new vehicle gross profit margin was 6.7% against 6.8% in 2012 and there was a £1.6m increase in gross profit. We saw some dilution in new car margin in the second half of the financial year; this has continued into the current trading period. The slightly reduced margin reflects the increased average selling price per unit but was also due to increased numbers of Fleet and Commercial vehicles which sell at lower margins.

The new vehicle performance of the Group was delivered against a backdrop of a 9.8% year-on-year increase in new car registrations in the UK for the period 1 September 2012 to 31 August 2013. The private registrations element of the new car market increased 16.5% year-on-year. The Group's Brand Partners saw a combined 9.1% increase in their total registrations during the course of the year with some of them experiencing significant volume increases, whilst others experienced reductions. The Group's sale of new vehicles to private individuals was 12.8% higher year-on-year at 7,774 units. The sale of commercial and fleet vehicles by the Group increased by 18.8% to 632 units and by 88% to 551 units respectively; these sales are transacted at lower margins hence the dilutive effect on overall new car gross margin.

Used Car Sales

	2013	2012	Year on year growth
Used units	**14,036**	13,826	1.5%

We have delivered another reasonable performance in used vehicle sales. Revenues increased from £176.5m to £188.8m and the number of units sold rose by 1.5%. The gross profit generated increased by £1.3m to £17.5m with the margin improving from 9.2% to 9.3%. The major driver of the increased margin and profitability was our focus on sale of Finance and Insurance products. The Group has also concentrated on tight management of its used vehicle inventories, which has delivered some benefits but the Board believes that there is opportunity for further improvement.

Aftersales

	2013	2012	Year on year growth
Service hours	**306,611**	288,114	6.4%

Aftersales revenue increased 11% year on year from £51.0m to £56.6m and the related gross profit increased by £1.8m year on year to £23.1m. The overall aftersales margin reduced from 41.8% to 40.8%, largely due to a 16% increase in parts sales at lower margin than the service element of the aftersales revenue. The aftersales departments contributed 45.1% of the Group's overall gross profit.

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. This 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.

Group Strategy

Since our incorporation in March 2006, we have continued to apply our focused buy-and-build strategy of acquiring motor dealership assets using 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 nine separate transactions since our incorporation.

We will continue with our three step approach to purchasing a new business - acquisition, integration and operation, as outlined below:

Acquisition

When acquiring new businesses, we are diligent in ensuring that none of the contractual obligations taken on 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 in order to avoid taking on any legacy costs. Our Group balance sheet shows that we have only £0.3m of goodwill which has been generated across the nine 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, been funded from our own cash resources and banking facilities. Maintaining the Group's balanced Brand portfolio will be fundamental to its continued success and development and this will undoubtedly mean that we acquire and develop more Premium and Luxury businesses. All acquisitions and any related funding required are assessed on their individual merits. For compelling acquisition targets, we will undoubtedly have to pay a premium, but will still focus on ensuring that the Group delivers strong and consistent returns on equity.

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 including FCA and Health & Safety. Newly acquired Associates are transferred to Cambria employment contracts with compensation and benefits commensurate with the particular business. A training needs analysis is conducted, followed by the implementation of training programmes for all relevant Associates in the new business.

Operation

With any new acquisition, the standard financial controls are implemented immediately, ranging from individual cheque signatories to daily reporting of vehicle sales and aftersales revenues, margins and other performance figures. We then implement our two growth strategies (i) "Cambria Digital", which is our internet social networking strategy for vehicle sales coupled with our "Guest Connect" support centre, and (ii) in Aftersales our "Duty of Care Gearbox" which is designed to supply our Guests with a one stop solution for all their vehicle maintenance needs.

We are delighted that the Cambria "Motorparks.co.uk" website has recently been voted the best franchised dealer website in the industry in the Auto Retail Network report 2013, based on its strong performance on mobile devices as well as its consumer focus and engaging design. Our focus on a world class Guest Experience continues with our omni-channel marketing approach.

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

Cambria Academy

The Group has invested in establishing and developing the Cambria Academy during the year. This is a training Academy for the Group's Associates and is critically important as the Group embarks on its next exciting period of expansion. The Academy has been established to enhance the Cambria Guest Experience with the following key strategic objective:

"To deliver an outstanding experience making it easy for our Guests to buy, own and maintain their vehicle, ensuring that they will want to do so again and recommend us to others."

We will continue to enhance and refine the Academy to help develop our own talent pool, promote Associate retention and to create our own future management with the overriding objective of enhancing the Guest Experience when interacting with Cambria. In its first six months of operation, the Academy has given initial training to a significant proportion of the Group's Guest facing sales Associates.

