

The background of the entire page is a blurred, purple-tinted image of a road or highway stretching into the distance. The image is heavily motion-blurred, creating a sense of speed and movement. Light trails from vehicles are visible as bright, streaky lines on the road surface. The overall color palette is a range of purples, from deep indigo to a bright, almost white light at the horizon.

CamBRiA
Automobiles plc

Annual report and financial statements

Registered number 05754547

31 August 2018

CamBRiA

Automobiles plc

GRANGE

DOVES



Contents

Summary	4
Chairman's statement	7
Operating and financial review	10
Strategic report	18
Directors' report	20
Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements	21
Independent auditor's report to the members of Cambria Automobiles plc	22
Consolidated statement of comprehensive income.....	26
Consolidated statement of changes in equity.....	27
Consolidated statement of financial position.....	28
Consolidated cash flow statement.....	29
Notes	30
Company balance sheet	60
Company statement of changes in equity.....	61
Notes	62



FINAL RESULTS 2018

Solid results in Group's 12th year of trading, significant strategic progress, Group well positioned

Financial Highlights

Year ended 31 August	2018	2017	
	£m	£m	Change
Revenue	630.0	644.3	-2.2%
Underlying EBITDA*	13.3	13.7	-2.9%
Underlying operating profit*	10.9	11.8	-7.8%
Underlying profit before tax*	9.8	11.3	-13.3%
Underlying profit before tax margin*	1.6%	1.8%	-20bps
Net Non-recurring income/ (expenses)	(0.7)	-	
Underlying earnings per share*	7.84p	9.19p	-14.7%
Operating profit	10.2	11.8	-13.6%
Profit before tax	9.1	11.3	-19.3%
Earnings per share (basic)	7.27p	9.18p	-20.8%
Dividend per share	1.0p	1.0p	

* These items exclude net non-recurring expenses of £0.7m relating to the refranchising activity and site closures (2017: nil)

- ✓ Strong balance sheet – net assets £56.6m (2016/17: £50.4m)
- ✓ Strong operational cash flows, cash position of £15.5m (2016/17: £23.0m)
- ✓ Significant investment in property portfolio during year deploying £20m in capex
- ✓ Net debt of £5.5m (2016/17: net cash £6.1m)
- ✓ Underlying Return on Equity at 14.7% (2016/17: 19.9%)
- ✓ Proposed final dividend of 0.75p, maintaining the full year dividend at 1.0p per share (2016/17: 1.0p)
- ✓ Refinancing of the Group's debt facilities to provide a new £40.0m, five year Revolving Credit Facility arranged in November 2017



Operational Highlights

- ✓ The Group has been through a major year of change with eight of the Group's 42 Franchised outlets either changing franchises or closing during this reporting period
- ✓ Significant development of the Group's franchising strategy with the successful addition of three major High Luxury Segment (HLS) brand partners:
 - McLaren dealership in Hatfield opened in January 2018
 - Two Bentley dealerships in Essex and Kent opened in January 2018
 - Two Lamborghini dealerships in Essex and Kent opened in April and November 2018 respectively
- ✓ Addition of Peugeot into Warrington to replace Fiat in September 2018
- ✓ Planned closure of the Group's two bodyshop operations, Alfa Romeo and Jeep in Chelmsford and Mazda and Honda in Tunbridge Wells to facilitate the addition of Bentley and Lamborghini in both locations
- ✓ Planned closure of the Group's loss-making Blackburn site which previously represented Fiat, Alfa Romeo, Renault and Volvo
- ✓ New vehicle unit sales were, as expected down 17.2% (like-for-like down 14.8%) given the wider market softening, with the total financial impact slightly offset by a 1.2% increase in profit per unit as a result of the premium mix shift. The like-for-like units saw margin pressure with profit per unit down 2.6%
- ✓ Used vehicle unit sales down 6.9% following site closures (like-for like down 2.6%), offset by a 11.6% (like-for like 6.3%) improvement in profit per unit which reflects the Group's portfolio changes and the additional new HLS brands
- ✓ Aftersales Revenue increased 1.6% (like-for-like increase 4.1%)
- ✓ Continuing investment in the Freehold portfolio; to increase operational capacity and achieve site potentials
- ✓ Swindon Jaguar Land Rover "Arch" retail concept development completed in July 2018
- ✓ Hatfield Jaguar Land Rover, Aston Martin and McLaren development progressing well for completion of Jaguar Land Rover in December 2018 and Aston Martin and McLaren in January 2019
- ✓ Chelmsford and Tunbridge Wells Freeholds completely redeveloped to deliver Bentley and Lamborghini dealerships



Summary (continued)

Mark Lavery, Chief Executive Officer of Cambria said:



“The 2017/18 financial year has been a busy period across the Group and I am pleased with the progress that has been made. The changes made in the Brand portfolio have led to significant disruption in our day to day operations as we have closed these businesses and developed the new facilities for the new franchises. We have extended our representation in the High Luxury segment with the addition of one McLaren, two Bentley and two Lamborghini dealerships. All of these brands have been brought into the Group without the payment of goodwill and are exceptional examples of value creation for our shareholders.

The year has also seen a difficult new car market that has been impacted by weakening consumer demand in the face of the uncertainty around the Brexit negotiations, inconsistent messaging around the future of diesel engines and the impact on car supply from the change in emissions testing regulations to WLTP (Worldwide Harmonised Light Vehicle Test Procedure) in September. We have also had to cope with Government driven central cost increases including the Apprenticeship Levy, pension contributions, increases in debit and credit card charges and increased property rating costs. Regrettably we have no control over these areas of cost increase.

That being said, our exceptional management team have worked incredibly hard and despite the uncertainty, disruption and brand portfolio changes we have delivered a solid result at both the revenue and profit levels, in line with market expectation. Our strong used car profit performance combined with growth in aftersales has been a significant contributor.

Current financial year trading has been in line with the Board’s expectations in September and October and we are excited about the opening of our new Hatfield site which will house Jaguar Land Rover, Aston Martin and McLaren. This state of the art facility will be fully operational in January 2019.

We are very enthusiastic about the potential for growth with our new McLaren, Bentley, Lamborghini and Peugeot businesses.

The Board remains confident that Cambria’s resilient business model, enhanced franchise portfolio, focus on delivering a superior Guest experience and financing arrangements leave it well positioned to take advantage of any opportunities that the current economic uncertainty will provide.”



Chairman's statement

After what has been an incredibly busy year for the management team, I am pleased to report that Cambria has delivered another strong set of results for the full year ended 31 August 2018, against a challenging consumer backdrop and significant uncertainty caused by Brexit. The results show continued improvement in the Group's used car and aftersales operations, along with successful delivery of its stated strategy to enhance the franchise portfolio alongside the property investment programme. The Group, in its 12th year of trading, delivered £9.8m of underlying pre-tax profit after absorbing losses for the site closures, whilst the like-for-like businesses generated £10.9m of underlying pre-tax profit. Since its inception in 2006, the Group has only raised a total of £10.8m in capital and continues to maintain an excellent return on shareholders' funds.

The strategic acquisitions which the Group has delivered over the past four financial years have accelerated the Group's growth and created a solid foundation in the premium and high luxury segment giving Cambria a broader and enhanced franchised dealership portfolio mix and bolstering its underlying earnings capacity.

As widely documented, the UK motor retail industry has weakened since March 2017 where it showed record registration figures. The new car market in 2017 saw registrations fall to 2.54m from 2.69m in 2016. In the 10 month period to October 2018, the market is down 7.2% on the 2017 comparative. The biggest change in the market is in the diesel segment which is down 30.7% to October. The new car market has been subject to a high level of disruption with changes to Vehicle Excise Duty, the supply-impacting WLTP regulation changes and diesel demonization all playing a part. The emergence of Alternatively Fuelled Vehicles through battery electric vehicles and plug in hybrid will undoubtedly play a significant role in the future of the new car market to meet stringent EU targets for emissions by 2021 and 2030. How this evolution will manifest itself and which manufacturers will be the winners is uncertain but there is significant capital being invested by the manufacturers.

