Cambria Automobiles plc

Annual report and financial statements

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Contents


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AUDITED RESULTS 2015/16

Strong results in Group's 10th year of trading, continued strategic progress

Financial Highlights

Year ended 31 August	2016	2015	
	£m	£m	Change
Revenue	**614.2**	523.8	17.3%
Underlying EBITDA*	**13.1**	10.2	28.4%
Underlying operating profit*	**11.2**	8.5	31.8%
Underlying profit before tax*	**10.6**	7.7	37.7%
Underlying profit before tax margin*	**1.7%**	1.5%	20bps
Non-recurring income/ (expenses)	**1.16**	(0.1)	
Underlying earnings per share*	**8.33p**	6.08p	37.0%
Operating profit	**12.4**	8.4	47.6%
Profit before tax	**11.8**	7.7	53.2%
Earnings per share	**9.26p**	6.03p	53.6%
Dividend per share	**0.9p**	0.75p	20%

** These items exclude non-recurring income / (expenses) of £1.16m (2015: (£0.1m))*

- ✔ **Strong balance sheet** – net assets **£42.1m (2014/15: £33.7m)**
- ✔ **Strong operational cash flows**, cash position of **£19.8m (2014/15: £15.4m)**
- ✔ **Net cash of £0.4m (2014/15: net cash £1.0m)** after significant investment in acquisitions and property during year
- ✔ **Underlying Return** on Equity at **21.98% (2014/15: 19.6%)**
- ✔ **Proposed final dividend of 0.7p,** full year up by **20%** to **0.9p per share (2014/15: 0.75p)**
- ✔ **New £37.0m, 5 year banking facilities arranged in November 2015,** including a **£22m revolving credit facility, providing suitable funding capacity**

Operational Highlights

✔ **New vehicle sales** up **9.9%** with a **13.2%** increase in profit per unit

✔ **Used vehicle sales up 5.2%** with a **8.1% improvement in profit per unit** and continued evolution of the Group's focus on "Velocity" to drive return on investment

✔ **Aftersales Revenue increased 8.1%** with an **increase of 3.7% in service and bodyshop hours sold**

✔ In line with the strategy of the **Group and of Jaguar Land Rover:**

- Acquisition of **Welwyn Garden City Land Rover for £10.8m,** integration progressing well
- Disposal of **Exeter Jaguar and Croydon Jaguar**
- **Acquisition of Woodford Jaguar** and **Land Rover dealership for £2.1m,** integration progressing well

✔ **Opening of third Aston Martin business in Birmingham and closure of Exeter Aston Martin** in line with the **Aston Martin global second** century network restructure

✔ Continuing investment in the **Freehold portfolio;** to meet the franchising standards of the brand partners and maximise operational potential and increase used car and aftersales capacity

- B**arnet Jaguar Land Rover** development progressing well, other **Brand led corporate identity developments initiated**

Summary (continued)

Mark Lavery, Chief Executive Officer of Cambria said:

"The Group has delivered a strong set of full year results in its 10th year of trading. From a starting Share Capital base of £10.8m with no further issuance in 10 years, we have delivered underlying Profit Before Tax of £10.6m in the period, up from £7.7m in the previous year, a 37.7% increase. Over the 10 year period we have acquired a freehold and long leasehold property portfolio in excess of £41m. In the year we have made a number of strategic acquisitions and disposals and significantly progressed our investment programme to meet the requirements of our manufacturer partners franchise standards. Our sales exceeded £600m for the first time, and the acquisitions that we have made will contribute to revenue growth in the next financial year. The businesses acquired are directly in line with the strategy we laid out in 2013 which was to acquire earnings accretive businesses that strengthen our premium and high luxury portfolio in focused geographical areas and deliver enhanced shareholder returns. I am pleased with the investments that we have made during the course of the year.

"It remains too early to assess the full implications of the UK electorate's decision to leave the EU, however we appreciate that the UK economy is in a period of uncertainty post the EU referendum vote in June 2016. At the time of writing the Sterling exchange rate has been very volatile and in recent weeks reached its low point equivalent to summer 2011. In the years following 2011 we have seen significant year on year growth in UK new car registrations as Sterling has strengthened relative to the Euro. The current volatility in Sterling could impact the strategy adopted by the manufacturers that we represent. The latest SMMT forecasts for new car registrations in 2017 show a 5% reduction on the 2016 closing forecast. From April 2016 to October 2016 there has been a 2.7% year on year reduction in the Private segment of the new car market.

"Post the period end, trading in the important plate change month of September was in line with expectations, however October trading showed some softening in new car margins.

"The Board remains confident that Cambria's resilient business model is well positioned to take advantage of any opportunities that the current economic uncertainty could provide. The Board has set its focus for the new financial year on delivery of the important integrations of the acquired businesses along with the property investments that are needed to bring those businesses up to manufacturer standards, increase capacity and provide our Guests with a superior experience."

Chairman's statement

I am pleased to report that Cambria has delivered a strong set of results for the year ended 31 August 2016, which again shows continued improvement in the Group's operational and financial performance and successful delivery of its stated growth strategy. With the strategic acquisitions delivered over the past two financial years we have made a step change in the profile of the Group's franchised dealership portfolio and its underlying earnings capacity which has doubled in the past two years. These acquisitions have been focused on adding premium and high luxury franchises to balance the Group's portfolio and secure the long term relationships with Jaguar Land Rover and Aston Martin as a core part of the Group's future.

The UK motor retail industry has continued to demonstrate year-on-year growth in 2016 with the new car market reporting buoyant registration data. However there has been a clear softening in private registrations during Q2 and Q3 of 2016.

The Group reported significant operational improvements in the past two financial years and these have continued into the 2015/16 financial year. The Group generated gross profit growth across all core elements of the business, New Vehicles, Used Vehicles and Aftersales, as well as delivering growth through the acquisitions of Welwyn Garden City Land Rover, Woodford Jaguar Land Rover and the opening of a new site in Birmingham for Aston Martin.

Revenue increased by 17.3% to £614.2m (2014/15: £523.8m). Underlying profit before tax rose by 37.7% to £10.6m (2014/15: £7.7m). Profit before tax also improved by 53.2% to £11.8m (2014/15: £7.7m) and the Group delivered underlying earnings per share of 8.33p (2014/15: 6.08p) - an increase of 37.0%.

The Group closed the year with net cash of £0.4m (2014/15: net cash £1.0m) and net assets of £42.1m (2014/15: £33.7m), underpinned by the ownership of £41.3m (2014/15: £37.6m) of freehold and long leasehold properties.

Our capacity for making acquisitions, and the facilities development programme, have been enhanced in the year with a new set of banking facilities of £37m arranged in November 2015. These facilities refinance the existing term loans of £14.4m and make available a further £22.0m of Revolving Credit Facility.

I am also pleased to report that in September 2016, Tim Duckers accepted our invitation to join the Board of Directors as Managing Director of the motor division. Tim has worked in the Group since 2008 and has been heavily involved in its development to date. We look forward to Tim's continued involvement and wish him all the success in his new role.

Group overview

Cambria was established in 2006 with a strategy to build a balanced motor retail group through close cooperation with our manufacturer partners to deliver the self-funded acquisition and turnaround of underperforming businesses. In my last two reports, I stated that our strategy had evolved to encompass the acquisition of premium and high luxury businesses located in geographically strategic locations which would be immediately earning enhancing.

In line with this strategy, in 2014 the Group announced the acquisition of the Jaguar and Land Rover dealership in Barnet. Following on from this successful acquisition, on 30 April 2015 the Group completed the acquisition of Swindon Land Rover for a total consideration of £7.6m including £2.3m of freehold property. In January 2016, the Group acquired the Welwyn Garden City Land Rover business for £10.8m, adding the Land Rover franchise in the territory where the Group previously operated the Jaguar franchise therefore securing the territory for the Group under Jaguar Land Rover's stated strategy for common ownership of dealerships in a given territory. In May 2016, the Group opened a new dealership for Aston Martin in Birmingham in a temporary facility. The Group was then afforded the opportunity to acquire the Jaguar Land Rover dealership in Woodford, North London in July 2016 for £2.1m.

To support the acquisitions and developments outlined above the Group agreed to divest of the Exeter Jaguar business in January 2016, to close the Exeter Aston Martin dealership which shared a facility with Jaguar and to dispose of the Croydon Jaguar franchise in March 2016 which shared a facility alongside the Groups Volvo franchise for Croydon.

Following the acquisitions, and the closure of the Group's only Citroen new car sales franchise in Swindon, the Group now comprises 31 dealerships, representing 46 franchises and 17 brands, a well balanced brand portfolio spanning the high luxury, premium and volume segments.

I would like to thank all our Cambria Associates, who continue to strive to provide a world class Guest experience. We believe that our investment in their development, through the Cambria Academy, will increase skill levels in our Guest facing sales force and enhance their ability to provide a truly exceptional Guest experience.

Dividend

The Board is pleased to propose a final dividend of 0.7p per share (2014/15: 0.6 p), subject to shareholder approval, resulting in a total dividend for the year of 0.9p per share (2014/15: 0.75p) - an increase of 20%. It remains the Board's intention to maintain a progressive dividend policy as the Group grows earnings.

Outlook

The UK economy is in a period of uncertainty while the ramifications of leaving the EU are worked through. There is a lack of clarity on how any free trade agreements will be negotiated and there are major implications for the Sterling exchange rate and other fiscal levers. At the time of writing we are unclear as to how these factors will impact the UK motor trade. That said, we are continuing to invest for future growth as we consider that the Group is in a strong financial position and will be able to adapt as required. Moreover, Cambria's robust balance sheet, industry leading Return on Investment and proven management team leave it well positioned to manage any uncertainty.