Outlook

There have been 20 consecutive months of year-on-year growth to October 2013 in new car registrations in the UK. Vehicle manufacturers continue to deliver strong consumer offers, which represent attractive propositions for our Guests to acquire new cars. Whilst the manufacturers have both the vehicle availability and these strong consumer offers, we expect the new car market in the UK to remain strong, although maintaining double digit growth is unlikely as the prior year comparison hardens.

Our continued strong cash generation, coupled by a net ungeared balance sheet and minimal goodwill, leaves us well positioned to develop and protect our balanced Brand portfolio. We continue to focus upon the development of our high luxury and premium brands and Cambria is investing more resources in identifying acquisition opportunities. Subsequent to the year end, we have been able to complete the purchase of the freehold interest of our Fiat and Nissan dealership in Warrington for £2.19m, reducing annual rental costs by £0.16m.

As our Chairman has already stated, the Group's performance in the first two months of the new financial year was both ahead of our business plan and the year under review. I am confident that Cambria will maintain this momentum and continue to deliver improved performances across all it departments in the current financial year.

Mark Lavery
Chief Executive

Finance Director's Report

Overview

Total revenues in the period increased 12.3% to £395.8m from £352.5m in the prior year. The majority of the increase came from new vehicle sales where unit volumes were up 16.1% and revenues up 19.5%. Used car unit sales and revenues increased by 1.5% and 7% respectively. Revenues from the aftersales businesses increased by 11% compared with the previous year.

Total gross profit increased by £4.7m (10.1%) from £46.5m to £51.2m in the year. Gross profit margin across the Group reduced from 13.2% to 12.9% reflecting the change in revenue mix following the increase in new car sales. The used vehicle margin improved slightly as a result of stronger profit per unit at 9.3%. The aftersales operations contributed 45.1% of the total gross profit for the Group compared to 45.8% in the previous period, at a gross profit margin of 40.8%.

Administrative expenses for the businesses increased by £3.7m year-on-year, including the incremental administrative expenses relating to the additional County Motor Works business for 7 months which accounted for £1.6m of the increase. The other major area of administrative expense increase related to enhanced bonus and commissions for delivery of incremental vehicle sales and profitability.

During the financial year, the Group incurred non-recurring expenses of £0.07m in relation to transaction costs associated with the business acquisition and £0.03m in relation to redundancy costs following some restructuring of the aftersales business.

The underlying EBITDA in the period was £6.1m from £5.4m in the previous year. Underlying operating profit was £4.6m compared to £3.9m in the previous year, resulting in an underlying operating margin of 1.2% (2012: 1.1%).

Net finance expenses were £0.5m, reduced from £0.8m, following lower consignment stock interest charges as a result of the increase in new car sales.

The Group's underlying profit before tax was £4.1m in comparison with £3.1m in the previous year. The acquisitions accounted for a profit of £0.02m in the year.

The underlying earnings per share were 3.57p (2012: 2.64p). Basic earnings per share were 3.49p (2012: 2.34p), and the Group's underlying return on shareholders' funds for the year was 16.6% (2012: 13.5%).

Taxation

The Group tax charge was £0.5m (2012: £0.4m) representing an effective rate of tax of 13.3% (2012: 14.3%) on a profit before tax of £4.0m (2012: £2.7m). The tax rate is lower in the reporting period as a result of a specific capital allowances claim referred to in my report in 2012 and the interim results to February 2013. This claim has now been approved by HMRC and recognised in full in these financial statements. The anticipated tax charge for 2014 is expected to revert back towards a more normal effective tax rate.

Financial Position

The Group has a robust balance sheet with a net asset position of £24.6m underpinned by £25.8m 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 £11.9m. Each of the loans has 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 2013 was £2.9m (2012: net cash £0.1m), reflecting a cash position of £14.8m (2012: £11.5m).

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 2014. 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 £23.8m.

Cash flow and Capital Expenditure

The Group generated an operating cash inflow of £8.4m with working capital reducing by £3.5m through efficient management of the vehicle inventory and the stocking lines associated with that inventory. Total funds invested in business acquisitions and capital expenditure was £5m, of which £1m was working capital and £4m was property plant and equipment, including the acquisition of County Motor Works and the freehold property from which it operates. A new loan of £1.98m was drawn down against the freehold purchase of the property acquired.

During the year capital repayments of £1.49m were made against the total term loans outstanding. The capital repayments due in the financial year to 31 August 2014 total £1.55m.

As a result of the net cash inflow of £3.3m, the gross cash position was £14.8m, with gross debt increasing by £0.5m to £11.9m and overall net cash increased from £0.1m in 2012 to £2.9m.

Subsequent to the year end the Group purchased the freehold interest of the dealership from which it operates the Fiat and Nissan franchises in Warrington for £2.19m. The purchase has been funded from the Group's cash resources and reduces the ongoing external rent charge by £0.16m.