During the 2018 financial year, the Group has delivered a financial performance in line with both the Board and market expectations and the expected weakness in the new car sales that was highlighted last year. The Group has reported operational improvements in the past three financial years and, with the exception of new cars, these have continued into the 2017/18 financial year. On a total and like for like basis, Cambria generated gross profit growth across the used car and aftersales departments, with only the new car department experiencing a decline.

Group revenue decreased by 2.2% to £630.0m (2016/17: £644.3m). Underlying profit before tax fell by 13.3% to £9.8m (2016/17: £11.3m) and the Group delivered underlying earnings per share of 7.84p (2016/17: 9.19p) - a decrease of 14.7%.

The Group closed the year with net debt of £5.5m (2016/17: net cash £6.1m) after significant capital investments of £23.8m of which £19.8m was invested into the Group's property portfolio. The Group has net assets of £56.6m (2016/17: £50.4m), underpinned by the ownership of £64.3m (2016/17: £45.2m) of freehold and long leasehold properties.

Our capacity for making acquisitions, alongside the property development programme, was further enhanced in November 2017 with a refinancing and extension of banking facilities to £40m plus a £20m accordion facility. These facilities refinanced the previous £37m of total facilities with a £40m Revolving Credit Facility ("RCF") with a five year term available for acquisitions and property purchase and development.

Sadly, Sir Peter Burt, Non-Executive Director, passed away on 28 November 2017. Sir Peter had been a Non-Executive member of the Cambria board since 2008 and was Chair of the Nomination Committee and a member of the Audit Committee and had made a significant contribution to the Group's creation and development. Sir Peter was a founding partner and formerly the Chairman of Promethean Investments plc, which originally invested a total of £10.66 million in Cambria before the Group's listing on AIM in 2010.

Chairman's Statement (continued)

Cambria was established in 2006 with a strategy to build a balanced motor retail group to deliver the self-funded acquisition and turnaround of underperforming businesses. The strategy evolved in 2013 to encompass the acquisition of premium and high luxury businesses, located in geographically strategic locations. It has made good progress over the past four years in delivering on this strategy by acquiring businesses and opening dealerships as follows:

- Barnet Jaguar Land Rover in July 2014
- Swindon Land Rover in April 2015
- Welwyn Garden City Land Rover in January 2016
- Aston Martin Birmingham in May 2016
- Woodford Jaguar Land Rover in July 2016
- Bentley in Essex and Kent in January 2018
- McLaren in Hatfield in January 2018
- Lamborghini in Chelmsford in April 2018
- Lamborghini in Tunbridge Wells in November 2018

The Group closed its Swindon Motor Park business in January 2016 in preparation for the development of the Jaguar Land Rover "Arch" retail concept facility on the site.

To facilitate the development of the Chelmsford and Tunbridge Wells Bentley and Lamborghini sites, the Group closed two bodyshops along with an Alfa Romeo and Jeep business in Chelmsford and a Honda and Mazda business in Tunbridge Wells.

The Group took the decision to close its loss-making Blackburn site in July 2018, the site formerly represented Fiat, Alfa Romeo, Renault and Volvo. The site comprised a leasehold showroom for Fiat and Alfa Romeo and the break clause in the lease has been exercised. The Renault and Volvo showrooms are owned freehold and are currently held for sale.

Following the refranchising activity outlined above, the Group now comprises 27 dealerships, representing 42 franchises and 17 brands, a well-balanced brand portfolio spanning the high luxury, premium and volume segments.

The completion of the Swindon Jaguar Land Rover facility in July 2018 on the Group's Long Leasehold premises facilitated the relocation of Swindon Land Rover from the property in Royal Wootton Bassett to the new facility alongside Jaguar. The Royal Wootton Bassett freehold site is now held for sale. Subsequent to the year end, the Group has secured the Freehold title of the land on which the development sits from Swindon Borough Council. In the 2019 financial statements the Long Leasehold property will therefore be transferred to Freehold property.

The major property development at Hatfield which is due to complete in January 2019 will relocate the Group's Jaguar, Land Rover and Aston Martin dealerships in Welwyn Garden City which currently operate in short leasehold facilities into a purpose built freehold property with the addition of the McLaren franchise which will operate on the same site. The facilities will all comply with the manufacturers latest brand standards.

These new franchising and property developments are exciting for the Group and demonstrate its commitment to developing the Premium and High Luxury segment franchises in geographically strategic locations.

Dividend

The Board is pleased to propose a final dividend of 0.75p per share (2016/17: 0.75p), subject to shareholder approval, resulting in a total dividend for the year of 1.0p per share (2016/17: 1.0p) – maintaining the prior year level.

Outlook

As I stated in my report last year, the UK economy remains 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 continue to be major implications for the Sterling exchange rate and other fiscal levers. We are unclear as to how these factors will impact the UK motor trade although both a weaker Sterling and any tariffs would undoubtedly have a detrimental effect on the new car market.

The team have done an incredible job by securing the addition of Bentley, Lamborghini, McLaren and Peugeot to the Group's brand portfolio. Whilst these businesses are very much in their infancy, the potential to contribute to the Group's growth as they mature is significant.

Cambria's robust balance sheet, industry leading return on investment and proven management team leave it well positioned to manage any uncertainty that the broader market creates. We are actively looking to deliver on our commitments to the Brand partners that we represent with our investment programme to enhance our property portfolio and are excited about the opening of our Hatfield development in the coming months.

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



Philip Swatman

Chairman
Cambria



Operating and financial review

Chief Executive Officer's review

Introduction

I am pleased to report that the Group has delivered a solid set of results for the 2018 financial year in line with management and market expectations. The performance was delivered alongside significant franchising additions, changes, closures and site developments. Whilst the results are behind those achieved in 2017, in the context of the weaker new car market and the significant amounts of disruption in the sector and our own business, I am pleased with the performance for the year.

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

Year ended 31 August	2018 £m	2017 £m	Change
Revenue	630.0	644.3	-2.2%
Underlying EBITDA*	13.3	13.7	-2.9%
Underlying operating profit*	10.9	11.8	-7.8%
Underlying profit before tax*	9.8	11.3	-13.3%
Underlying profit before tax margin*	1.6%	1.8%	-20bps
Net Non-recurring income/ (expenses)	(0.7)	-	
Underlying earnings per share*	7.84p	9.19p	-14.7%
Operating profit	10.2	11.8	-13.6%
Profit before tax	9.1	11.3	-19.3%
Earnings per share (basic)	7.27p	9.18p	-20.8%
Dividend per share	1.0p	1.0p	

* These items exclude net non-recurring expenses of £0.7m relating to the refranchising activity and site closures (2017: (nil))



Operating and Financial Review (continued)

The Group celebrated its 12th anniversary in July 2018. During those 12 years the Group has grown from one site with three new car franchises to 27 locations representing 42 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 £9.8m in the 2018 financial year. During the year, the Group delivered a return on shareholder funds of 14.7%. The Group has consistently delivered strong operational cash flows and has built a net asset position of £56.6m underpinned by over £64m of freehold and long leasehold property. The Group has developed an exceptional franchise portfolio which has been enhanced further during 2018 through delivery of our property investments and the addition of Bentley, Lamborghini, McLaren and Peugeot to the Group's brand partnerships.

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 those acquired and established in the previous year, 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	2	Triumph	2
Bentley	2	Fiat	3		
Jaguar	5	Ford	5		
Lamborghini	2	Honda	1		
Land Rover	4	Jeep	1		
McLaren	1	Mazda	3		
Volvo	4	Nissan	1		
		Peugeot	1		
		Vauxhall	2		
	21		19		2

The Group's acquisition strategy evolved in 2013 to enhance our Premium and High Luxury brand representation which immediately focused on participating in the Jaguar Land Rover ("JLR") network restructuring. In January 2017 the Group acquired the Welwyn Garden City Land Rover business. The business currently operates from leasehold premises under a short lease agreed with the vendor. The Group's existing Jaguar and Aston Martin businesses in Welwyn Garden City 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 acquired a 4.3 acre development site on Hatfield Business Park. The building work began in January 2018 with the creation of the temporary showroom facility for McLaren to begin its representation on the site. The major building work has been underway through the year and the site will be ready for occupation of the Jaguar Land Rover facility in December 2018 and the Aston Martin and McLaren facilities in January 2019.