We are actively looking to deliver on our commitments to the manufacturer partners that we represent with the investment programme to enhance our property portfolio, while maintaining our aim to produce superior returns on Shareholders' funds, which reached 21.98% (note 8) in the year under review (2014/15: 19.6%).

The Board is pleased with the progress that has been made over the last two financial years and intends to continue to exploit selective and opportunistic growth opportunities while driving the core operation of the existing businesses.

Philip Swatman
Chairman


After 10 years, our Guest focussed strategy continues to generate exceptional returns
Cambria
Automobiles plc

Operating and Financial Review

Chief Executive's review

Introduction

I am pleased to report that the Group has delivered a strong set of results for the 2016 financial year. The operational and financial performance improvements delivered in the 2015 financial year through to H1 2016 continued into the second half with underlying profit before tax rising to £10.6m, a 37.7% increase on the previous year.

It is pleasing that the results again reflect both organic growth and profit increases in the like-for-like businesses as well as delivery of the anticipated earnings from the acquisitions made in the current and previous financial year.

During the year, the like-for- like businesses contributed a £9.1m profit before tax, a 28% year on year increase.

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

Year ended 31 August	**2016 £m**	2015 £m
Revenue	**614.2**	523.8
Underlying EBITDA*	**13.1**	10.2
Underlying operating profit*	**11.2**	8.5
Underlying profit before tax*	**10.6**	7.7
Underlying profit before tax margin*	**1.7%**	1.5%
EBITDA	**14.2**	10.1
Operating profit	**12.4**	8.4
Profit before tax	**11.8**	7.7
Non-recurring income/ (expenses)	**1.2**	(0.1)
Net Assets	**42.1**	33.7
Profit before tax margin	**1.9%**	1.5%
Underlying earnings per share*	**8.33p**	6.08p
Earnings per share	**9.26p**	6.03p

** These items exclude non-recurring income/ (expenses) of £1.16m (2014/15: (£0.1m))*

The Group celebrated its 10th anniversary in July 2016. During those 10 years the Group has grown from one site with three new car franchises to 31 locations representing 46 new car franchises and 17 different Brand Partners. The Group has utilised a total of £10.8m of Share Capital to grow and has delivered an underlying Profit before Tax of £10.6m in its 10th year of trading. During the year, the Group delivered a return on shareholder funds of 21.98%. The Group has consistently delivered strong operational cash flows and has built a net asset position of £42.1m underpinned by over £41m of freehold and long leasehold property. The development that has taken place over the Group's formative 10 years has laid the foundations for Cambria to evolve into its next phase of growth.

Total revenue for the Group exceeded £600m through a combination of operational improvements and strategic acquisitions.

Brand partnerships

In line with our buy-and-build strategy, management has continued to work 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. The core like-for-like businesses have shown continued improvements during the year and we are pleased with the performances delivered.

Our current portfolio of Brand Partners and dealerships comprises:

High Luxury / Premium		Volume		Motorcycle	
Aston Martin	3	Abarth	1	Triumph	2
Alfa Romeo	2	Dacia	1		
Jaguar	5	Fiat	5		
Jeep	2	Ford	5		
Land Rover	4	Honda	2		
Volvo	5	Mazda	4		
		Nissan	1		
		Renault	1		
		Seat	1		
		Vauxhall	2		
	21		**23**		**2**

In January 2016 the Group acquired the Welwyn Garden City ("WGC") Land Rover business for a total consideration of £10.8m including £0.1m of fixed assets and net working capital of £0.7m resulting in £10m of goodwill. The business currently operates from leasehold premises under a short lease agreed with the vendor of the business. The Groups existing Jaguar and Aston Martin businesses in WGC are located two miles from the Land Rover dealership. In line with the strategy to combine the Jaguar and Land Rover dealerships into the new Arch concept facilities, the Group has identified and agreed terms to acquire a 4.3acre freehold plot of land in the territory to build a new facility for JLR and Aston Martin. The anticipated capital cost of the newly developed facility for the three franchises is £16m, and will be completed in Q2 2018. The acquisition and development of the land will be funded through a combination of the existing RCF facilities and new term debt secured against the freehold property.

In May 2016, the Group opened the Aston Martin dealership in Solihull operating from a temporary facility filling an open point for the Brand. In order to secure the franchise for the territory, the Group acquired a freehold property and invested in a refurbishment of the facility to accommodate the Aston Martin franchise while the permanent location is procured and built. The temporary facility has incurred a total spend of £1.6m and is enabling the Group to establish a representation point, build a database and serve the Aston Martin car parc for the territory. The Group is in advanced negotiations to secure some freehold land to build a new facility for Aston Martin over the next 24 months. It is anticipated that the total freehold investment in the permanent facility will be c.£4.5m, and again will be funded through a combination of existing facilities and new term debt. On relocation of the business to the new facility the Group intends to sell the temporary freehold property.

In July 2016, the Group acquired the Jaguar and Land Rover business in Woodford, North London for a total consideration of £2.1m including £0.1m of fixed assets, a net working capital of £nil resulting in acquired goodwill of £2.0m. As part of the deal the existing leasehold facilities were fully sublet from the vendor to the Group. On assessment of the lease liability associated with the showroom premises in Woodford, the Board has made a fair value provision against the property liability of £1.0m, therefore increasing the goodwill attributable to the acquisition to £3.0m in total.

During the 2015 financial year the Group acquired the Swindon Land Rover business for a total consideration of £7.6m, which included £2.3m of freehold land and property, £0.1m of fixed assets and £2.2m of net working capital assets resulting in £3.0m of goodwill. It is the Groups intention to fully re-develop its Swindon Motor Park location to provide a new JLR facility in line with the new Arch design concept for JLR facilities. It is anticipated that the development will be completed in Q4 2017 and the planning and design processes are progressing well.

Once the new development is complete, we will relocate the Land Rover business from the existing dealership property in Royal Wootton Bassett. The anticipated investment in the site is £6m, and this will be funded from the facilities arranged in November 2015.

When the Group acquired the Barnet Jaguar Land Rover dealership in the 2013/14 financial year it committed to develop the freehold site to provide a Jaguar Land Rover Arch concept facility on that location. At the time of writing we are well progressed with the build project and have operated the business through very difficult operational logistics on the site. The site should be complete in Q1 2017 and will be a superb representation point for JLR in a strong demographic area for the Brands. During the course of the 2015/16 financial year the Group has incurred £2.8m of the capital investment on the site and has a further £4.1m to completion of the building. Against this development, the Group is able to draw down up to £3.5m of the property RCF for funding.

Whilst the investments outlined above are significant, the Board believes that the investment in the facilities for JLR and Aston Martin are core to the future potential of the businesses acquired and the investment in the property portfolio in strategic, high profile locations will hold the Group in good stead to provide exceptional representation for its brand partners and a world class Guest experience.

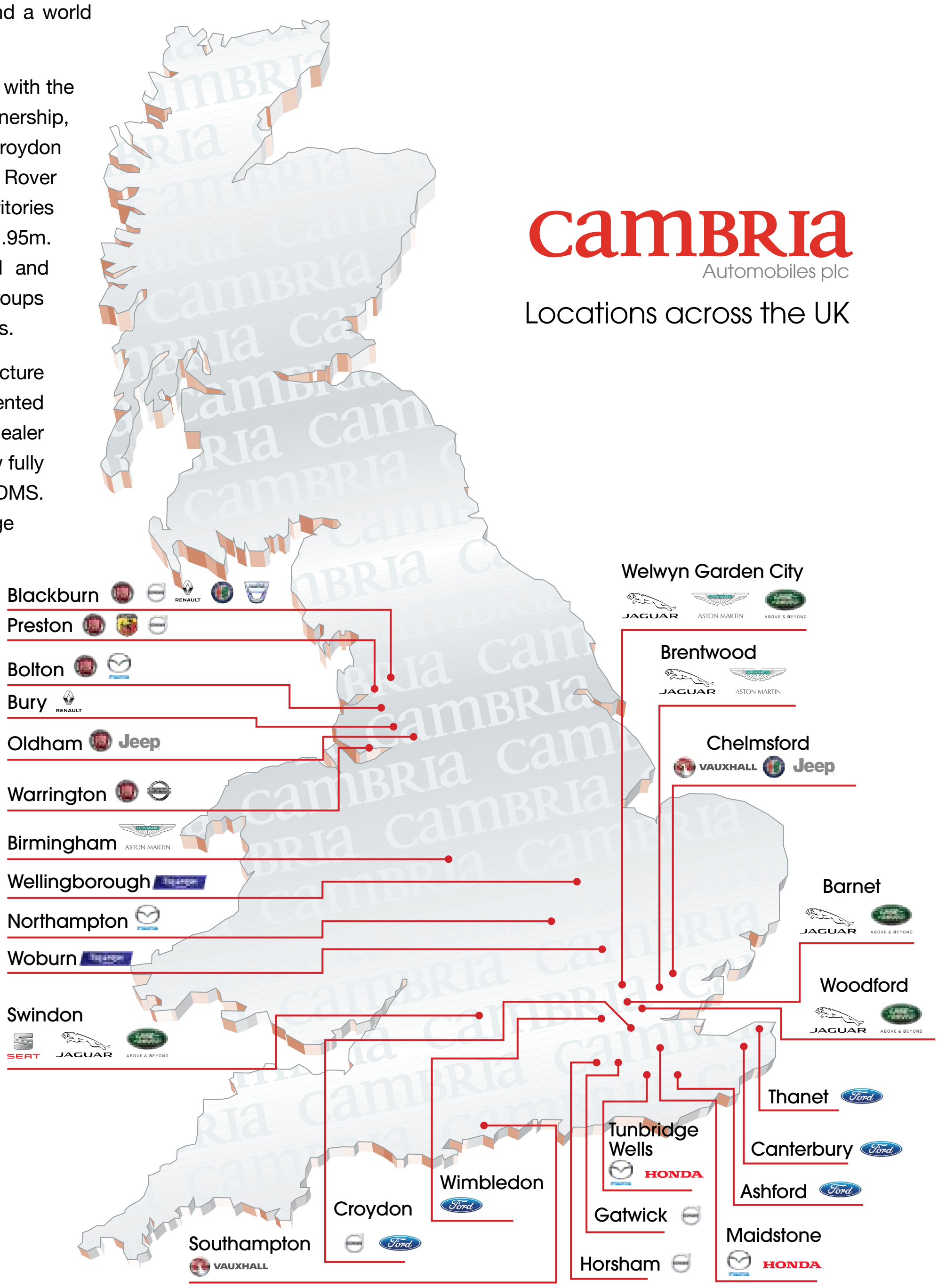
During the course of the year and in line with the strategy to grow the overall JLR partnership, the Group sold the Exeter Jaguar and Croydon Jaguar businesses to the Land Rover franchise holder in each of those territories realising a non-recurring income of £1.95m. These businesses were well regarded and positive earnings contributors to the Groups underlying performance in previous years.