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 the 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. The Group's staging date for Pensions Auto-Enrolment was October 2013 and we anticipate that this will increase the Group's pension costs for the 2014 financial year by £0.2m.

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 final dividend payment in respect of the financial year to 31 August 2013 of 0.4p per share in addition to the interim dividend of 0.1p per share paid in May 2013. If approved by the shareholders at the Annual General Meeting to be held on 16 January 2014, the dividend will be payable on 24 January 2014 to those shareholders registered on 27 December 2013. The Board aims to maintain a dividend policy that grows with the Group's earnings but intends to ensure that the payment of dividend does not detract from its primary strategy to continue to buy-and-build and grow the Group.

James Mullins
Finance Director

Directors' report

The directors present their directors' report and financial statements for the year ended 31 August 2013.

Principal activities

Cambria's principal activities are the sale and servicing of motor vehicles and the provision of ancillary services. The Group operates from 27 sites with a total of 42 dealer franchises.

Enhanced Business Review

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

Cambria Business Philosophy

Cambria's culture – The Four Pillars

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

Pillar One - Associate delight

The Directors believe that Associates are the Company's most important asset and therefore members of the team are not referred to as members of staff or employees, but rather as "Associates". The Directors want all Associates to be proud to be associated with the Group and to be given the autonomy to make decisions that 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 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.

Proposed dividend

The directors recommend the payment of a final dividend for 2013 of 0.4p per share which equates to £0.4m (2012: £0.3m). If approved at the Annual General Meeting to be held on 16 January 2014, the dividend will be payable on 24 January 2014 to those shareholders registered on 27 December 2013.

Directors

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

P H Swatman
M J J Lavery
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 £nil charitable donations. The Company actively support BEN, the Motor And Allied Trades Benevolent Fund and made a charitable donation in 2012 of £10,000, and in October 2013 has made a donation of £10,000. 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 (2012: £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
25 November 2013

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 2013 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

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 2013 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

Ian Brokenshire (Senior Statutory Auditor)
for and on behalf of KPMG Audit plc, Statutory Auditor
Chartered Accountants
Plym House
3 Longbridge Road
Plymouth
PL6 8LT

Consolidated Statement of comprehensive income

for year ended 31 August 2013

	Note	2013	2012
		£000	£000
Revenue	3	**395,776**	352,535
Cost of sales		**(344,550)**	(306,017)
Gross Profit	4	**51,226**	46,518
Administrative expenses		**(46,680)**	(43,019)
Results from operating activities	4	**4,546**	3,499
Finance income	9	**60**	54
Finance expenses	9	**(580)**	(820)
Net finance expenses		**(520)**	(766)
Profit before tax from operations before non-recurring expenses, acquisitions and disposals		**4,111**	3,486
Trading profit/(loss) from branch acquired in year		**17**	(217)
Trading loss from branch disposed in year		**-**	(142)
		4,128	3,127
Non-recurring expenses	5	**(102)**	(394)
Profit before tax	4	**4,026**	2,733
Taxation	10	**(534)**	(393)
Profit and total comprehensive income for the period		**3,492**	2,340
Basic and diluted earnings per share	8	**3.49p**	2.34p

All comprehensive income is attributable to owners of the parent company

Consolidated Statement of changes in equity

for year ended 31 August 2013

	Note	Share capital	Share premium	Retained earnings	Total equity
		£000	**£000**	**£000**	**£000**
Balance at 31August 2011		10,000	799	8,702	19,501
Profit for the year		-	-	2,340	2,340
Dividend paid		-	-	(300)	(300)
Balance at 31 August 2012		10,000	799	10,742	21,541
Profit for the year		-	-	3,492	3,492
Dividend paid	21	-	-	(400)	(400)
Balance at 31 August 2013		**10,000**	**799**	**13,834**	**24,633**

Consolidated Statement of financial position

at 31 August 2013

	Note	2013	2012
		£000	£000
Non-current assets			
Property, plant and equipment	11	**28,353**	25,751
Intangible assets	12	**356**	391
Deferred tax asset	13	**618**	626
		29,327	26,768
Current assets			
Inventories	14	**66,248**	56,342
Trade and other receivables	15	**8,038**	7,123
Cash and cash equivalents	16	**14,754**	11,503
		89,040	74,968
Total assets		**118,367**	101,736
Current liabilities			
Other interest-bearing loans and borrowings	17	**(1,550)**	(1,352)
Trade and other payables	18	**(81,126)**	(67,829)
Taxation		**(251)**	(460)
Provisions	20	**(41)**	(41)
		(82,968)	(69,682)
Non-current liabilities			
Other interest-bearing loans and borrowings	17	**(10,317)**	(10,020)
Provisions	20	**(10)**	(54)
Other payables	13	**(439)**	(439)
		(10,766)	(10,513)
Total liabilities		**(93,734)**	(80,195)
Net assets		**24,633**	21,541
Equity attributable to equity holders of the parent			
Share capital	21	**10,000**	10,000
Share premium		**799**	799
Retained earnings		**13,834**	10,742
Total equity		**24,633**	21,541