The capital cost of the newly developed facility for the four franchises is c.£17.0m. The acquisition and development of the land is being funded through the Group's existing cash and RCF facilities secured against the freehold property.

In May 2016, the Group opened its Aston Martin dealership in Solihull. 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 is enabling the Group to establish a representation point, build a database and serve the Aston Martin car parc for the territory. The Group has secured a new development site on the A34 in Solihull on a business park named "The Green" for a permanent facility in line with Aston Martin franchise standards. The Group has exchanged contracts and completion is subject to planning permission and the conclusion of extensive highways works to define the site and the new estate road. It is anticipated that the total freehold investment in the permanent facility will be c.£5m, and again will be funded through the Group's existing cash and RCF facility. Due to delays in the highways works being completed, it is now anticipated that work to the dealership will begin in Q2 2019.

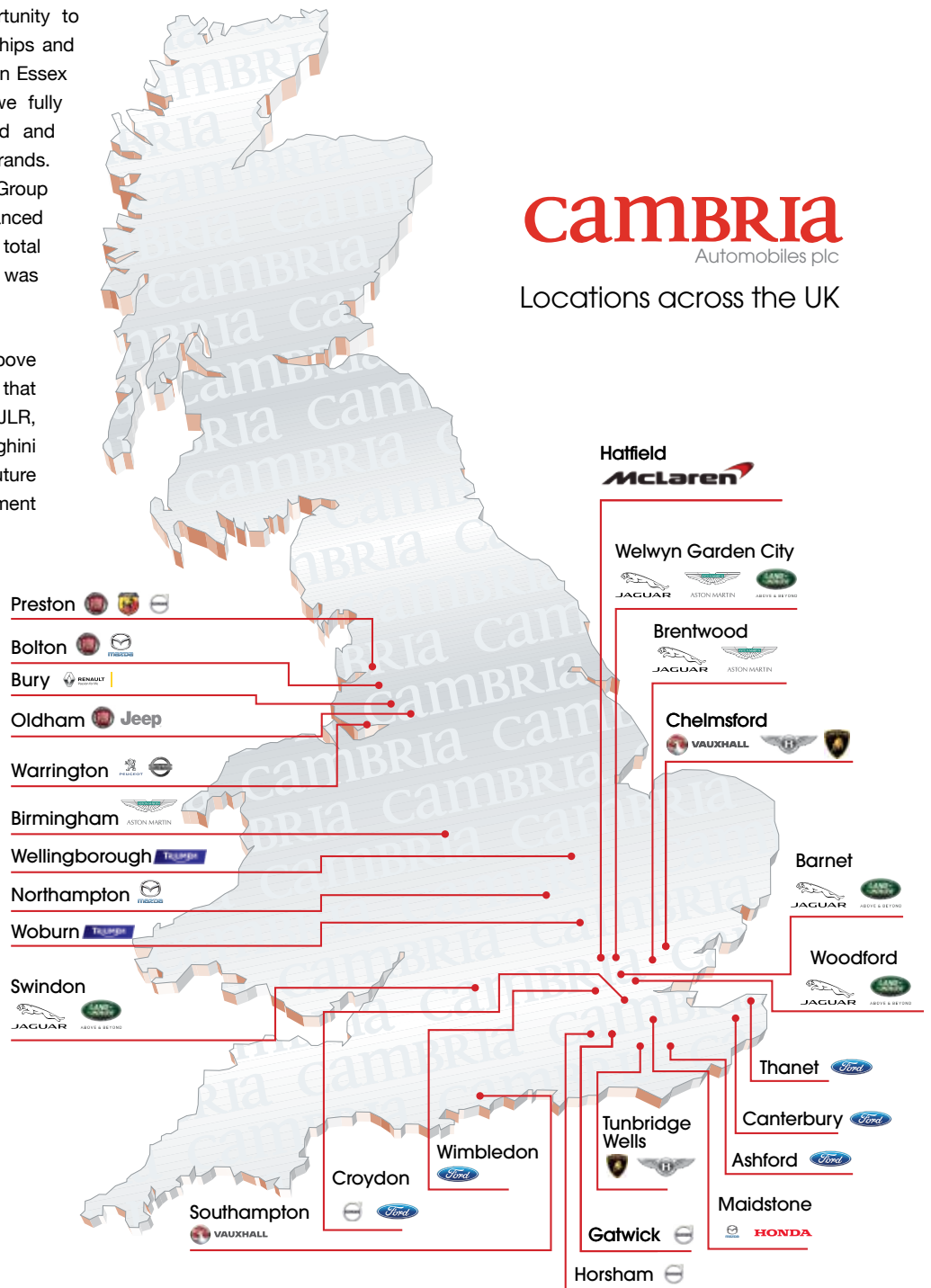
In July 2017, the Group acquired the Jaguar and Land Rover business in Woodford, North London and continues to work towards securing a suitable facility for the relocation of the operation.

Operating and Financial Review (continued)

During the 2015 financial year the Group acquired the Swindon Land Rover business. During the year the Group has re-developed its Swindon Motor Park, long leasehold location to provide a new JLR facility in line with the new Arch design concept for JLR facilities. Following completion of the development, the Land Rover business has re-located from the previous dealership property in Royal Wootton Bassett. The build cost for the facility was £6.6m, and this was funded from the Group's existing cash and new RCF facility. We are actively selling the Royal Wootton Bassett freehold property at present and have exchanged on the sale of the freehold subject to planning consent and expect to realise £2.75m. Post year end, we have acted on the opportunity to acquire the freehold title of the 3.2 acres of land that we occupied under a long leasehold interest. Given the structure of the rent review clause in the long lease over 3.2 acres and the beneficial impact on site value arising through freehold ownership, we decided to acquire the freehold title and completed on the purchase for £2.3m in October 2018.

The Group was given the opportunity to establish two new Bentley dealerships and two new Lamborghini dealerships in Essex and Kent and during the year we fully redeveloped both our Chelmsford and Tunbridge Wells facilities for these brands. The developments utilised existing Group freehold premises and have enhanced the value of both properties. The total project cost for both developments was £1.94m.

Whilst the investments outlined above are significant, the Board believes that the investment in the facilities for JLR, Aston Martin, Bentley, Lamborghini and McLaren are core to the future potential of the Group. The investment into 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.



Operating and Financial Review (continued)

Operations

	2018				2017			
	Revenue	Revenue mix	Gross Profit	Margin	Revenue	Revenue mix	Gross Profit	Margin
	£m	%	£m	%	£m	%	£m	%
New vehicles	290.6	46.1	18.0	6.2	308.7	47.9	21.3	6.9
Used vehicles	279.1	44.3	24.6	8.8	277.3	43.0	23.5	8.5
Aftersales	72.5	11.5	28.5	39.4	71.4	11.1	27.8	38.9
Internal sales	(12.2)	(1.9)	-	-	(13.1)	(2.0)	-	-
Total	630.0	100.0	71.1	11.3	644.3	100.0	72.7	11.3
Administrative expenses			(60.2)				(60.9)	
Operating profit before non-recurring expenses			10.9				11.8	
Non-recurring income/(expenses)			(0.7)				-	
Operating profit			10.2				11.8	

New Vehicle Sales

	2018	2017	Year on year growth
New units	9,158	11,052	(17.1)%

New vehicle revenue decreased from £308.7m to £290.6m (5.9%) and total new vehicle sales volumes were down 17.1%. Excluding the impact of the acquisitions and disposals, our new volumes reduced by 14.8% on a like-for-like basis. Gross profit decreased by £3.3m (10.4%) in total and by £3.3m on a like-for-like basis. The reduced new vehicle volumes were partially offset by an improvement in the gross profit per unit sold which increased by 1.2%, a direct reflection of strengthening mix from the business additions which sell at higher price points.

The new car business has gone through a significant period of disruption with the closure or development of eight of the Group's franchise outlets; which has caused significant disruption in the day to day operations. However, the addition of two Lamborghini, two Bentley, one McLaren and one Peugeot franchise, will make a major contribution to the Group's growth plans as these new franchises mature.

On a like-for-like basis, excluding the impact of the additions and closures, our new volumes reduced by 14.8% with gross profit reducing by £3.3m as profit per unit also decreased by 2.6%. The like-for-like volume reduction was attributable to reductions in unit sales from certain volume manufacturer partners who have experienced significant reduction in national registrations.