As part of the Groups IT infrastructure development, across the year we implemented a complete change of the Groups' dealer management system. The Group is now fully operational on the Pinewood Pinnacle DMS. Whilst the impact of a system change of this magnitude should not be underestimated, our Associates have embraced the changes and we are now refining our processes to fully benefit from the system.

Post Period end in late October 2016, the Group's WGC Jaguar dealership workshop suffered fire damage. We are in the process of dealing with the aftermath of the fire which will impact the trading of the site for approximately four months while it is rebuilt and refurbished. The team of Associates are doing all that they can to maintain service facilities for our Guests and are working closely with fellow Associates located at the WGC Land Rover site to provide these services. We are of course working closely with our insurers to mitigate the financial impact on the Group and do not currently anticipate that these will be material.

cambria Automobiles plc

Locations across the UK



Operations

	2016				2015			
	Revenue	Revenue mix	Gross Profit	Margin	Revenue	Revenue mix	Gross Profit	Margin
	£m	%	£m	%	£m	%	£m	%
New vehicles	**297.4**	**48.4**	**19.3**	**6.5**	238.4	45.5	15.5	6.5
Used vehicles	**264.2**	**43.0**	**23.7**	**9.0**	235.9	45.0	20.8	8.8
Aftersales	**65.5**	**10.7**	**26.6**	**40.7**	60.6	11.6	25.8	42.5
Internal sales	**(12.9)**	**(2.1)**	**-**	**-**	(11.1)	(2.1)	-	-
Total	614.2	100.0	69.6	11.3	**523.8**	**100.0**	**62.1**	**11.9**
Administrative expenses			**(58.4)**				(53.6)	
Operating profit before non-recurring expenses			**11.2**				8.5	
Non-recurring income/ (expenses)			1.2				**(0.1)**	
Operating profit			12.4				**8.4**	

New Vehicle Sales

	2016	2015	Year on year growth
New units	**12,516**	11,388	**9.9%**

New vehicle revenue increased from £238.4m to £297.4m with total new vehicle sales volumes up 9.9%. Excluding the impact of the acquisitions and disposals, our new volumes rose by 2.9% on a like-for-like basis. Gross profit also increased by £3.8m (24.5%) in total and £1.5m on a like-for-like basis with an improvement in the gross profit per unit sold.

This strong performance was delivered against an overall year-on-year increase of 3.9% in new UK car registrations in the 12 month period to 31 August 2016. New car registrations for the rolling 12 months hit 2.68m in this period up from 2.58m in the prior period. It is anticipated that in the calendar year 2016 total registrations will be 2.678m, setting a new record level of registrations. The private registrations element of the new car market increased 1.7% year-on-year.

The Group's sale of new vehicles to private individuals was 7.6% higher year-on-year at 10,425 units. Fleet car and Commercial Vehicle sales by the Group increased by 6.9% to 647 units and by 32.5% to 1,444 units respectively; these sales are transacted at lower margins hence the dilutive effect on overall new car gross margin.

The new vehicle department made up a larger proportion of the Revenue at 48.4% of the mix, up from 45.5% in the prior year. The new car department accounted for 27.7% of the Group's gross profit in the year, up from 24.9% in the prior year. Whilst the margin was maintained at 6.5%, the new vehicle department operates at a lower margin than the used car and aftersales departments so overall this increase will be dilutive on the Group's total gross profit margin.

Used Vehicle Sales

	2016	2015	Year on year growth
Used units	**15,729**	14,945	**5.2%**

We have delivered another strong performance in used vehicle sales. Revenues increased from £235.9m to £264.2m and the number of units sold rose by 5.2%. Like-for-like volumes were up 3.4%. The gross profit generated increased by £2.9m (13.9%) in total and £2.5m on a like-for-like basis.

As outlined in my report last year, the Group continues to place a major focus on managing and driving the used car operation within the business, and pleasingly, the improved controls and trading style that the Group has adopted is delivering results. Over the past 3 years, the Group has adopted a "Velocity" trading strategy which involves applying consistent controls to the level of used car stock being held, the pricing and presentation of the inventory and the penetration of Finance and Insurance products to the sale of used cars. The adoption of this trading style has resulted in the average gross profit on each unit retailed increasing year on year to £1,508 per unit (2015: £1,395 per unit) (up 8.1%). The adoption of the Velocity trading strategy means that the Group has also concentrated on tight management of its used vehicle inventories, closely monitoring stock turn and used car Return on Investment with an improvement to 147% up from 137% in 2015 and 122% in 2014. Cambria has therefore further distanced itself from the industry average used car Return on investment of 75%.

The used vehicle department showed good growth, increased margin and stronger profit per unit sold. Overall the used car department contributed 43.0% of the Group's revenue and 34.1% of the Group's gross profit.

Aftersales

	2016	2015	Year on year growth
Service and bodyshop hours	**354,193**	341,611	**3.7%**

The combined aftersales revenue increased 8.1% year on year from £60.6m to £65.5m. Overall, the service and bodyshop elements of the business increased the number of hours sold by 3.7% and the total aftersales gross profit by £0.8m (3.1%) to £26.6m. The LFL aftersales revenues were 1.9% higher year on year, with gross profit consistent at 23.5m.

The aftersales departments contributed 10.7% of the Group's Revenue, and 38.2% of the Group's overall gross profit. The aftersales margin was slightly diluted in the year as the parts component of the aftersales revenue increased in mix terms. The margin in the parts element is smaller than that generated by service and bodyshop labour sales.

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. The Group continues to focus on the sale of service plans and its unique warranty-4-life product to enhance Guest retention.

The 0-3 year car parc continues to be replenished, as new car sales increases year on year, and this gives the Group confidence of further progress in Guest relationship and retention and the aftersales business remaining strong.

Total underlying administrative expenses remained well controlled during the year and as a percentage of revenue reduced to 9.5% from 10.2% in the previous year demonstrating good overhead recovery and strong capital disciplines as the Group continues to grow.

Group strategy

Since the Group's incorporation in March 2006, we have continued to apply our focused buy-and-build strategy of acquiring motor dealership assets using internally generated funds and bank facilities. The earnings enhancing acquisitions over the past three years of the Barnet, Swindon, WGC, and Woodford businesses are firmly in line with this strategy and the opportunity to develop our relationship and representation with Jaguar Land Rover fits our brand portfolio aspirations perfectly. The Birmingham Aston Martin business opening creates a future opportunity for the Group once it has established in a permanent facility and has developed a database, however, it will be earnings dilutive whilst it is established.

We have now completed thirteen separate transactions since our incorporation. Following any acquisition, the Cambria management team implements new financial and operational controls and processes in order to rationalise, restructure and develop each individual dealership. A culture of delivering a world class Guest experience is engrained into the business through the Cambria Academy training. 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 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. 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 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 will acquire and develop more Premium and Luxury businesses. All acquisitions and any related funding requirements are assessed on their individual merits. For compelling acquisition targets, like the JLR acquisitions, where a premium may need to be paid, we will still focus on ensuring that the Group delivers strong and consistent returns on equity.

Integration

The integration process of every new dealership 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. An analysis of training needs 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” and Local Contact Strategy which is designed to supply our Guests with a one stop solution for all their vehicle maintenance needs.

Cambria Academy

The Group has continued to develop the Cambria Academy, a training Academy for the Group’s Associates. The Academy is evolving consistently in order to support the business and development needs of the Group. The initial training programmes for the sales teams have been supplemented with induction programmes and specific telephone handling courses to ensure that we increase the competency of all our Associates in dealing with Guest enquiries effectively.

The Academy was established to enhance the Cambria Guest Experience with the 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.

Outlook

The new car market in 2016 will see another record year for registrations in the UK, with current SMMT forecast at 2.678m. Much of this momentum was delivered in the first half of the calendar year, prior to the EU referendum vote. With the current weakening in the sterling exchange rate, there will undoubtedly be downward pressure on the number of cars registered in the UK through 2017 as the manufacturer landed cost of imported cars and components increases. The SMMT is currently forecasting a 5% reduction in new car registrations for 2017.