These financial statements were approved by the board of directors on 25 November 2013 and were signed on its behalf by:

Mark Lavery
Director

Company registered number: 05754547

Consolidated Cash Flow Statement

for year ended 31 August 2013

	Notes	2013	2012
		£000	£000
Cash flows from operating activities			
Profit for the year		**3,492**	2,340
Adjustments for:			
Depreciation, amortisation and impairment	11/12	**1,429**	1,479
Financial income	9	**(60)**	(54)
Financial expense	9	**580**	820
Loss on sale of property, plant and equipment		**1**	-
Profit on disposal of branch	2	**-**	(81)
Taxation	10	**534**	393
Non recurring expenses	5	**102**	394
		6,078	5,291
Change in trade and other receivables		**(915)**	(218)
Change in inventories		**(8,806)**	1,002
Change in trade and other payables		**13,215**	(1,289)
Change in provisions		**(44)**	(41)
		9,528	4,745
Interest paid		**(287)**	(493)
Tax paid		**(735)**	(877)
Non recurring expenses	5	**(102)**	(394)
Net cash from operating activities		**8,404**	2,981
Cash flows from investing activities			
Interest received		**60**	54
Acquisition of branch by trade and assets purchase	2	**(1,209)**	(313)
Acquisition / purchase of property, plant and equipment		**(3,806)**	(1,437)
Disposal of branch by trade and assets sale	2	**-**	481
Net cash from investing activities		**(4,955)**	(1,215)
Cash flows from financing activities			
Proceeds from new loan		**1,980**	-
Interest paid		**(293)**	(327)
Repayment of borrowings		**(1,485)**	(1,338)
Dividend paid		**(400)**	(300)
Net cash from financing activities		**(198)**	(1,965)
Net increase/(decrease) in cash and cash equivalents		**3,251**	(199)
Cash and cash equivalents at 1 September	16	**11,503**	11,702
Cash and cash equivalents at 31 August	16	**14,754**	11,503

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 2013 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 63.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the financial statements. Judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed at the end of this note.

Basis of preparation

The financial statements are prepared under the historical cost convention.

The directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further information regarding the company's business activities together with the factors likely to affect its future development, performance and position is set out in the Directors' Report on pages 16 to 17.

Basis of consolidation

The financial statements consolidate the financial statements of the Company together with its 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.

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, 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.

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.

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.

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.

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.

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 2013, 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 7 Financial Instruments: Disclosures** – Amendments to IFRS 7 require that for financial assets and liabilities within the scope of common disclosures, an entity is required to disclose the gross amounts being offset in accordance with the criteria in IAS 32.
- **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.
- **IAS 34 Interim Financial Reporting** – Annual improvements cycle includes amendments to the reporting of segment assets and liabilities.

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.

2 Acquisitions and disposals of trading branches

Effect of acquisition in 2013

Acquisition of trading branch

On 31 January 2013, the Group acquired the trade and assets of the Vauxhall, Alfa Romeo, Chrysler and Jeep dealership in Chelmsford from County Holdings (Chelmsford) Limited and its subsidiary companies.

	Pre-acquisition carrying amount and Fair Value
	£000
Acquiree's net assets at the acquisition date:	
Freehold property	3,017
Plant and equipment	191
Stocks	1,100
Trade and other creditors	(82)
Net and identifiable assets and liabilities	4,226
Goodwill on acquisition	-
Consideration paid (note that transaction costs of £67k were written off to administrative expenses in 2013), satisfied in cash	4,226
The results attributable to the branch acquired during the financial year were as follows:	
	2013
	£000
Turnover	11,670
Profit before tax	17

2 Acquisitions and disposals of trading branches

Effect of acquisition in 2012

Acquisition of trading branch

On 1 September 2011, the Group completed the acquisition of the Vauxhall dealership in Southampton from Hartwell Group plc.