The Group's sale of new vehicles to private individuals was 17.3% lower year-on-year at 7,751 units, reflecting the volume reduction that we anticipated. New commercial vehicle sales improved by 1.8% to 970 units in the period. New fleet unit vehicle sales decreased by 41.5% to 433 units.

The new vehicle registration data from the Society of Motor Manufacturers & Traders showed total registrations were down 6.8% in the rolling 12 month period to August 2018. The registration of cars to private individuals was down 4.7% for the rolling 12 months. The sale of diesel engine vehicles has been hardest hit as a result of the negative media coverage around diesel engine emissions, and in the period, sales of diesel vehicles were down 27.8%.

Used Vehicle Sales

	2018	2017	Year on year growth
Used units	13,739	14,765	(6.9)%

We have delivered another good performance in used vehicle sales. Revenues increased from £277.3m to £279.1m whilst the number of units sold declined by 6.9%, partly driven by the site closures. The gross profit on used vehicles increased by £1.1m to £24.6m, with profit per unit sold increasing 11.6%.

On a like-for-like basis, volumes were down 2.6% while the gross profit generated increased by £1m (4.7%) with profit per unit increasing by 6.3%.

Operating and Financial Review (continued)

We have continued our focused strategy in the used car department to increase the efficiency with which we source, prepare and market our used vehicles in order to drive our Velocity trading principles. This has produced strong results, increasing the like-for-like profitability of the used car department. During the period, this strategy continued to deliver a strong 12 month rolling return on used car investment* of 125%. This level was reduced from the 129% achieved last year, but reflects the increase in the average carrying value of the stock following the higher representation of premium and High Luxury vehicles that are sold through the new businesses and removal of the high volume, lower value product sold from the closed businesses. The ROI performance at 125% remains significantly ahead of the industry average of 85%.

* gross profit from used car operation over 12 months as a proportion of average stock levels for the year

Aftersales

	2018	2017	Year on year growth
Aftersales Revenue	72.5m	£71.4m	1.5%

Combined aftersales revenue increased 1.5% year on year from £71.4m to £72.5m and related gross profit increased to £28.5m from £27.8m. Like-for-like aftersales revenues were 4.1% higher year on year, with gross profit improving 5.7% to £26.8m, up £1.4m.

The aftersales departments contributed 11.5% of the Group's revenue, and 40.1% of the Group's overall gross profit. The aftersales margin was improved in the year as a result of the increase in labour hours sold.

The Group continues to review its processes for ensuring that we engage with all of 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 as well as 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 the increase in new car sales experienced over the previous years produces cars ready for interaction with our aftersales operations.

Total underlying administrative expenses remained well controlled during the year and as a percentage of revenue remained at 9.57%, demonstrating good overhead recovery and strong capital disciplines as the Group continues to grow despite significant pressures on cost resulting from central government initiatives.

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 and new franchise openings are firmly in line with this strategy.

We have now completed 15 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 ingrained into the business through the Cambria Academy training programme. 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. 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 returns on equity.

Operating and Financial Review (continued)

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 “Cambria Digital”, which is our internet social networking strategy for vehicle sales coupled with our “Guest Connect” support centre.

Cambria Academy

The Group has continued to develop the Cambria Academy, a training Academy for the Group’s Associates. The Academy is evolving consistently 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 2018 will see a further reduction on 2017, with current SMMT forecasts at 2.38m, 11.5% down on the record 2.69m registrations of 2016.

There is little doubt that market sentiment has been impacted since the EU referendum vote in 2016. With the current weakness in the sterling exchange rate, there is ongoing downward pressure on the number of cars registered in the UK as the manufacturer landed cost of imported cars and components increases. Diesel engine vehicles have received the largest negative impact with a significant amount of negative media coverage and clear political positioning in relation to diesel vehicle emissions.

Whilst the 2018 financial year delivered a solid set of results, as a result of the uncertainty in the economic outlook, the Board remains cautious about the new car trading environment in 2019. Post the period end, September and October trading were in line with the Board’s expectations and the previous year, supported by strong performances in our used car and aftersales operations.

We are enthusiastic about the potential for growth with our new McLaren, Bentley, Lamborghini and Peugeot businesses.

We have continued to make significant achievements in progressing both our property portfolio and franchising strategy are the Board is excited about the opportunities that exist with both our existing and new Brands.



Mark Lavery
Chief Executive

Operating and Financial Review (continued)

Finance Director's Report

Overview

Total revenues in the period decreased 2.2% to £630.0m from £644.3m in the prior year. New vehicle unit volumes were down 17.1% and new vehicle revenues were down 5.8%. Used car sales increased by 1.1% although units reduced by 6.9%. Revenues from the aftersales businesses increased by 1.5%, compared with the previous year.

Total gross profit decreased by £1.6m (2.2%) from £72.7m to £71.1m in the year. Gross profit margin across the Group remained consistent at 11.3%, reflecting the change in revenue mix with improvements in used cars and aftersales margins offsetting a reduction in new car margin. The average selling price of both new and used cars increased year on year, as did the average profit per new and used units that we sold. The aftersales operations contributed 40.1% of the total gross profit for the Group. The gross profit contribution made by the used car and aftersales components of the business accounted for 74.7% of the Group's total gross profit mix.

During the year, the Group has non-recurring net expenses of £0.7m. These related to the closure costs of Blackburn, the two bodyshops and the Chelmsford and Tunbridge Wells businesses for the refranchising activity.

Underlying EBITDA was £13.3 in the period from £13.7m in the previous year. Underlying operating profit was £10.9m, compared with £11.8m in the previous year, resulting in an underlying operating margin of 1.6% (2016/17: 1.8%).

Net finance expenses increased to £1m (2016/17: £0.5m) as a result of the increased borrowing to fund the property developments and increased consignment stocking charges.

The Group's underlying profit before tax reduced by 13.3% to £9.8m, compared with £11.3m in the previous year.

Underlying earnings per share were 7.84p (2016/17: 9.19p). Basic earnings per share were 7.27p (2016/17: 9.18p) and the Group's underlying return on shareholders' funds for the year was 14.7% (2016/17: 19.87%).

Taxation

The Group tax charge was £1.9m (2016/17: £2.1m) representing an effective rate of tax of 20.3% (2016/17: 18.4%) on a profit before tax of £9.1m (2016/17: £11.3m). 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 £56.6m underpinned by £64.3m of freehold and long leasehold property which are held on a historic cost basis.

In November 2017, the Group refinanced the Banking facilities and as a result, the revised £40m Revolving Credit Facility has no fixed capital repayment profile throughout its 5 year term. There is a £20m accordion agreement available in the facility if the Group seeks to enhance its borrowing capacity.

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 net debt position of the Group as at 31 August 2018 was £5.5m (2016/17: net cash £6.1m), reflecting a cash position of £15.5m (2016/17: £23m). This is after the £23.8m investment in Capital Expenditure.

The Group typically uses bank 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 2019.

Operating and Financial Review (continued)

Cash flow and capital expenditure

The Group generated an operating cash inflow of £13.2m with working capital reducing by £3.0m through efficient management of the vehicle inventory and the stocking lines associated with that inventory together with higher levels of new vehicle deposits for new car orders for September delivery. Total funds invested in capital expenditure were £23.8m. In the year, the Swindon development incurred £6.6m of capex to complete the project, the Hatfield development incurred £5.7m for the land purchase and £5.4m on the development. The Chelmsford and Tunbridge Wells property developments amounted to £1.9m. Including the fitout cost of Swindon and the Tunbridge Wells and Chelmsford developments, there were fixtures, fittings plant and machinery additions of £3.7m and computer expenditure of £0.2m.

During the year, prior to the refinancing capital repayment of £0.3m were made. There has been a further draw down of £4.5m during the year.

As a result of the net cash outflow of £7.5m, the gross cash position was £15.5m with gross debt of £21m and overall net debt of £5.5m after significant investment, compared with net cash at 31 August 2017 of £6.1m.