Whilst the 2016 financial year ended well, because of the uncertainty in the economic outlook, the Board is cautious about trading in the coming year. Post the period end, September trading was in line with expectation, however October trading showed some softening in new car margins

The formative 10 years of the Group have laid solid foundations with an extremely capable management team and high quality digitised data systems. In uncertain times, the quality of people and systems is absolutely critical and the Board is confident that Cambria is well placed to take advantage of any opportunities afforded to the Group.

We intend to continue the process of enhancing the existing businesses and focusing on integrating and optimising the businesses acquired over the past three years to reap the full potential of those acquisitions. There will be a continued focus on driving strong returns on shareholder funds from the foundations that we have put in place over the past 10 years.

Mark Lavery
Chief Executive

Finance Director's Report

Overview

Total revenues in the period increased 17.3% to £614.2m from £523.8m in the prior year. New vehicle unit volumes were up 9.9% and new vehicle revenues were up 24.7%. Used car unit sales and revenues increased by 5.2% and 12.0% respectively. Revenues from the aftersales businesses increased by 8.1%, compared with the previous year.

Total gross profit increased by £7.5m (12.1%) from £62.1m to £69.6m in the year. Gross profit margin across the Group reduced from 11.9% to 11.3%, reflecting the change in revenue mix following the increase in new car sales and the improvement in commercial vehicles and fleet cars. The average selling price of both new and used cars increased year on year, as did the average profit per new and used unit that we sold. The aftersales operations contributed 38.2% of the total gross profit for the Group, compared to 41.5% in the previous period, the reduction in proportion being a result of the significant increases in new and used gross profit contribution. The gross profit contribution made by the used car and aftersales components of the business accounted for 72.3% of the Groups total gross profit mix.

During the year, the Group generated a non-recurring net income of £1.16m which was a combination of £1.95m of non-recurring income from the sale of Exeter Jaguar and Croydon Jaguar and non-recurring expenses totalling £0.79m in relation to the transaction and set up costs associated with the acquisitions made in the year and the write off of certain assets as a result of the acquisitions.

Underlying EBITDA increased by 28.4% in the period to £13.1m from £10.2m in the previous year. Underlying operating profit improved 31.8% to £11.2m, compared with £8.5m in the previous year, resulting in an underlying operating margin of 1.8% (2014/15: 1.6%).

Net finance expenses reduced to £0.6m (2014/15: £0.7m) as a result of the savings in the mortgage interest following the refinancing in November 2015.

The Group's underlying profit before tax rose by 37.7% to £10.6m, in comparison with £7.7m in the previous year.

Underlying earnings per share were 8.33p (2014/15: 6.08p). Basic earnings per share were 9.26p (2014/15: 6.03p) and the Group's underlying return on shareholders' funds for the year was 21.98% (2014/15: 19.6%).

Taxation

The Group tax charge was £2.5m (2014/15: £1.6m) representing an effective rate of tax of 21.3% (2014/15: 21.2%) on a profit before tax of £11.8m (2014/15: £7.7m). As outlined in last year's report, it is anticipated that the tax rate will continue at a substantially normal effective tax rate.

Financial Position

The Group has a robust balance sheet with a net asset position of £42.1m underpinned by £41.3m of freehold and long leasehold property which are held on a historic cost basis. Secured against the freehold and long leasehold property are mortgages amounting to £14.4m. At the balance sheet date there was also £5m of the group's RCF drawn. This has been repaid subsequent to the year end.

As at the balance sheet date, and as a result of the banking facility arranged on 23 November 2015, the Group entered into revised banking arrangements with Lloyds Banking Group to refinance the existing £14.4m of term loans into one standardised facility of £15m that has a 5 year term, and 15 year capital repayment profile.

The cost of the facilities is LIBOR plus a margin. The margin attributable to the term loans will be set each quarter and is dependent on the net debt: EBITDA ratio for the Group. The spread of margin chargeable against the facility ranges from 1.2% where the net debt is less than 1 times EBITDA, up to 2% where the net debt is greater than 2.5 times EBITDA.

The Group has also arranged two further Revolving Credit Facilities. The first is a 5 year, £15m RCF available for the acquisition of businesses and property, the second is a 5 year property development facility to be used against the development of Barnet and Swindon properties. The maximum drawdown against this facility is £7m, and it is intended that once the developments are complete that the RCF will be converted into a standard amortising term facility. The margins attributable to these Revolving Credit Facilities mirror those attributable to the revised term loan facilities.

During the year the Group comfortably met the Bank Covenants attached to the banking facilities.

The net cash position of the Group as at 31 August 2016 was £0.4m (2014/15: net cash £1.0m), reflecting a cash position of £19.8m (2014/15: £15.4m). This is after the £12.9m investment in acquired businesses.

The Group typically 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 £5.0m overdraft facility which is used to manage seasonal fluctuations in working capital. The overdraft facilities are renewable annually and are next due in September 2017. At the balance sheet date, the Group had a £22.0m Revolving Credit Facility, (RCF) available for use for acquisitions and property investment and development in the Group's operating facilities.

Cash flow and capital expenditure

The Group generated an operating cash inflow of £20.8m with working capital reducing by £6m through efficient management of the vehicle inventory and the stocking lines associated with that inventory, VAT inflow from increased consignment stock levels and higher levels of new vehicle deposits supporting the increased new car orders for September delivery. Total funds invested in business acquisitions and capital expenditure were £18.6m, of which £12.9m related to the acquisition of the WGC Land Rover and Woodford Jaguar Land Rover business. The Aston Martin Solihull dealership incurred £1.6m of investment in the freehold property and refurbishment. During the year £2.8m of the Barnet JLR facility investment was completed, with a further £4.1m to be completed in the 2017 financial year. The net funds realised as a result of the sales of the Exeter and Croydon Jaguar businesses was £2.1m.

During the year, and as a result of the Group banking refinance, all of the previous loans of £14.4m were repaid, and a new drawdown of £15m in term debt was drawn. The RCF was utilised for the acquisition of the WGC Land Rover business through a drawdown of £10m which was then repaid. To fund the Woodford acquisition, £5m of the RCF was drawn down, and at the balance sheet date this remained drawn. The fixed capital repayments from the £15m term loan moving forward will be £1m per annum.

As a result of the net cash inflow of £4.4m, the gross cash position was £19.8m with gross debt of £19.45m, overall net cash of £0.4m after significant investment, compared with net cash at 31 August 2015 of £1.0m.

Capital expenditure commitments

As outlined in the Chief Executives report, the Group has committed to delivering certain property solutions to facilitate the acquired businesses complying with the franchise standards for its Brand partners. Over the coming 24 months the group intends to complete the following major freehold investments; Barnet JLR redevelopment with a remaining £4.1m through to completion, Swindon JLR development forecast at c.£6m, WGC JLR and Aston Martin c.£16m and Solihull Aston Martin c.£4.5m. The total freehold new build investment being in the order of £31m. The Barnet and Swindon developments will be funded through a drawdown of £7m from the Property RCF already arranged as part of the refinancing in November 2015. The WGC purchase and development and Solihull land purchase and development will be funded partly through the existing RCF facility, and use of new term loans on normal Loan to Value security against each development which the Board forecasts at 70% of the land purchase and development cost.

The Board is committed to these investments and anticipates that by making the investments it will position the Group well for realising the full operational potential of the businesses acquired over the past 3 years.

Shareholders' Funds

There are 100,000,000 ordinary shares of 10p each with an associated share premium account 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 £0.4m (2014/15: £0.3m) to defined contributions schemes for certain employees.

Financial Instruments

The Group does not have any contractual obligation under any financial instruments with respect to the hedging of interest rate risk.

Dividends

The Board is pleased to propose a final dividend payment in respect of the financial year to 31 August 2016 of 0.7p per share in addition to the interim dividend of 0.2p per share paid in May 2016. If approved by the shareholders at the Annual General Meeting to be held on 4 January 2017, the dividend will be payable on 20 January 2017 to those shareholders registered on 30 December 2016, with an ex-dividend date of 29 December 2016. 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
21 November 2016

Enhanced Business Review

All details required are covered in the Chairman's Statement and the Operating and Financial Review between pages 10 and 17.

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.

The Group uses a variety of financial instruments including cash, borrowings and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the Group's operations.

The Directors are of the view that the main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, price risk and credit risk. The Directors set and review policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Interest rate risk

The Group finances its operations through a combination of bank funding and shareholders' funds. The interest rate on bank funding is variable with base rate.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The funding for significant new ventures is secured before commitments are made. Cash flows are monitored on a monthly basis.

Price risk

The principal price risks arise from vehicle stocks which are either inappropriate for resale, or are bought at too high a price, relative to a fast moving marketplace. The Group's purchasing staff are trained and developed to be aware of the current marketplace. They are also provided with all the latest available market data. The managers of each business unit consider their stock books and purchasing patterns on a very regular basis, with a higher level of review by the Directors.

Credit risk

The principal credit risk arises from trade debtors. In order to manage credit risk, the Directors set limits for customers and ensure a regular review is made of trade debtors outstanding. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

All potential areas of financial risk are monitored regularly and reviewed by the Directors and local management. Any preventative or corrective measures are taken as necessary.

Associate involvement

During the year, the policy of providing associates with information about the Group has been continued through internal media methods in which associates have also been encouraged to present their suggestions and views on the Group's performance. Regular meetings are held between local management and associates to allow a free flow of information and ideas.