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

Disposal of trading branch

The decision was made in 2012 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
Net and identifiable assets and liabilities	400
Profit on disposal	81
Consideration received (note that transaction costs of £18,068 were written off to operating expenses in 2012), satisfied in cash	481

2 Acquisitions and disposals of trading branches *(continued)*

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

3 Revenue

	2013	2012
	£000	£000
Sale of goods	**348,601**	310,249
Aftersales services	**47,175**	42,286
Total revenues	**395,776**	352,535

4 Segmental reporting

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

	2013 Revenue	2013 Revenue mix	2013 Gross Profit	2013 Margin		2012 Revenue	2012 Revenue mix	2012 Gross Profit	2012 Margin
	£m	%	£m	%		£m	%	£m	%
New Vehicles	**159.8**	**40.4**	**10.6**	**6.7**		133.7	37.9	9.0	6.8
Used Vehicles	**118.8**	**47.7**	**17.5**	**9.3**		176.5	50.1	16.2	9.2
Aftersales	**56.6**	**14.3**	**23.1**	**40.8**		51.0	14.5	21.3	41.8
Internal sales	**(9.4)**	**(2.4)**	**-**	**-**		(8.7)	(2.5)	-	-
Total	**395.8**	**100.0**	**51.2**	**12.9**		352.5	100.0	46.5	13.2
Operating expenses			**(46.6)**					(42.6)	
Operating profit before non recurring expenses			**4.6**					3.9	
Non recurring expenses			**(0.1)**					(0.4)	
Operating profit			**4.5**	**1.1**				3.5	1.0

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.

4 Segmental reporting *(continued)*

	2013	2012
	£000	£000
Profit Before Tax	4,026	2,733
Non recurring expenses (note 5)	102	394
Underlying Profit Before Tax	4,128	3,127
Net finance expense	520	766
Depreciation and amortisation	1,429	1,479
Underlying EBITDA	6,077	5,372
Non recurring expenses	(102)	(394)
EBITDA	5,975	4,978

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

5 Non recurring expenses

	2013	2012
	£000	£000
Transaction and new franchising costs	67	101
Cost rationalisation programme	35	293
	102	394

6 Expenses and auditors' remuneration

The result from operating activities is stated after charging the following:

	2013	2012
	£000	£000
Impairment loss recognised on other trade receivables and prepayments (note 22(b))	126	18

Auditors' remuneration:

	2013	2012
	£000	£000
Audit of these financial statements	25	25
Audit of financial statements of subsidiaries pursuant to legislation	91	91
Other services relating to taxation	29	29
All other services	-	19

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	
	2013	2012
Sales	**317**	309
Service	**378**	355
Parts	**109**	110
Administration	**213**	174
	1,017	948

The aggregate payroll costs of these persons were as follows:

	2013	2012
	£000	£000
Wages and salaries	**27,047**	25,259
Social security costs	**2,984**	2,790
Expenses related to defined contribution plans	**152**	151
	30,183	28,200

8 Earnings per share

Basic earnings per share are 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.

	2013	2012
	£000	£000
Profit attributable to shareholders	**3,492**	2,340
Non recurring expenses (note 5)	**102**	394
Tax on adjustments (at 23.58 % (2012: 25.16%))	**(24)**	(99)
Adjusted profit attributable to equity shareholders	**3,570**	2,635
Number of shares in issue ('000)	**100,000**	100,000
Basic earnings per share	**3.49p**	2.34p
Adjusted earnings per share	**3.57p**	2.64p

9 Finance income and expense

Recognised in the income statement

	2013	2012
	£000	£000
Finance income		
Rent deposit interest	3	16
Interest receivable	57	38
Total finance income	60	54
Finance expense		
Interest payable on bank borrowings	293	327
Consignment and used stocking interest	287	493
Total finance expense	580	820
Total interest expense on financial liabilities held at amortised cost	293	327
Total other interest expense	287	493
	580	820

10 Taxation

Recognised in the income statement

	2013	2012
	£000	£000
Current tax expense		
Current year	854	773
Adjustment in respect of prior years	7	(12)
Adjustment in respect of prior years – capital allowances claim	(335)	(76)
	526	685
Deferred tax		
Utilisation of tax losses paid to previous owner of subsidiary undertaking	162	34
Adjustment in respect of prior years	(257)	(161)
Origination and reversal of temporary differences	103	(161)
Change in tax rate in current year	-	(4)
	8	(292)
Total tax expense	534	393

10 Taxation *(continued)*

Reconciliation of total tax

	2013	2012
	£000	£000
Profit for the year	3,492	2,340
Total tax expense	534	393
Profit excluding taxation	4,026	2,733
Tax using the UK corporation tax rate of 23.58% (2012: 25.16%)	949	688
Non-deductible expenses	35	45
Accounting deprecation for which no tax relief is due	125	114
Depreciation in excess of capital allowances	-	4
Utilisation of brought forward losses	(162)	(32)
Tax payment due to previous owners of subsidiary in relation to utilisation of pre-acquisition losses	162	34
Change in tax rate in respect of deferred tax on utilisation of pre-acquisition losses due to previous owner of subsidiary	-	2
Change in tax rate	68	143
Adjustments in respect of prior years	(585)	(249)
Change in deferred tax in respect of property	(58)	(356)
Total tax expense	534	393

The applicable tax rate for the current year is 23.58% (2012: 25.16%) following the reduction in the main rate of UK corporation tax from 24% to 23% with effect from 1 April 2013.