Capital expenditure commitments

As outlined in the Chief Executive's report, the Group has committed to delivering property solutions to ensure the acquired businesses comply with the franchise standards for its Brand partners. The significant investments in the 2018 financial year delivered on committed projects. Over the coming 24 months the Group intends to complete the following major freehold investments; Swindon land freehold purchase at £2.3m Hatfield JLR, Aston Martin and McLaren completion at c.£6m and Solihull Aston Martin at c.£5m. The developments will be funded through a drawdown of RCF and existing cash. The Board intends to draw down against the RCF 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 three 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 (2016/17: £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 2018 of 0.75p per share in addition to the interim dividend of 0.25p per share paid in May 2018. If approved by the shareholders at the Annual General Meeting to be held on 4 January 2019, the dividend will be payable on 21 January 2019 to those shareholders registered on 28 December 2018, with an ex-dividend date of 27 December 2018. 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

Date: 20 November 2018

Enhanced Business Review

All details required are covered in the Chairman's Statement and the Operating and Financial Review between pages 3 and 16.

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 the 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

Date: 20 November 2018

Dorcan Way, Swindon, SN3 3RA

Directors' report

The Directors present their Directors' report and financial statements for the year ended 31 August 2018.

Principal activities

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

Proposed dividend

The Directors recommend the payment of a final dividend for 2018 of 0.75p per share which equates to £0.75m (2017: £0.75m). If approved at the Annual General Meeting to be held on 4 January 2019, the dividend will be payable on 21 January 2019 to those shareholders registered on 28 December 2018.

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 (deceased 28 November 2017)

T A Duckers

P McGill

W F Charnley

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

The Board announced that it has been informed that Sir Peter Burt, Non-Executive Director, passed away on 28 November 2017. Sir Peter had been a Non-Executive member of the Cambria board since 2008 and was Chair of the Nomination Committee and a member of the Audit Committee. Sir Peter was a founding partner and formerly the Chairman of Promethean Investments plc, which originally invested a total of £10.66 million in Cambria.

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 (2017: £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

Date: 20 November 2018

Dorcan Way, Swindon, SN3 3RA

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

The Directors are responsible for preparing the Annual 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

1. Our opinion is unmodified

We have audited the financial statements of Cambria Automobiles plc ("the Company") for the year ended 31 August 2018 which comprise the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of financial position, consolidated cash-flow statement, company balance sheet, company statement of changes in equity, and the related notes, including the accounting policies in note 1.

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 2018 and of the Group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent Company financial statements have been properly prepared in accordance with with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview

Materiality: £0.46m (2017:£0.57m)
group financial statements as a whole 5% (2017: 5%) of group profit before tax

Coverage 100% (2017: 100%) of group profit before tax

Risks of material misstatement vs 2017

Recurring risks		
Goodwill valuation		▲
Revenue recognition		▲
Recoverability of parent's debt due from group entities		◀▶

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows (unchanged from 2017):

	The risk	Our response
Goodwill £21.3 million; (2017: £21.3 million) <i>Refer to page 30 accounting policy) and page 43 (financial disclosures).</i>	Forecast based valuation: Goodwill is significant and at risk of irrecoverability due to weakening demand within the new and used car markets. The estimated recoverable amount is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows.	Our procedures included: <ul style="list-style-type: none">— Benchmarking assumptions: comparing the key assumptions (discount rate, growth rate) used to externally derived data;— Historical comparisons: comparing the previously forecast cash flows to actual results to assess the historical accuracy of forecasting;— Sensitivity analysis: performing analysis to assess the sensitivity of the goodwill to changes in the key assumptions of the discount rate, growth rate and the forecast cash flows;— Assessing transparency: assessing whether the group's disclosures about the sensitivity of goodwill to changes in key assumptions reflected the risks inherent in its valuation.
Revenue – sale of goods £569.9 million; (2017: £586.0 million) <i>Refer to page 29 (accounting policy) and page 36 (financial disclosures)</i>	2018/2019 sale of goods: The business is seasonal in nature, with peak revenues in the months of March and September. Trading in the motor industry continues to be competitive and there is pressure on management to achieve financial targets. These conditions give rise to an increased risk of management bias or fraud over the timing of revenue recognition in respect of vehicle sales.	Our procedures included: <ul style="list-style-type: none">— Control design and re-performance: we tested controls relating to the sales process, assessing whether revenue is recognised in the period in which customer acceptance of the vehicles is obtained;— Test of details: with reference to customer acceptance documentation, we assessed whether revenue had been recorded in the correct period for a sample of sales invoices raised around the year-end. We also assessed credit notes raised after the year-end to identify material corrections relating to 2018;— Assessing manual journal postings: we inspected a selection of manual revenue journal postings during the month of August to identify any indicators of management fraud or bias.
Recoverability of parent's debt due from group entities £18.7 million; (2017: £18.8 million) <i>Refer to page 63 (accounting policy) and page 68 (financial disclosures).</i>	Low risk, high value: The carrying amount of the intra-group debtor balance represents 88% of the parent company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the parent company financial statements, this is considered to be the area that had the greatest effect on our overall parent company audit.	Our procedures included: <ul style="list-style-type: none">— Tests of detail: Assessing 100% of group debtors to identify, with reference to the relevant debtors' draft balance sheet, whether they have a positive net asset value and therefore coverage of the debt owed, as well as assessing whether those debtor companies have historically been profit-making;— Assessing subsidiary audits: Assessing the evidence obtained during our audit of components, as part of the Group audit, and considering the results of that work on their profits and net assets and therefore their ability to fund the repayment of the receivables.

3. Our application of materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at £0.46 million (2017: £0.57 million) determined with reference to a benchmark of group profit before taxation, of which it represents 5.0% (2017: 5.0% determined with reference to a benchmark of group profit before taxation, normalised to exclude impairment of trade receivables).

Materiality for the parent company financial statements as a whole was set at £0.34 million (2017: £0.21 million), determined with reference to a benchmark of total assets, of which it represents 1.4% (2017: 1.0%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.02 million (2017: £0.03 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

All of the group's thirteen (2017: twelve) components, including the parent company, were subject to full scope audits for group purposes, all of which were performed by the group team.

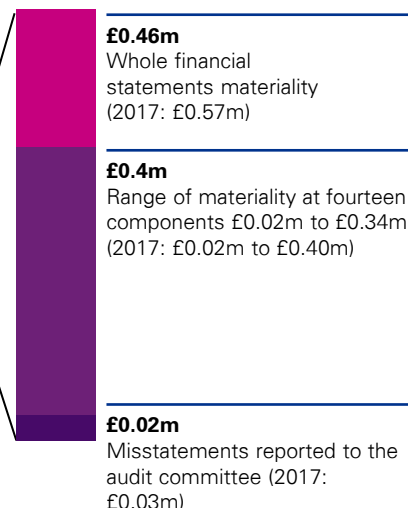
These audits accounted for 100% (2017: 100%) of total group revenue, group profit before tax and total group assets and were performed to individual component materiality levels which ranged from £0.02 million to £0.34 million (2017: £0.02 million to £0.40 million), having regard to the mix of size and risk profile of the group across these components.

Group profit before taxation £9.1m (2017: £11.3m)

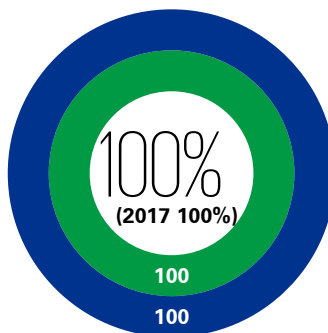


■ Group PBT
■ Group materiality

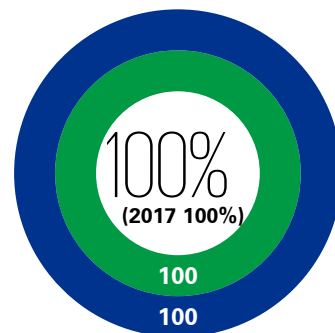
Group Materiality £0.46m (2017: £0.57m)



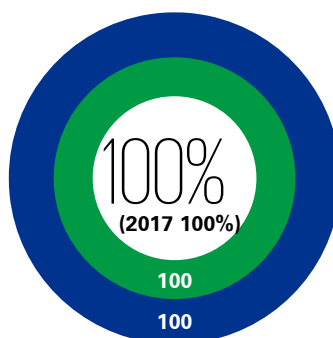
Group revenue



Group profit before tax



Group total assets



■ Full scope for group audit purposes 2018
■ Full scope for group audit purposes 2017

4. We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

6. We have nothing to report on the other matters on which we are required to report by exception

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.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page [A], the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

8. The purpose of our audit work and to whom we owe our responsibilities

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.