Through implementing tight controls and building a strong operational Group infrastructure, the Directors believe they are taking all possible steps to protect the business.

By order of the board

James Mullins
Director
21 November 2016

Dorcan Way, Swindon, SN3 3RA

Directors' report

The Directors present their Directors' report and financial statements for the year ended 31 August 2016.

Principal activities

Cambria's principal activities are the sale and servicing of motor vehicles and the provision of ancillary services. The Group operates from 31 sites with a total of 46 dealer franchises.

Proposed dividend

The Directors recommend the payment of a final dividend for 2016 of 0.7p per share which equates to £0.7m *(2015: £0.6m).* If approved at the Annual General Meeting to be held on 4 January 2016, the dividend will be payable on 20 January 2017 to those shareholders registered on 30 December 2016.

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.
On 5 September Tim Duckers was appointed to the Board of Directors as Managing Director of the motor division. Tim has been an employee of the Group since 2008, and has been heavily involved in the Group's development. The Board is delighted that Tim has accepted the invitation to join the Board.

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 no charitable donations.
Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year *(2015: £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 LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.
By order of the board

James Mullins
Director
21 November 2016

Dorcan Way, Swindon, SN3 3RA

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

The Directors are responsible for preparing the Strategic report, 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 group and parent company 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 and Operating and Financial Review 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), including FRS101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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; and
- 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 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Financial Position and Parent Company Balance Sheet, the Parent Company Statement of Changes in Equity 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), including FRS101 Reduced Disclosure Framework.

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 2016 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 Operating and financial review, Chairman's statement, Strategic report and 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 LLP, Statutory Auditor
Chartered Accountants
Plym House
3 Longbridge Road
Plymouth
PL6 8LT

2016

Consolidated statement of comprehensive income

for year ended 31 August 2016

	Note	2016	2015
		£000	£000
Revenue	3	614,218	523,812
Cost of sales		(544,614)	(461,746)
Gross profit	4	69,604	62,066
Administrative expenses		(59,158)	(53,672)
Other operating profit		1,950	-
Results from operating activities	4	12,396	8,394
Finance income	9	133	66
Finance expenses	9	(761)	(805)
Net finance expenses		(628)	(739)
Profit before tax from operations before non-recurring income/ (expenses)		10,605	7,712
Non-recurring income and expenses	5	1,163	(57)
Profit before tax	4	11,768	7,655
Taxation	10	(2,508)	(1,625)
Profit and total comprehensive income for the period		9,260	6,030
Basic and diluted earnings per share	8	9.26p	6.03p

All comprehensive income is attributable to owners of the parent company.

Consolidated statement of changes in equity

for year ended 31 August 2016

	Note	Share capital	Share premium	Retained earnings	Total equity
		£000	£000	£000	£000
Balance at 31August 2014		10,000	799	17,487	28,286
Profit for the year		-	-	6,030	6,030
Dividend paid		-	-	(650)	(650)
Balance at 31 August 2015		10,000	799	22,867	33,666
Profit for the year		-	-	9,260	9,260
Dividend paid	21	-	-	(800)	(800)
Balance at 31 August 2016		**10,000**	**799**	**31,327**	**42,126**

Consolidated statement of financial position

at 31 August 2016

	Note	2016	2015
		£000	£000
Non-current assets			
Property, plant and equipment	11	**43,949**	40,040
Intangible assets	12	**21,391**	8,393
Deferred tax asset	13	**13**	**155**
		65,353	**48,588**
Current assets			
Inventories	14	**95,068**	87,051
Trade and other receivables	15	**13,314**	13,200
Cash and cash equivalents	16	**19,817**	**15,395**
		128,199	**115,646**
Total assets		**193,552**	**164,234**
Current liabilities			
Other interest-bearing loans and borrowings	17	**(6,000)**	(2,070)
Trade and other payables	18	**(129,731)**	(115,227)
Taxation		**(1,245)**	(950)
		(136,976)	(118,247)
Non-current liabilities			
Other interest-bearing loans and borrowings	17	**(13,450)**	(12,321)
Other payables		**-**	-
Provisions	20	**(1,000)**	**-**
		(14,450)	**(12,321)**
Total liabilities		**(151,426)**	**(130,568)**
Net assets		**42,126**	**33,666**
Equity attributable to equity holders of the parent			
Share capital	21	**10,000**	10,000
Share premium		**799**	799
Retained earnings		**31,327**	**22,867**
Total equity		**42,126**	**33,666**

These financial statements were approved by the board of directors on 21 November 2016 and were signed on its behalf by:

Mark Lavery
Director

Company registered number: 05754547

Consolidated cash flow statement

for year ended 31 August 2015

	Notes	2016	2015
		£000	£000
Cash flows from operating activities			
Profit for the year		**9,260**	6,030
Adjustments for:			
Depreciation, amortisation and impairment	11/12	**1,837**	1,715
Financial income	9	**(133)**	(66)
Financial expense	9	**761**	805
Profit on sale of branches		**(1,950)**	-
Taxation	10	**2,508**	1,625
Non-recurring expenses	5	**787**	57
		13,070	10,166
Change in trade and other receivables		**(131)**	(2,842)
Change in inventories		**(6,827)**	(7,469)
Change in trade and other payables		**12,956**	16,855
Change in provisions		**1,000**	(11)
		20,068	16,699
Interest paid		**(460)**	(444)
Tax paid		**(2,075)**	(1,153)
Non-recurring expenses	5	**(787)**	(57)
Net cash from operating activities		**16,746**	15,045
Cash flows from investing activities			
Interest received		**133**	66
Proceeds from sale of plant and equipment		**95**	-
Acquisition of branch net of cash acquired	2	**(12,946)**	(5,311)
Acquisition of land and property with branch acquired	2	**-**	(2,250)
Disposal of branches by trade and asset sale		**2,058**	
Purchase of property, plant and equipment and software		**(5,622)**	(891)
Net cash from investing activities		**(16,282)**	(8,386)
Cash flows from financing activities			
Proceeds from new loan		**29,950**	1,575
Interest paid		**(301)**	(361)
Repayment of borrowings		**(24,891)**	(2,079)
Dividend paid	21	**(800)**	(650)
Net cash from financing activities		**3,958**	(1,515)
Net increase/(decrease) in cash and cash equivalents		**4,422**	5,144
Cash and cash equivalents at 1 September 2015	16	**15,395**	10,251
Cash and cash equivalents at 31 August 2016	16	**19,817**	15,395

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 2016 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 FRS101; and these are presented on pages 58 to 67.

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

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

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

At the balance sheet date, the group had net current liabilities of £8,777,000, the Directors have a reasonable expectation that the Group has adequate resources given the cash position at year end, the banking facilities and the trading performance of the Group that it will 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 Strategic report and Directors' report on pages 18 to 20.

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 it is exposed to, or has right to, variable returns from its investment within the entity and has the ability to affect these returns through its power over the entity. 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 acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

For acquisitions prior to 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of acquisition.

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.

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

1 Accounting policies *(continued)*

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

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.

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.

1 Accounting policies *(continued)*

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.

Share Based Payments

The Company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value so determined has been expensed on a straight line basis over the vesting period, based on the Company's estimate of the number of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured using a Black-Scholes-Merton option pricing model. The key assumptions used in the model have been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

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.

IFRS not yet applied

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, 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:

- ***Standards not yet endorsed by the EU***

IFRS 9 'Financial instruments'
IFRS 15 'Revenue from contracts with customers'
IFRS 16 'Leases'

Amendments to IFRS 9 are due to take effect from accounting periods commencing from 1 January 2018. The Directors do not anticipate that the adoption of IFRS 9, where relevant in future periods, will have a material impact.

IFRS 15 is due to take effect from accounting periods commencing from 1 January 2018. The Directors are currently assessing the impact of these changes on the accounting policies of the Group.

IFRS 16 is due to take effect from accounting periods commencing from 1 January 2019. The Directors are currently assessing the impact of these changes on the accounting policies of the Group.

Accounting policies *(continued)*

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 Business combinations the directors consider separately identifiable intangible assets that are pertinent to the motor business. This includes consideration of franchise rights, brand, and other intangible assets. The directors have concluded that intangibles arising on acquisitions are immaterial or have not arisen.

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 income and expenses

Non-recurring income and 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.

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.

2 Acquisitions of trading branches

On 11 January 2016, the company completed the acquisition of the Land Rover dealership in Welwyn Garden City from Jardine Motor Group.

	Pre-acquisition carrying amount and Fair Value
	£000
Acquiree's net assets at the acquisition date:	
Plant and equipment	**87**
Stocks	**1,066**
Trade and other payables	**(331)**
Net and identifiable assets and liabilities	**822**
Goodwill on acquisition (The goodwill arising on acquisition is attributable to expanding our geographical base for the Land Rover brand, and the anticipated profitability from the sale of vehicles from the WGC dealership)	**10,000**
Consideration paid, in cash	**10,822**

2 Acquisitions of trading branches *(continued)*

On 6 July 2016, the company completed the acquisition of the Jaguar and Land Rover dealership in Woodford, North London from Pendragon PLC.