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013.

This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 August 2013 has been calculated based on the rates of 20% and 21% substantively enacted at the balance sheet date.

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 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)
Balance at 1 September 2012	20,287	5,058	3,931	2,709	6,485	38,470
Additions	20	-	421	114	234	789
Branch acquisitions	3,017	-	-	105	86	3,208
Disposals	-	-	-	(121)	(239)	(360)
Balance at 31 August 2013	23,324	5,058	4,352	2,807	6,566	42,107
Depreciation						
Balance at 1 September 2011	1,333	476	2,821	2,150	4,953	11,733
Charge for the year	280	81	274	222	543	1,400
Disposals	-	-	-	(65)	(334)	(399)
Branch disposals	-	-	-	(7)	(8)	(15)
Balance at 1 September 2012	1,613	557	3,095	2,300	5,154	12,719
Depreciation charge for the year	300	82	285	207	520	1,394
Disposals	-	-	-	(120)	(239)	(359)
Balance at 31 August 2013	1,913	639	3,380	2,387	5,435	13,754
Net book value						
At 31 August 2012	18,674	4,501	836	409	1,331	25,751
At 31 August 2013	**21,411**	**4,419**	**972**	**420**	**1,131**	**28,353**

As at 31 August 2013 there are no capital commitments *(2012: £328,000)*
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 2013 there were no assets in the course of construction *(2012: £nil)*.

12 Intangible assets

	Goodwill	Software	Other	Total
	£000	£000	£000	£000
Cost				
Balance at 1 September 2011	346	720	176	1,242
Balance at 1 September 2012	346	720	176	1,242
Balance at 31 August 2013	346	720	176	1,242
Amortisation and impairment				
Balance at 1 September 2011	-	596	176	772
Amortisation	-	79	-	79
Balance at 1 September 2012	-	675	176	851
Amortisation for the year	-	35	-	35
Balance at 31 August 2013	-	710	176	886
Net book value				
At 31 August 2012 and 1 September 2012	346	45	-	391
At 31 August 2013	**346**	**10**	**-**	**356**

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
Deeslease Limited***	England and Wales	Dormant	100% Ordinary
Dove Group Limited***	England and Wales	Dormant	100% Ordinary
Translease Vehicle Management Limited***	England and Wales	Dormant	100% Ordinary

12 Intangible assets *(continued)*

Amortisation charge

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

	2013	2012
	£000	£000
Administrative expenses	**35**	79

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	
	2013	2012
	£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.

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	
	2013	2012
	£000	£000
Tax value of losses carry-forwards (pre-acquisition losses)	**92**	257
Property, plant and equipment	**493**	344
Provisions	**5**	2
Tax value of loss carry-forwards	**28**	23
Recognised net deferred tax assets	**618**	626

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.

	2013	2012
	£000	£000
Amount payable to previous owner of subsidiary	**439**	439

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	
	2013	2012
	£000	£000
Tax value of loss carry-forwards	**657**	755
Unrecognised net tax assets	**657**	755

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013.

This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 August 2013 has been calculated based on the rates of 20% and 21% substantively enacted at the balance sheet date.

14 Inventories

	2013	2012
	£000	£000
Vehicle consignment stock	**38,287**	32,900
Motor vehicles	**25,855**	21,154
Parts and other stock	**2,106**	2,288
	66,248	56,342

Included within inventories is £nil *(2012: £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 £340 million *(2012: £302 million)*.

15 Trade and other receivables

	2013	2012
	£000	£000
Trade receivables	**5,790**	5,462
Prepayments and other receivables	**2,248**	1,661
	8,038	7,123

Included within trade and other receivables is £nil *(2011: £nil)* expected to be recovered in more than 12 months.

16 Cash and cash equivalents

	2013	2012
	£000	£000
Cash and cash equivalents per balance sheet	**14,754**	11,503
Cash and cash equivalents per cash flow statement	**14,754**	11,503

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.

	2013	2012
	£000	£000
Non-current liabilities		
Secured bank loans	**10,317**	10,020
Current liabilities		
Secured bank loans	**1,550**	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
			2013	2012
			£000	£000
Loan 31/07/2006	Bank of England Base Rate +1.25%	2019	**1,688**	2,009
Loan 01/08/2007	Bank of England Base Rate +1.25%	2020	**507**	580
Loan 31/12/2007	LIBOR +1.75%	2020	**5,834**	6,620
Loan 01/03/2011	LIBOR +3.00%	2017	**1,957**	2,163
Loan 01/02/2013	LIBOR +1.95%	2018	**1,881**	-
			11,867	11,372

18 Trade and other payables

	2013	2012
	£000	£000
Current		
Vehicle consignment creditor	**44,760**	38,498
Other trade payables	**7,937**	6,903
Non-trade payables and accrued expenses	**9,524**	6,540
Vehicle funding	**18,905**	15,888
	81,126	67,829

Included within trade and other payables is £nil *(2012: £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 £152,000 *(2012: £151,000)*.