Derek McAllan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

66 Queen Square

Bristol

BS1 4BE

20 November 2018

Consolidated statement of comprehensive income
for year ended 31 August 2018

	Note	2018	2017
		£000	£000
Revenue	3	630,065	644,286
Cost of sales		(558,944)	(571,607)
Gross profit	4	71,121	72,679
Administrative expenses		(60,969)	(60,901)
Results from operating activities	4	10,152	11,778
Finance income	9	74	49
Finance expenses	9	(1,102)	(576)
Net finance expenses		(1,028)	(527)
Profit before tax from operations before non-recurring income/ (expenses)		9,827	11,265
Net non-recurring income and expenses	5	(703)	(14)
Profit before tax	4	9,124	11,251
Taxation	10	(1,853)	(2,071)
Profit and total comprehensive income for the period		7,271	9,180
Basic and diluted earnings per share	8	7.27p	9.18p

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



Consolidated statement of changes in equity
for year ended 31 August 2018

	Note	Share capital	Share premium	Retained earnings	Total equity
		£000	£000	£000	£000
Balance at 31 August 2016		10,000	799	31,327	42,126
Profit for the year		-	-	9,180	9,180
Dividend paid		-	-	(950)	(950)
Balance at 31 August 2017		10,000	799	39,557	50,356
Profit for the year		-	-	7,271	7,271
Dividend paid	21	-	-	(1,000)	(1,000)
Balance at 31 August 2018		10,000	799	45,828	56,627



Consolidated statement of financial position
at 31 August 2018

	Note	2018 £000	2017 £000
Non-current assets			
Property, plant and equipment	11	67,050	49,321
Intangible assets	12	21,501	21,365
		<u>88,551</u>	<u>70,686</u>
Current assets			
Inventories	14	89,675	105,419
Trade and other receivables	15	11,442	12,428
Cash and cash equivalents	16	15,517	23,046
Property assets classified as held for resale	17	3,195	-
		<u>119,829</u>	<u>140,893</u>
Total assets		<u>208,380</u>	<u>211,579</u>
Current liabilities			
Other interest-bearing loans and borrowings	18	-	(1,000)
Trade and other payables	19	(128,794)	(142,498)
Taxation		(721)	(801)
		<u>(129,515)</u>	<u>(144,299)</u>
Non-current liabilities			
Other interest-bearing loans and borrowings	18	(21,053)	(15,883)
Provisions	21	(1,000)	(1,000)
Deferred tax liability		(185)	(41)
		<u>(22,238)</u>	<u>(16,924)</u>
Total liabilities		<u>(151,753)</u>	<u>(161,223)</u>
Net assets		<u>56,627</u>	<u>50,356</u>
Equity attributable to equity holders of the parent			
Share capital	22	10,000	10,000
Share premium		799	799
Retained earnings		45,828	39,557
		<u>56,627</u>	<u>50,356</u>
Total equity		<u>56,627</u>	<u>50,356</u>

These financial statements were approved by the board of directors on 20 November 2018 and were signed on its behalf by:



M J J Lavery
Director

Company registered number: 05754547

Consolidated cash flow statement
for year ended 31 August 2018

	Notes	2018	2017
		£000	£000
Cash flows from operating activities			
Profit for the year		7,271	9,180
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment	11/12	2,481	2,271
Financial income	9	(74)	(49)
Financial expense	9	1,102	576
Loss on disposal of fixed assets		74	324
Taxation	10	1,853	2,071
Non-recurring (income)/expenses	5	703	(411)
		<u>13,410</u>	<u>13,962</u>
Change in trade and other receivables		986	886
Change in inventories		15,744	(10,351)
Change in trade and other payables		(13,704)	12,767
		<u>16,436</u>	<u>17,264</u>
Interest paid		(785)	(350)
Tax paid		(1,790)	(2,461)
Non-recurring expenses	5	(703)	-
		<u>13,158</u>	<u>14,453</u>
Net cash from operating activities			
Cash flows from investing activities			
Interest received		74	49
Proceeds from sale of plant and equipment		136	-
Receipt of insurance claim settlement	5	-	411
Purchase of property, plant and equipment and software	11/12	(23,750)	(7,941)
		<u>(23,540)</u>	<u>(7,481)</u>
Net cash from investing activities			
Cash flows from financing activities			
Proceeds from new loan		4,500	3,433
Interest paid		(317)	(226)
Repayment of borrowings		(330)	(6,000)
Dividend paid	22	(1,000)	(950)
		<u>2,853</u>	<u>(3,743)</u>
Net cash from financing activities			
Net increase/(decrease) in cash and cash equivalents		(7,529)	3,229
Cash and cash equivalents at 1 September 2017	16	23,046	19,817
Cash and cash equivalents at 31 August 2018	16	15,517	23,046

Notes

(forming part of the financial statements)

1 Accounting policies

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

These financial statements as at 31 August 2018 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 59 to 70.

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 in note 2.

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 £9.7m, 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 17 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.

Notes (continued)

(forming part of the financial statements)

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.

Notes (continued)

(forming part of the financial statements)

1 Accounting policies (continued)

Intangible assets

Goodwill

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

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

Other intangible assets

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

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

Amortisation

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

Computer software	3 – 5 years
-------------------	-------------

Property, plant and equipment

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

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

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

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

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

Notes (continued)

(forming part of the financial statements)

Impairment of assets excluding inventories

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

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

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

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

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

Reversals of impairment

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

An impairment loss in respect of goodwill is not reversed.

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

Inventories

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

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

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

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

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

Notes (continued)

(forming part of the financial statements)

1 Accounting policies (continued)

Non-current assets held for sale

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent remeasurement although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

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:

- 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
- where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

Non-derivative financial instruments

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

Trade and other receivables

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

Trade and other payables

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

Cash and cash equivalents

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

Interest-bearing borrowings

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

Notes (continued)

(forming part of the financial statements)

Taxation

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

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

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

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

Employee benefits

Defined contribution plans

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

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.

Accounting policies (continued)

(forming part of the financial statements)

1 Accounting policies (continued)

IFRS

The following accounting standards and interpretations, issued by the IASB and endorsed by the EU or International Financial Reporting Interpretations Committee (IFRIC), are effective for the first time in the current financial year and have been adopted by the group with no significant impact on the consolidated results or financial position:

- IFRS 14 Regulatory Deferral Accounts
- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38.
- Agriculture: Bearer Plants – Amendments to IAS 16 and IAS 41
- Equity Method in Separate Financial Statements – Amendments to IAS 27
- Annual Improvements to IFRSs – 2012-2014 Cycle
- Investment entities: Applying the Consolidation Exception – Amendments to IFRS 10, IFRS 12 and IAS 28
- Disclosure Initiative – Amendments to IAS 1

The IASB and the IFRIC have also issued the following standards and interpretations with an effective date after the date of these Financial Statements:

New standards and interpretations endorsed but not yet effective:

- Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12 (effective date 1 January 2018)
- Disclosure Initiative – Amendments to IAS 7 (effective date 1 January 2018)
- IFRS 9 Financial Instruments (effective date 1 January 2018)
- IFRS 15 Revenue from Contracts with Customers (effective date 1 January 2018)
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – Amendments to IFRS 4 (effective date 1 January 2018)
- IFRS 16 Leases (effective date 1 January 2019)

New standards and interpretations not yet endorsed and not yet effective:

- Annual Improvements to IFRSs – 2014-2017 Cycle
- Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration
- Amendments to IAS 40 Investment Property
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Financial Instruments
- Amendments to IAS 28 Investments in Associates and Joint Ventures
- IFRS 17 Insurance contracts

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 took effect from accounting periods commencing from 1 January 2018. The Directors have assessed the impact of these changes on the accounting policies of the Group. Based on the current assessment of the standard and the Groups contractual position with its customers, the Directors do not currently believe that there will be a material impact on the financial statements.

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, but expect that it will change the balance sheet by increasing assets and liabilities and operating profit versus interest.

Notes (continued)

(forming part of the financial statements)

2 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.