	Recognised values on acquisition and Fair Value
	£000
Acquiree's net assets at the acquisition date:	
Plant and equipment	132
Stocks	301
FV adjustment for lease acquired on unfavourable terms	(1,000)
Trade and other payables	(309)
Net and identifiable assets and liabilities	(876)
Goodwill on acquisition (The goodwill arising on acquisition is attributable to expanding our geographical base for the Jaguar Land Rover brand, and the anticipated profitability from the sale of vehicles from the Woodford dealership)	3,000
Consideration paid, in cash	2,124

The results attributable to the branches acquired during 2016 were as follows:

	2016
	£000
Turnover	**36,338**
Profit before tax	**631**

Effect of acquisition in 2015

On 1 May 2015, the company completed the acquisition of the Land Rover dealership in Royal Wootton Bassett from T H White Ltd.

	2016
	£000
Acquiree's net assets at the acquisition date:	
Freehold land and buildings	**2,250**
Plant and equipment	**71**
Stocks	**2,482**
Trade and other creditors	**(242)**
Net and identifiable assets and liabilities	**4,561**
Goodwill on acquisition (The goodwill arising on acquisition is attributable to expanding our geographical base for the Land Rover brand, and the anticipated profitability from the sale of vehicles from the Swindon dealership)	**3,000**
Consideration paid (note that transaction and set up costs of £57k were written off to administrative expenses in 2015), satisfied in cash	**7,561**

3 Revenue

	2016	2015
	£000	£000
Sale of goods	557,776	474,316
Aftersales services	56,442	49,496
Total revenues	614,218	523,812

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. Dealerships operate a number of different business streams such as new vehicle sales, used vehicle sales and after sales operations. Management is organised based on the dealership operations as a whole rather than the specific business streams. Dealerships are considered to have similar economic characteristics and offer similar products and services which appeal to a similar customer base. As such the results of each dealership have been aggregated to form one reportable operating segment.

All segment revenue, profit before tax, assets and liabilities are attributable to the principal activity of the group being the provision of car vehicle sales, vehicle servicing and related services. Therefore to increase transparency, the group has included below additional voluntary disclosure analysing revenue and gross margins within the reportable segment.

	2016 Revenue	2016 Revenue mix	2016 Gross Profit	2016 Margin		2015 Revenue	2015 Revenue mix	2015 Gross Profit	2015 Margin
	£m	%	£m	%		£m	%	£m	%
New Car	297.4	48.4	19.3	6.5		238.4	45.5	15.5	6.5
Used Car	264.2	43.0	23.7	9.0		235.9	45.0	20.8	8.8
Aftersales	65.5	10.7	26.6	40.7		60.6	11.6	25.8	42.5
Internal sales	(12.9)	(2.1)	-	-		(11.1)	(2.1)	-	-
Total	614.2	100.0	69.6	11.3		523.8	100.0	62.1	11.9
Administrative expenses			(58.4)					(53.6)	
Operating profit before non-recurring expenses			11.2					8.5	
Non-recurring income/ (expenses)			1.2					(0.1)	
Operating profit			12.4	2.0%				8.4	1.6%

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)*

	2016	2015
	£000	£000
Profit Before Tax	**11,768**	7,655
Other operating profit	**(1,950)**	-
Non-recurring expenses *(note 5)*	**787**	57
Underlying Profit Before Tax	**10,605**	7,712
Net finance expense	**628**	739
Depreciation and amortisation	**1,837**	1,715
Underlying EBITDA	**13,070**	10,166
Other operating profit	**1,950**	**-**
Non-recurring expenses	**(787)**	(57)
EBITDA	**14,233**	10,109

5 Non-recurring Income/ (expenses)

Non-recurring income and 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.

	2016	2015
	£000	£000
Income from sale of businesses	**1,950**	-
Relocation costs – relating to asset write off	**(498)**	-
Restructuring costs	**(28)**	
Transaction costs	**(261)**	**(57)**
	1,163	**(57)**

6 Expenses and auditor's remuneration

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

	2016	2015
	£000	£000
Impairment loss/(gain) recognised on other trade receivables and prepayments (note 22(b))	**467**	285

Auditor's remuneration:

	2016	2015
	£000	£000
Audit of these financial statements	**26**	26
Audit of financial statements of subsidiaries pursuant to legislation	**98**	94
Other services relating to taxation	**38**	41
All other services	**7**	7

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	
	2016	2015
Sales	**374**	377
Service	**451**	394
Parts	**105**	102
Administration	**245**	**222**
	1,175	**1,095**

The aggregate payroll costs of these persons were as follows:

	2016	2015
	£000	£000
Wages and salaries	**34,639**	31,861
Social security costs	**3,685**	3,395
Expenses related to defined contribution plans	**362**	342
Share based payments expense	**32**	16
	38,718	35,614

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.

The share options are not currently dilutive because the performance conditions are not yet met.

The Underlying Return on Equity number has been calculated as the Adjusted profit attributable to equity shareholders divided by the unweighted average shareholder funds taking the average of the opening and closing shareholders equity from the statement of financial position. The calculation is therefore £8,329,000 divided by £37,896,000 giving 21.98%.

	2016	2015
	£000	£000
Profit attributable to shareholders	**9,260**	6,030
Non recurring (income)/ expenses (Note 5)	**(1,163)**	57
Tax on adjustments (at 20% (2015: 20.58%))	**232**	(12)
Adjusted profit attributable to equity shareholders	**8,329**	6,075
Number of shares in issue ('000)	**100,000**	100,000
Basic earnings per share	**9.26p**	6.03p
Adjusted earnings per share	**8.33p**	6.08p

9 Finance income and expense

Recognised in the income statement

	2016	2015
	£000	£000
Finance income		
Rent deposit interest	**2**	2
Interest receivable	**131**	64
Total finance income	**133**	66
Finance expense		
Interest payable on bank borrowings	**301**	361
Consignment and vehicle stocking interest	**460**	444
Total finance expense	**761**	805
Total interest expense on financial liabilities held at amortised cost	**301**	361
Total other interest expense	460	**444**
	761	805

10 Taxation

Recognised in the income statement

	2016	2015
	£000	£000
Current tax expense		
Current year	**2,373**	1,341
Adjustment in respect of prior years	**(7)**	(24)
	2,366	1,317
Deferred tax		
Adjustment in respect of prior years	**(1)**	22
Origination and reversal of temporary differences	**143**	286
	142	308
Total tax expense	**2,508**	1,625

10 Taxation *(continued)*

Reconciliation of total tax

	2016	2015
	£000	£000
Profit for the year	**9,260**	6,030
Total tax expense	**2,508**	1,625
Profit excluding taxation	**11,768**	7,655
Tax using the UK corporation tax rate of *20% (2015: 20.58%)*	**2,354**	1,575
Non-deductible expenses	**124**	29
Accounting deprecation for which no tax relief is due	**152**	134
Utilisation of brought forward losses	**(83)**	(34)
Change in tax rate	**2**	(8)
Adjustments in respect of prior years	**(8)**	(2)
Change in deferred tax in respect of property	**(33)**	(69)
Total tax expense	**2,508**	1,625

The applicable tax rate for the current year is 20% *(2015: 20.58%)* following the reduction in the main rate of UK corporation tax from 21% to 20% with effect from 1 April 2015.

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016.

This will reduce the company's future current tax charge accordingly.

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 2014	34,529	4,117	4,552	2,907	7,090	53,195
Additions	144	-	-	338	376	858
Branch acquisitions	2,250	-	-	20	51	2,321
Disposals	-	-	-	(205)	(200)	(405)
Balance at 1 September 2015	36,923	4,117	4,552	3,060	7,317	55,969
Additions	4,396	-	9	509	687	5,601
Branch acquisitions	-	-	-	97	121	218
Disposals	-	-	(17)	(505)	(1,686)	(2,208)
Balance at 31 August 2016	**41,319**	**4,117**	**4,544**	**3,161**	**6,439**	**59,580**
Depreciation						
Balance at 1 September 2014	2,490	497	3,659	2,439	5,539	14,624
Charge for the year	411	105	287	266	636	1,705
Disposals	-	-	-	(202)	(198)	(400)
Transfer						
Balance at 1 September 2015	2,901	602	3,946	2,503	5,977	15,929
Depreciation charge for the year	506	104	247	305	651	1,813
Disposals	-	-	(17)	(455)	(1,639)	(2,111)
Balance at 31 August 2016	**3,407**	**706**	**4,176**	**2,353**	**4,989**	**15,631**
Net book value						
At 31 August 2015	34,022	3,515	606	557	1,340	40,040
At 31 August 2016	**37,912**	**3,411**	**368**	**808**	**1,450**	**43,949**

As at 31 August 2016 the group was partially through the building project relating to its Jaguar Land Rover dealership in Barnet. There was a further £4.1m of contract sum payments to be made under the terms of the agreement with the main contractor *(2015: £nil)*.

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

Security

The title of all freehold and long leasehold properties have been pledged as security to the bank loans disclosed in note 17 with the exception of the freehold property acquired in the year for the Aston Martin dealership in Solihull.

Property, plant and equipment under construction

At 31 August 2016 the Barnet Jaguar Land Rover dealership was under construction, included in Freehold land and buildings is an amount of £2.8m *(2015: £nil)*.