20 Provisions

	Onerous Leases
	£000
Balance at 1 September 2012	**95**
Provisions used during the year	**(44)**
Balance at 31 August 2013	**51**
Current	**41**
Non current	**54**
Balance at 31 August 2012	**95**
Current	**41**
Non current	**10**
Balance at 31 August 2013	**51**

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

21 Capital and reserves

Share capital

	2013	2012
	£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 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.

Dividends

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

	2013	2012
	£000	£000
0.3p per ordinary share - prior year final *(2012: 0.3p)*	300	300
0.1p per ordinary share - current year interim *(2012: nil)*	100	-
	400	**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.

	2013	2012
	£000	£000
0.4p per ordinary share - current year final (2012: 0.3p)	400	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 rates used to discount estimated cash flows, where applicable are based on the weighted average cost of capital and were as follows:

	2013	2012
	%	%
Loans and borrowings	**3.0**	2.7

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 2013	As at 31 August 2012
	£000	£000
Financial assets		
Loans and receivables at amortised cost including cash and cash equivalents		
Trade receivables(net) (note 15)	5,790	5,462
Other receivables (note 15)	2,248	1,661
Cash and cash equivalents	14,754	11,503
Total Financial assets	22,792	18,626
Financial liabilities		
Financial liabilities at amortised cost		
Other interest-bearing loans and borrowings (note 17)	11,867	11,372
Trade and other payables (note 18)	81,126	67,829
Total Financial liabilities	92,993	79,201

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

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 £5,790,000 (2012: £5,462,000) 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:

	2013	2012
	£000	£000
United Kingdom	5,790	5,462

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

	2013	2012
	£000	£000
Vehicle debtors	2,486	1,690
Non vehicle debtors	2,767	2,678
Manufacturer debtors	537	1,094
	5,790	5,462

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
	2013	2013	2012	2012
	£000	£000	£000	£000
Trade receivables not past due	5,790	-	5,462	-
Trade receivables past due	123	123	64	64
	5,913	123	5,526	64

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 2012	64
Impairment loss recognised	126
Allowance for impairment utilised	(67)
Balance at 31 August 2013	123

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 £2,195,000 *(2012: £2,589,000)* at Bank of England base rate plus 1.25%, loans of £5,834,000 *(2012: £6,620,000)* at LIBOR plus 1.75%, loans of £1,957,000 *(2012: £2,163,000)* at LIBOR plus 3% and on loans of £1,881,000 *(2012: £nil)* at LIBOR plus 1.95%.

	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
	2013					
	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	11,867	12,835	1,818	1,782	6,868	2,367

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:

	2013	2012
	£000	£000
Variable rate instruments		
Cash and cash equivalents	14,754	11,503
Vehicle funding	(18,905)	(15,888)
Loans and overdrafts	(11,867)	(11,372)
	(16,018)	(15,757)

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.

	2013	2012
	£000	£000
Equity		
Decrease	149	135
Profit or loss		
Decrease	149	135

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 2013	As at 31 August 2012
	£000	£000
Total borrowings	**11,867**	11,372
Less: cash and cash equivalents	**(14,754)**	(11,503)
Net surplus	**(2,887)**	(131)
Total equity	**24,633**	21,541
Gearing ratio	**(11.7%)**	(0.6%)

23 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2013	2012
	£000	£000
Less than one year	**2,409**	2,640
Between one and five years	**7,491**	8,297
More than five years	**20,193**	23,321
	30,093	34,258

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 £2,644,000 was recognised as an expense in the income statement in respect of operating leases *(2012: £2,674,000)*.

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 is a repayment situation at 31 August 2012 and 2013.

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 47.8% (2012: 45.4%) per cent of the voting shares of the Company. The compensation of key management personnel is as follows:

	2013	2012
	£000	£000
Directors' emoluments		
Salaries and consultancy fees	530	525
Annual bonus	498	213
	1,028	738

The emoluments consist of:

	Salaries	Bonus	Total	Total
Directors' emoluments	2013	2013	2013	2012
	£000	£000	£000	£000
Philip Swatman	30	-	30	13
James Mullins	150	118	268	188
Rodney Smith (resigned 30/11/2011)	-	-	-	22
Mark Lavery	300	380	680	450
Warren Scott (resigned 3/4/2012)	-	-	-	15
Sir Peter Burt	25	-	25	25
Michael Burt	25	-	25	25
	530	498	1,028	738

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

25 Related parties *(continued)*

During the year Mark Lavery bought 6 vehicles from the Group and sold 6 vehicles back to the Group, James Mullins and Sir Peter Burt each bought 3 vehicles from the Group and each sold 3 vehicles back to the Group. Michael Burt bought 2 vehicles from the Group and sold 2 vehicles back to the Group. All transactions were carried out at arm's length and there were no outstanding balances due to the Group at the year end, the average value of the transactions in the year was £40,877.