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.



Notes (continued)

(forming part of the financial statements)

3 Revenue

	2018	2017
	£000	£000
Sale of goods	569,880	585,991
Aftersales services	60,185	58,295
Total revenues	630,065	644,286

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.

	2018 Revenue	2018 Revenue mix	2018 Gross Profit	2018 Margin	2017 Revenue	2017 Revenue mix	2017 Gross Profit	2017 Margin
	£m	%	£m	%	£m	%	£m	%
New Car	290.6	46.1	18.0	6.2	308.7	47.9	21.3	6.9
Used Car	279.1	44.3	24.6	8.8	277.3	43.0	23.6	8.5
Aftersales	72.5	11.5	28.5	39.4	71.4	11.1	27.8	38.9
Internal sales	(12.2)	(1.9)	-	-	(13.1)	(2.0)	-	-
Total	630.0	100.0	71.1	11.3	644.3	100.0	72.7	11.3
Administrative expenses			(60.2)				(60.9)	
Operating profit before non-recurring expenses			10.9				11.8	
Non-recurring income/ (expenses)			(0.7)				-	
Operating profit			10.2				11.8	

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

Notes (continued)

(forming part of the financial statements)

	2018	2017
	£000	£000
Profit Before Tax	9,124	11,251
Non-recurring expenses (note 5)	703	14
	<hr/>	<hr/>
Underlying Profit Before Tax	9,827	11,265
Net finance expense	1,028	527
Depreciation and amortisation	2,481	1,887
	<hr/>	<hr/>
Underlying EBITDA	13,336	13,679
Other operating profit		-
Non-recurring expenses	(703)	(14)
	<hr/>	<hr/>
EBITDA	12,633	13,665
	<hr/> <hr/>	<hr/> <hr/>

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.

	2018	2017
	£000	£000
Site closures costs	(703)	-
Welwyn fire insurance claim - replacement of fixed assets	-	411
- impairment for value in use	-	(367)
- impairment of fixed assets destroyed	-	(20)
- excess on insurance policy	-	(5)
- professional fees	-	(33)
	<hr/>	<hr/>
	(703)	(14)
	<hr/> <hr/>	<hr/> <hr/>



Notes (continued)

(forming part of the financial statements)

6 Expenses and auditor's remuneration

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

	2018	2017
	£000	£000
Impairment loss recognised on other trade receivables and prepayments (note 22(b))	(20)	155
	<u> </u>	<u> </u>

Auditor's remuneration:

	2018	2017
	£000	£000
Audit of these financial statements	27	26
Audit of financial statements of subsidiaries pursuant to legislation	101	98
Other services relating to taxation	38	38
All other services	7	7
	<u> </u>	<u> </u>



Notes (continued)

(forming part of the financial statements)

7 Staff numbers and costs

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

	Number of employees	
	2018	2017
Sales	368	385
Service	449	447
Parts	96	113
Administration	247	265
	<u>1,160</u>	<u>1,210</u>

The aggregate payroll costs of these persons were as follows:

	2018	2017
	£000	£000
Wages and salaries	35,199	35,752
Social security costs	3,815	3,843
Expenses related to defined contribution plans	397	338
Share based payments expense	32	32
	<u>39,443</u>	<u>39,965</u>

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 £7,840,000 divided by £53,491,000 giving 14.7%.

	2018	2017
	£000	£000
Profit attributable to shareholders	7,271	9,180
Non recurring (income)/ expenses (Note 5)	703	14
Tax on adjustments (at 19% (2017: 20%))	(134)	(3)
	<u>7,840</u>	<u>9,191</u>
Adjusted profit attributable to equity shareholders	7,840	9,191
Number of shares in issue ('000)	100,000	100,000
	<u>7.27p</u>	<u>9.18p</u>
Basic earnings per share	7.27p	9.18p
	<u>7.84p</u>	<u>9.19p</u>
Adjusted earnings per share	7.84p	9.19p

Notes (continued)

(forming part of the financial statements)

9 Finance income and expense

Recognised in the income statement

	2018	2017
	£000	£000
Finance income		
Rent deposit interest	-	2
Interest receivable	74	47
	<u> </u>	<u> </u>
Total finance income	74	49
	<u> </u>	<u> </u>
Finance expense		
Interest payable on bank borrowings	317	226
Consignment and vehicle stocking interest	785	350
	<u> </u>	<u> </u>
Total finance expense	1,102	576
	<u> </u>	<u> </u>
Total interest expense on financial liabilities held at amortised cost	317	226
Total other interest expense	785	350
	<u> </u>	<u> </u>
	1,102	576
	<u> </u>	<u> </u>

10 Taxation

Recognised in the income statement

	2018	2017
	£000	£000
Current tax expense		
Current year	1,767	2,049
Adjustment in respect of prior years	(58)	(32)
	<u> </u>	<u> </u>
	1,709	2,017
	<u> </u>	<u> </u>
Deferred tax		
Adjustment in respect of prior years	48	(80)
Origination and reversal of temporary differences	96	134
	<u> </u>	<u> </u>
	144	54
	<u> </u>	<u> </u>
Total tax expense	1,853	2,071
	<u> </u>	<u> </u>

Notes (continued)

(forming part of the financial statements)

10 Taxation (continued)

Reconciliation of total tax

	2018	2017
	£000	£000
Profit for the year	7,271	9,180
Total tax expense	1,853	2,071
Profit excluding taxation	9,124	11,251
Tax using the UK corporation tax rate of 19% (2017: 19.58%)	1,734	2,203
Non-deductible expenses	35	34
Accounting depreciation for which no tax relief is due	218	182
Utilisation of brought forward losses	(113)	(154)
Change in tax rate	(11)	(14)
Adjustments in respect of prior years	(10)	(112)
Other fixed asset differences	-	(68)
Total tax expense	1,853	2,071

The applicable tax rate for the current year is 19% (2017: 19.58%) following the reduction in the main rate of UK corporation tax from 20% to 19% with effect from 1 April 2017.

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 2018) 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 2017.

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



Notes (continued)

(forming part of the financial statements)

11 Property, plant and equipment

	Freehold land & buildings	Assets under construction	Long leasehold land & buildings	Short leasehold improvements	Plant & equipment	Fixtures, fittings & computer equipment	Total
	£000	£000	£000	£000	£000	£000	£000
Cost							
Balance at 1 September 2016	41,319	-	4,117	4,544	3,161	6,439	59,580
Additions	4,571	-	-	-	953	2,417	7,941
Branch acquisitions	-	-	-	-	-	-	-
Disposals	-	-	-	(1,546)	(758)	(1,169)	(3,473)
Reclassification	-	-	-	(514)	-	514	-
Balance at 1 September 2017	45,890	-	4,117	2,484	3,356	8,201	64,048
Additions	7,958	5,392	6,662	96	1,357	2,097	23,562
Disposals	-	-	-	(353)	(294)	(882)	(1,529)
Reclassification	-	-	-	(45)	-	45	-
Transfer to current assets held for resale	(3,258)	-	-	-	-	-	(3,258)
Balance at 31 August 2018	50,590	5,392	10,779	2,182	4,419	9,461	82,823
Depreciation							
Balance at 1 September 2016	3,407	-	706	4,176	2,353	4,989	15,631
Charge for the year	611	-	105	120	356	668	1,860
Disposals	-	-	-	(1,275)	(726)	(1,148)	(3,149)
Impairment	-	-	-	-	269	116	385
Reclassification	-	-	-	(693)	-	693	-
Balance at 1 September 2017	4,018	-	811	2,328	2,252	5,318	14,727
Depreciation charge for the year	815	-	106	44	487	977	2,429
Disposals	-	-	-	(264)	(271)	(785)	(1,320)
Reclassification	-	-	-	(1)	-	1	-
Transfer to current assets held for resale	(63)	-	-	-	-	-	(63)
Balance at 31 August 2018	4,770	-	917	2,107	2,468	5,511	15,773
Net book value							
At 31 August 2017	41,872	-	3,306	156	1,104	2,883	49,321
At 31 August 2018	45,820	5,392	9,862	75	1,951	3,950	67,050

As at 31 August 2018 the Group was partially through the building project relating to its Hatfield dealership development. There was a further £4.9m of contract sum payments to be made under the terms of the agreement with the main contractor (2017: £6m relating to Swindon). The directors have considered the property portfolio for impairment by comparing the carrying amount to the higher of value in use or market value and have concluded that no impairment is required.