12 Intangible assets

	Goodwill	Software	Other	Total
	£000	£000	£000	£000
Cost				
Balance at 1 September 2014	5,346	745	176	6,267
Additions	3,000	33	-	3,033
Balance at 1 September 2015	8,346	778	176	9,300
Additions	13,000	22	-	13,022
Balance at 31 August 2016	21,346	800	176	22,322
Amortisation and impairment				
Balance at 1 September 2014	-	721	176	897
Amortisation	-	10	-	10
Balance at 1 September 2015	-	731	176	907
Amortisation for the year		24	-	24
Balance at 31 August 2016	-	755	176	931
Net book value				
At 31 August 2015	8,346	47	-	8,393
At 31 August 2016	**21,346**	**45**	-	**21,391**

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

* Owned directly by Cambria Automobiles Acquisitions Limited

** Owned directly by Cambria Automobiles Group Limited

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

Subsidiary undertakings	Country of incorporation	Principal activity	Class and percentage of shares held
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:

	2016	2015
	£000	£000
Administrative expenses	24	10

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. For the purpose of impairment testing of goodwill and other indefinite life assets, the Directors recognise the group's cash generating units to be connected groupings of dealerships. The identified CGU's are as follows:

	Goodwill	
	2016	2015
	£000	£000
Multiple units without significant goodwill	346	346
Jaguar Land Rover	21,000	8,000
	21,346	8,346

The recoverable amount of the Jaguar Land Rover cash generating unit (CGU) has been calculated with reference to its value in use. These calculations use projections based on financial budgets approved by the board of Directors which are extrapolated using an estimated growth rate. The budgets were prepared to 31 August 2017 and then projected for a further 4 years. As the goodwill is newly acquired and the underlying expected performance of the CGU gives sufficient headroom using conservative assumptions, a growth rate of 0% was applied, and a terminal value was included with a 0% growth rate in perpetuity. The discount rate used is 8%.

Management has also performed a review of forecast EBITDA for the CGU for a number of years based on the EBITDA multiples being paid for equivalent businesses in the marketplace. The board reviews transactional information and assesses the businesses earnings capacity in order to ensure that the recoverable amount is in excess of the carrying amount.

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, along with the movement in the balance in the year. The asset would be recovered if offset against future taxable profits of the group.

	1 September 2015	Recognised in income	Net 31 August 2016	Deferred tax liabilities	Deferred tax assets
	£000	**£000**	**£000**	**£000**	**£000**
Property, plant and equipment	136	(164)	(29)	**(389)**	**360**
Provisions	14	(7)	6	**-**	**6**
Tax value of loss carry-forward	-	-	-	**-**	**-**
Share options	5	31	36	**-**	**36**
	155	(142)	13	**(389)**	**402**

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	
	2016	2015
	£000	£000
Tax value of loss carry-forwards	**490**	624
Unrecognised net tax assets	**490**	624

The applicable tax rate for the current year is 20% *(2015: 20.58%)* following the reduction in the main rate of UK corporation tax from 21% to 20% with effect from 1 April 2015.

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016.

This will reduce the company's future current tax charge accordingly and reduce the deferred tax asset at 31 August 2016 (which has been calculated based on the rate of 18% substantively enacted at the balance sheet date).

14 Inventories

	2016	2015
	£000	£000
Vehicle consignment stock	**62,702**	59,177
Motor vehicles	**29,297**	24,943
Parts and other stock	**3,069**	2,931
	95,068	87,051

Included within inventories is £nil *2015: £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 £540 million *(2015: £458 million)*.

Details of stock held as security is given in note 18.

15 Trade and other receivables

	2016	2015
	£000	£000
Trade receivables	**8,580**	9,183
Prepayments and other receivables	**4,734**	4,017
	13,314	13,200

Included within trade and other receivables is £nil *(2015: £nil)* expected to be recovered in more than 12 months.

16 Cash and cash equivalents

	2016	2015
	£000	£000
Cash and cash equivalents per balance sheet	**19,817**	15,395
Cash and cash equivalents per cash flow statement	**19,817**	15,395

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.

	2016	2015
	£000	£000
Non-current liabilities		
Secured bank loans	**13,450**	12,321
Current liabilities		
Secured bank loans	**6,000**	2,070

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
			2016	2015
Loan 31/07/2006	Bank of England Base Rate +1.25%	2019	-	1,122
Loan 01/08/2007	Bank of England Base Rate +1.25%	2020	-	363
Loan 31/12/2007	LIBOR +1.75%	2020	-	4,261
Loan 01/03/2010	LIBOR +3.00%	2017	-	1,545
Loan 01/02/2013	LIBOR +1.95%	2018	-	1,485
Loan 03/02/2014	LIBOR +1.95%	2019	-	2,210
Loan 07/07/2014	LIBOR +1.95%	2019	-	1,843
Loan 01/05/2015	LIBOR + 1.95%	2018	-	1,562
Loan 31/12/2015	LIBOR +1.20%*	2020	**14,450**	-
			14,450	**14,391**

*The Facilities arranged in November 2015 have different margin bandings that are dependant on the net debt: EBITDA ratio for the previous quarter. The margin is 1.2% where the ratio is below 1 times, increasing to 2% where the ratio is in excess of 2.5 times.

18 Trade and other payables

	2016	2015
	£000	£000
Current		
Vehicle consignment creditor	**74,308**	69,888
Other trade payables	**10,313**	10,081
Non-trade payables and accrued expenses	**18,303**	13,318
Vehicle funding	**26,807**	21,940
	129,731	115,227

Included within trade and other payables is £nil *(2015: £nil)* expected to be settled in more than 12 months.

Both the consignment and vehicle funding creditors are secured on the stock to which they relate.

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 £362,000 *(2015: £342,000).*

Share-based payments

The Group has a share option scheme open to certain employees at the discretion of the Board. Options are exercisable at a price equal to the higher of the nominal value or market price of the company's shares on the date of grant.

In the scheme the options vest over a ten year period, depending on the terms of the individual grant. There are certain performance criteria relating to shareholder return and the underlying profit before tax of the Group which have to be achieved for the options to be exercisable.

No options were granted in the year ended 31 August 2016 *(2015: £4,750,000).*

The fair values were calculated using a Black-Scholes model. The inputs into the model were as follows:

Date of grant	Share price at option date £	Exercise price £	Volatility	Expected life (years)	Risk free rate
2/3/15	0.47	0.47	17.5%	1 year beyond vesting date	0.5%
1/4/15	0.54	0.54	17.2%	1 year beyond vesting date	0.5%

Expected volatility was determined using as a base the share price movements of the Company recorded over a 52 week period prior to the grant of the options.

The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	2016	**2016**	2015	2015
Outstanding at the beginning of the year	**0.48**	**4,750,000**	-	-
Forfeited during the year	**-**	**-**	-	-
Exercised during the year	**-**	**-**	-	-
Granted during the year	**-**	**-**	0.48	4,750,000
Lapsed during the year	**-**	**-**	-	-
Outstanding at the end of the year	**0.48**	**4,750,000**	0.48	4,750,000
Exercisable at the end of the year	**-**	**-**	-	-

The Company recognised an expense of £31,887 *(year ended 31 August 2015: £15,668)* in respect of share based payments in the year.

20 Provisions

	Onerous Leases
	£000
Balance at 1 September 2015	-
Provisions used during the year	-
Provisions made in year	1,000
Balance at 31 August 2016	**1,000**
Current	-
Non-current	-
Balance at 31 August 2015	-
Current	-
Non-current	1,000
Balance at 31 August 2016	**1,000**

The provision represents a lease acquired on unfavourable terms and is being released against the costs incurred on the relevant lease. The unfavourable nature of the lease taken on as part of the acquisition of Woodford Jaguar Land Rover will be realised at the point that the Group vacates the Woodford showroom and will need to sublet the premises for uses other than its existing use. It is anticipated that at the point of vacation of the premises there will be approximately 6 years of the lease remaining.

21 Capital and reserves

Share capital

	2016	2015
	£000	£000
Authorised		
100,000,000 Ordinary shares of 10 pence each	**10,000**	10,000
Allotted, called up and fully paid		
100,000,000 Ordinary shares of 10 pence each	**10,000**	10,000
Shares classified in shareholders' funds	**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 paid by the company in the year ended 31 August.

	2016	2015
	£000	£000
0.6p per ordinary share – prior year final (2015: 0.5p)	**600**	500
0.2p per ordinary share – current year interim (2015: 0.15p)	**200**	150
	800	650

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.

	2016	2015
	£000	£000
0.7p per ordinary share – current year final *(2015: 0.6p)*	**700**	600

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:

	2016	2015
	%	%
Loans and borrowings	**3.5**	3.5

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 2016	As at 31 August 2015
	£000	£000
Financial assets		
Loans and receivables at amortised cost including cash and cash equivalents		
Trade receivables(net) (note 15)	8,580	9,183
Other receivables (note 15)	4,734	4,017
Cash and cash equivalents	19,817	15,395
Total Financial assets	33,131	28,595
Financial liabilities		
Financial liabilities at amortised cost		
Other interest-bearing loans and borrowings (note 17)	19,450	14,391
Trade and other payables (note 18)	129,731	115,227
Total Financial liabilities	149,181	129,618

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. 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 £8,580,000 (2015: £9,183,000) being the total of the carrying amount of trade receivables shown in the table below.

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

	2016	2015
	£000	£000
United Kingdom	**8,580**	9,183

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

	2016	2015
	£000	£000
Vehicle debtors	**3,578**	4,465
Non vehicle debtors	**3,034**	2,755
Manufacturer debtors	**1,968**	1,963
	8,580	9,183

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
	2016	**2016**	2015	2015
Trade receivables not past due	**8,580**	**-**	9,183	-
Trade receivables past due	**361**	**361**	156	156
	8,941	**361**	**9,339**	**156**

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 1 September 2015	156
Impairment loss recognised	467
Allowance for impairment utilised	(262)
Balance at 31 August 2016	**361**

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 £14,450,000 *(2015: £nil)* at LIBOR plus 1.20%, loans of £nil *(2015: £1,485,000)* at Bank of England base rate plus 1.25%, loans of £nil *(2015: £4,261,000)* at LIBOR plus 1.75%, loans of £nil *(2015: £1,545,000)* at LIBOR plus 3% and on loans of £nil *(2015: £7,100,000)* at LIBOR plus 1.95%.