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 final dividend payment in respect of the financial year to 31 August 2013 of 0.4p (2012: 0.3p) per share in addition to the interim payment of 0.1p per share.

Company Balance Sheet

At 31 August 2013

	Note	2013		2012	
		£000	**£000**	£000	£000
Fixed assets					
Tangible Fixed Assets	5	**97**		162	
Investments	6	**666**		666	
			763		828
Current assets					
Stock	7	**780**		584	
Debtors	8	**407**		538	
Cash at bank and in hand		**14,802**		15,374	
		15,989		16,496	
Creditors: amounts falling due within one year	9	**(2,509)**		(2,709)	
Net current assets			**13,480**		13,787
Total assets less current liabilities			**14,243**		14,615
Net assets			**14,243**		14,615
Capital and reserves					
Called up share capital	11		**10,000**		10,000
Share premium account	12		**799**		799
Profit and loss account	12		**3,444**		3,816
Shareholders' funds			**14,243**		14,615

These financial statements were approved by the board of directors on 25 November 2013 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 2013

	Note	**Company**	Company
		2013	2012
		£000	£000
Profit for the financial year	12	**28**	1,264
Dividend paid		**(400)**	(300)
Net increase to shareholders' funds		**(372)**	964
Opening shareholders' funds		**14,615**	13,651
Closing shareholders' funds		**14,243**	14,615

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:

- computer equipment 3 to 5 years

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 is 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.

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

	2013	2012
	£000	£000
Directors' emoluments		
Salaries	530	525
Annual bonus	498	213
	1,028	738

The emoluments in respect of the highest paid director were:

	2013	2012
	£000	£000
Directors' emoluments		
Salaries	300	300
Annual bonus	380	150
	680	450

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

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
	2013	2012
Number of employees		
Administration	**48**	37

The aggregate payroll costs of these persons were as follows:

	Company	Company
	2013	2012
	£000	£000
Wages and salaries	**3,128**	2,431
Social security costs	**404**	333
Other pension costs	**14**	14
	3,546	2,778

4 Dividends

The aggregate amount of dividends paid & received compromises:

	2013	2012
	£000	£000
Aggregate amount of dividends paid in the financial year	**400**	300
Aggregate amount of dividends received in the financial year	**-**	-

The aggregate amount of dividends proposed but not recognised at the year end is £400,000 *(2012: £300,000)*.

5 Tangible fixed assets

	Computer equipment	Total
	£000	£000
Company		
Cost		
At 1 September 2012	502	502
Additions	41	41
At 31 August 2013	543	543
Depreciation		
At 1 September 2012	340	340
Charge for year	106	106
At 31 August 2013	446	446
Net book value		
At 31 August 2013	**97**	**97**
31 August 2012	162	162

6 Fixed asset investments

	Shares in group undertakings
	£000
Company	
Cost and net book value	
At 1 September 2012 and 31 August 2013	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
Deeslease Limited***	England and Wales	Dormant	100% Ordinary
Dove Group Limited***	England and Wales	Dormant	100% Ordinary
Translease Vehicle Management Limited***	England and Wales	Dormant	100% Ordinary
Invicta Motors (Maidstone) Limited*	England and Wales	Motor retailer	100% Ordinary

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

7 Stocks

	2013	2012
	£000	£000
Motor vehicles	**780**	584

8 Debtors

	2013	2012
	£000	£000
Trade debtors	33	46
Amounts owed by group undertakings	-	40
Prepayments and accrued income	337	318
Deferred tax (note 10)	37	33
Corporation tax	-	101
	407	538

9 Creditors: amounts falling due within one year

	2013	2012
	£000	£000
Amounts owed to group undertakings	121	904
Trade creditors	394	506
Vehicle funding	493	385
Other taxation and social security	126	165
Accruals and deferred income	1,370	749
Corporation tax	5	-
	2,509	2,709

10 Deferred taxation

Deferred Taxation	£000
	Company
At 1 September 2012	33
Movement in period	4
At 31 August 2013	37

The elements of deferred taxation are as follows:

	2013	2012
	£000	£000
Difference between accumulated depreciation and capital allowances	**37**	34
Other timing differences	**-**	(1)
Total deferred tax	**37**	33

11 Called up share capital

	2013	2012
	£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 2012	799	3,816
Profit for the year	-	28
Dividend paid	-	(400)
At 31 August 2013	799	3,444

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

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