	2015					
	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	14,391	15,590	2,517	3,606	9,137	330
Trade and other payables	115,227	115,227	115,227	-	-	-

	2016					
	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	**14,450**	**15,125**	**1,237**	**1,219**	**12,669**	**-**
Revolving Credit Facility	**5,000**	**5,000**	**-**	**-**	**5,000**	
Trade and other payables	**129,731**	**129,731**	**129,731**	**-**	**-**	**-**

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:

	2016	2015
	£000	£000
Variable rate instruments		
Cash and cash equivalents	**19,817**	15,395
Vehicle funding	**(26,807)**	(21,940)
Loans and overdrafts	**(19,450)**	(14,391)
	(26,440)	(20,936)

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 underlying earnings from 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.

	2016	2015
	£000	£000
Equity		
Decrease	**211**	182
Profit or loss		
Decrease	**211**	182

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 2016	As at 31 August 2015
Total borrowings	**19,450**	14,391
Less: cash and cash equivalents	**(19,817)**	(15,395)
Net (surplus)/deficit	**(367)**	**(1,004)**
Total equity	**42,126**	33,666
Gearing ratio	**(0.9)%**	**(3.0)%**

23 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2016	2015
	£000	£000
Less than one year	**2,824**	2,402
Between one and five years	**9,426**	9,229
More than five years	**14,465**	18,667
	26,715	30,298

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 £2,710,000 was recognised as an expense in the income statement in respect of operating leases *(2015: £2,620,000)*.

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 2014 and 2015.

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 47.09% *(2015: 47.04%)* per cent of the voting shares of the Company.

The compensation of key management personnel is as follows:

	2016	2015
	£000	£000
Directors' emoluments		
Salaries and consultancy fees	**677**	664
Annual bonus	**636**	552
Share related awards	**12**	6
	1,325	1,222

The emoluments consist of:

	Salaries	**Bonus**	**Share related awards**	**Total**	**Total**
Directors' emoluments	**2016**	**2016**	**2016**	**2016**	2014
	£000	**£000**	**£000**	**£000**	£000
Philip Swatman	**36**	**-**	**-**	**36**	33
James Mullins	**175**	**186**	**12**	**373**	328
Mark Lavery	**400**	**450**	**-**	**850**	805
Sir Peter Burt	**33**	**-**	**-**	**33**	28
Michael Burt	**33**	**-**	**-**	**33**	28
	677	**636**	**12**	**1,325**	1,222

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

25 Related parties *(continued)*

During the year Mark Lavery bought 7 vehicles from the Group and sold 7 vehicles back to the Group, James Mullins bought 3 vehicles from the Group and sold 3 vehicles back to the Group. Sir Peter Burt bought 4 vehicles from the Group and sold 4 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 each transaction in the year was £54,126.

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 2016 of 0.7p *(2015: 0.6p)* per share in addition to the interim payment of 0.2p per share *(2015: 0.15p).*

Company Balance Sheet

At 31 August 2016

	Note	2016		2015	
		£000	**£000**	£000	£000
Fixed assets					
Tangible fixed assets	5	**103**		98	
Investments	6	**666**		666	
			769		764
Current assets					
Stock	7	**1,073**		919	
Debtors	8	**20,858**		8,499	
Cash at bank and in hand		**-**		5,533	
		21,931		14,951	
Creditors: amounts falling due within one year	9	**(11,112)**		(3,475)	
Net current assets			**10,819**		11,476
Total assets less current liabilities			**11,588**		12,240
Net assets			**11,588**		12,240
Capital and reserves					
Called up share capital	12		**10,000**		10,000
Share premium account	13		**799**		799
Profit and loss account	13		**789**		1,441
Shareholders' funds			**11,588**		12,240

These financial statements were approved by the board of directors on 21 November 2016 and were signed on its behalf by:

M J J Lavery
Director

Company number: 05754547

Company Statement of changes in Equity

for the year ended 31 August 2016

	Note	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
		2015	2014		
		£000	£000		
Balance at 31August 2014		**10,000**	799	2,413	13,212
Profit for the year		**-**	-	(322)	(322)
Dividend paid		**-**	-	(650)	(650)
Balance at 31 August 2015		**10,000**	799	1,441	12,240
Profit for the year		-	**-**	**148**	**148**
Dividend paid	4	-	**-**	**(800)**	**(800)**
Balance at 31 August 2016		10,000	**799**	**789**	**11,588**

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 Strategic report on page 18.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.
Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.
In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position, financial performance and cash flows of the Company is provided in note 15.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The following exemptions have been taken in these financial statements:

- Business combinations – Business combinations that took place prior to 1 September 2015 have not been restated.
- Share based payments – IFRS 2 is being applied to equity instruments that were granted after 7 November 2002 and that had not vested by 1 September 2014.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:
- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:
- IFRS 2 Share Based Payments in respect of group settled share based payments
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 balance sheet at 1 September 2014 for the purposes of the transition to FRS 101.

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 on page 31.

Measurement convention

The financial statements are prepared on the historical cost basis.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets. Leases in which the Company 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.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:
- computer equipment 3 to 5 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)
A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets
The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

Leases

Operating lease payments
Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

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 in the profit and loss account in the periods during which services are rendered by employees.

Share based payments

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment transactions in which the Company receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of the Company's equity instruments are accounted for as cash-settled share-based payments. The fair value of the amount payable to employees is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expense in profit or loss.

The Company took advantage of the option available in IFRS 1 to apply IFRS 2 only to equity instruments that were granted after 7 November 2002 and that had not vested by 1 September 2014.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

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

Investments in debt and equity securities
Investments in subsidiaries are carried at cost less impairment.

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, less any impairment losses.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of motor vehicles, the actual amount payable 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

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

Current tax is the expected tax payable or receivable on the taxable income or loss 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.

Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company 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 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; 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

	2016	2015
	£000	£000
Directors' emoluments		
Salaries	**677**	664
Annual bonus	**636**	552
Pension costs	**-**	-
Share related awards	**12**	6
	1,325	1,222

The emoluments in respect of the highest paid director were:

	2016	2015
	£000	£000
Salaries	**400**	400
Annual bonus	**450**	405
	850	805

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
	2016	2015
Number of employees		
Administration	**48**	55

The aggregate payroll costs of these persons were as follows:

	Company	Company
	2016	2015
	£000	£000
Wages and salaries	**4,064**	3,897
Social security costs	**512**	446
Other pension costs	**20**	21
Share related awards	**32**	16
	4,628	4,380

4 Dividends

The aggregate amount of dividends paid and received compromises:

	2016	2015
	£000	£000
Aggregate amount of dividends paid in the financial year	**800**	650
Aggregate amount of dividends received in the financial year	**-**	-

The aggregate amount of dividends proposed but not recognised at the year end is £700,000 *(2015: £600,000).*

5 Tangible fixed assets

Company	**Computer equipment £000**	Total £000
	£000	£000
Cost		
At 1 September 2015	675	**675**
Additions	74	**74**
At 31 August 2016	749	**749**
Depreciation		
At 1 September 2015	577	**577**
Charge for year	69	**69**
At 31 August 2016	646	**646**
Net book value		
At 31 August 2016	103	**103**
At 31 August 2015	98	**98**

6 Fixed asset investments

	Shares in group undertakings
	£000
Company	
Cost and net book value	
At 1 September 2015 and 31 August 2016	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

	2016	2015
	£000	£000
Motor vehicles	**1,073**	919

8 Debtors

	2016	2015
	£000	£000
Trade debtors	**25**	86
Amounts owed by group undertakings	**19,932**	7,639
Prepayments and accrued income	**662**	586
Deferred tax *(note 11)*	**74**	54
Other taxation	**165**	134
	20,858	8,499

9 Creditors: amounts falling due within one year

	2016	2015
	£000	£000
Trade creditors	337	392
Bank overdraft	1,481	-
Bank loan	5,000	-
Vehicle funding	849	477
Other taxation and social security	303	301
Accruals and deferred income	3,075	2,305
Corporation tax	67	-
	11,112	3,475

The vehicle funding creditor is secured on the stock to which it relates.

10 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2016	2015
	£000	£000
Creditors falling due within less than one year		
Secured bank loans	5,000	-

11 Deferred taxation

Deferred taxation asset	**£000**
At 1 September 2015	54
Movement in period	20
At 31 August 2016	74

The elements of deferred taxation asset are as follows:

	2016	2015
	£000	£000
Difference between accumulated depreciation and capital allowances	74	54
Other timing differences	-	-
Total deferred tax	74	54

12 Called up share capital

	2016	2015
	£000	£000
Authorised		
100,000,000 Ordinary shares of 10 pence each	**10,000**	10,000
Allotted, called up and fully paid		
100,000,000 Ordinary shares of 10 pence each	**10,000**	10,000
Shares classified in shareholder's funds	**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.

13 Share premium and reserves

	Share premium account	Profit and loss account
	£000	£000
At 1 September 2015	799	1,441
Loss for the year		148
Dividend paid		(800)
At 31 August 2016	799	789

14 Ultimate parent company and parent undertaking of larger group

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

15 Explanation of transition to FRS 101 from old UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 August 2016, and the comparative information presented in these financial statements for the year ended 31 August 2015.

In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP).No adjustments from UK GAAP to FRS 101 have been identified.

Cambria
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