Security

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

Property, plant and equipment under construction

At 31 August 2018 the Hatfield Jaguar Land Rover dealership was under construction, included in Freehold land and buildings is an amount of £Nil.

Notes (continued)

(forming part of the financial statements)

12 Intangible assets

	Goodwill	Software	Other	Total
	£000	£000	£000	£000
Cost				
Balance at 1 September 2016	21,346	800	176	22,322
Additions				
Balance at 1 September 2017	21,346	800	176	22,322
Additions	-	188	-	188
Balance at 31 August 2018	21,346	988	176	22,510
Amortisation and impairment				
Balance at 1 September 2016	-	755	176	931
Amortisation	-	26	-	26
Balance at 1 September 2017	-	781	176	957
Amortisation for the year	-	52	-	52
Balance at 31 August 2018	-	833	176	1,009
Net book value				
At 31 August 2017	21,346	19	-	21,365
At 31 August 2018	21,346	155	-	21,501

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
Repair and Maintenance Plans Limited*	England and Wales	Motor trade services	100% Ordinary

The registered office of all of the Group Companies is Dorcan Way, Swindon, SN3 3RA.

Notes (continued)

(forming part of the financial statements)

12 Intangible assets (continued)

Amortisation charge

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

	2018	2017
	£000	£000
Administrative expenses	51	26
	<u>51</u>	<u>26</u>

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 CGUs, grouped for allocation of goodwill are as follows:

	Goodwill	
	2018	2017
	£000	£000
Multiple units without significant goodwill	346	346
Jaguar Land Rover	21,000	21,000
	<u>21,346</u>	<u>21,346</u>

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 2019 and then projected for a further 4 years. 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.

Sensitivity to changes in assumptions

The estimated recoverable amounts for the JLR CGU exceeds the carrying amounts by approximately £47m (2017: £44m). The Group has conducted sensitivity analysis on the impairment testing. Management believe no significant change in the key assumptions would cause the carrying amount to exceed the recoverable amount for the CGU.

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

Notes (continued)

(forming part of the financial statements)

13 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

The amount of temporary differences, unused tax losses and tax credits for which a deferred tax asset is recognised is set out below, 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 2017	Recognised in income	Net 31 August 2018	Deferred tax liabilities	Deferred tax assets
	£000	£000	£000	£000	£000
Property, plant and equipment	(61)	(152)	(213)	(602)	389
Provisions	6	4	10	-	10
Tax value of loss carry-forward	-	-	-	-	-
Share options	14	4	18	-	18
	(41)	(144)	(185)	(602)	417

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	
	2018	2017
	£000	£000
Tax value of loss carry-forwards	229	329
Unrecognised net tax assets	229	329



Notes (continued)

(forming part of the financial statements)

14 Inventories

	2018	2017
	£000	£000
Vehicle consignment stock	43,453	74,682
Motor vehicles	43,117	27,524
Parts and other stock	3,105	3,213
	<u>89,675</u>	<u>105,419</u>

Included within inventories is £nil (2017: £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 £555 million (2017: £567 million).

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

15 Trade and other receivables

	2018	2017
	£000	£000
Trade receivables	8,026	6,588
Prepayments and other receivables	3,416	5,840
	<u>11,442</u>	<u>12,428</u>

Included within trade and other receivables is £nil (2017: £nil) expected to be recovered in more than 12 months.

16 Cash and cash equivalents

	2018	2017
	£000	£000
Cash and cash equivalents per balance sheet	15,517	23,046
Cash and cash equivalents per cash flow statement	15,517	23,046

17 Property Assets Classified as held for resale

During the year the Royal Wootton Bassett freehold property was vacated following the transfer of the Land Rover business to the newly developed JLR site in Swindon. The Freehold has been transferred at its net book value to assets classified and held for resale.

On closure of the Blackburn dealership, the Freehold property has been transferred to assets held for resale at its net book value.

Notes (continued)

(forming part of the financial statements)

18 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.

	2018	2017
	£000	£000
Non-current liabilities		
Secured bank loans	21,053	15,883
Current liabilities		
Secured bank loans	-	1,000

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
			2018	2017
			£000	£000
Loan 31/12/2015	LIBOR + 1.20%*	2020	21,053	16,883
			21,053	16,883

*The Facilities arranged in November 2015 have different margin bandings that are dependent 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.

19 Trade and other payables

	2018	2017
	£000	£000
Current		
Vehicle consignment creditor	51,899	89,024
Other trade payables	10,785	14,021
Non-trade payables and accrued expenses	24,368	13,539
Vehicle funding	41,742	25,914
	128,794	142,498

Included within trade and other payables is £nil (2017: £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.

Notes (continued)

(forming part of the financial statements)

20 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 £397,000 (2017: £338,000).

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.

During the year ended 31 August 2018, no share options were granted (2017: £250,000).

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%
12/12/16	0.60	0.60	39.19%	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
	2018	2018	2017	2017
	£		£	
Outstanding at the beginning of the year	0.49	5,000,000	0.48	4,750,000
Granted during the year		-	0.60	250,000
Outstanding at the end of the year	0.49	5,000,000	0.49	5,000,000
Exercisable at the end of the year		-		-

The Company recognised an expense of £32,896 (year ended 31 August 2017: £32,896) in respect of share based payments in the year.

Notes (continued)

(forming part of the financial statements)

21 Provisions

	Onerous Leases
	£000
Balance at 1 September 2017	1,000
Provisions used during the year	-
Provisions made in year	-
Balance at 31 August 2018	1,000
Current	-
Non-current	1,000
Balance at 31 August 2017	1,000
Current	-
Non-current	1,000
Balance at 31 August 2018	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.

22 Capital and reserves

Share capital

	2018	2017
	£000	£000
<i>Authorised</i>		
100,000,000 Ordinary shares of 10 pence each	10,000	10,000
<i>Allotted, called up and fully paid</i>		
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.

Notes (continued)

(forming part of the financial statements)

Dividends

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

	2018	2017
	£000	£000
0.7 p per ordinary share – prior year final (2017: 0.7p)	750	700
0.25p per ordinary share – current year interim (2017: 0.25p)	250	250
	<u>1,000</u>	<u>950</u>

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.

	2018	2017
	£000	£000
0.75p per ordinary share – current year final (2017: 0.75p)	750	750
	<u>750</u>	<u>750</u>

23 Financial instruments

23 (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:

	2018	2017
	%	%
Loans and borrowings	3.5	3.5

Notes (continued)

(forming part of the financial statements)

Fair values

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

	As at 31 August 2018	As at 31 August 2017
	£000	£000
Financial assets		
<i>Loans and receivables at amortised cost including cash and cash equivalents</i>		
Trade receivables(net) (note 15)	8,026	6,588
Other receivables (note 15)	3,383	5,840
Cash and cash equivalents	15,517	23,046
Total Financial assets	26,926	35,474
Financial liabilities		
<i>Financial liabilities at amortised cost</i>		
Other interest-bearing loans and borrowings (note 18)	21,053	16,883
Trade and other payables (note 19)	128,794	142,498
Total Financial liabilities	149,847	159,381

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



Notes (continued)

(forming part of the financial statements)

23 Financial instruments (continued)

23 (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 £8,026,000 (2017: £6,588,000) 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:

	2018	2017
	£000	£000
United Kingdom	8,026	6,588

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

	2018	2017
	£000	£000
Vehicle debtors	2,641	4,189
Non vehicle debtors	3,314	1,266
Manufacturer debtors	2,071	1,133
	8,026	6,588

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 2018	Impairment 2018	Gross 2017	Impairment 2017
	£000	£000	£000	£000
Trade receivables not past due	8,026	-	6,588	-
Trade receivables past due	359	359	224	224
	8,385	359	6,812	224

Notes (continued)

(forming part of the financial statements)

23 Financial instruments (continued)

23 (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 2017	224
Impairment loss recognised	(20)
Allowance for impairment utilised	(57)
Balance at 31 August 2018	147

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.

23 (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 £21,053,000 (2017: £16,883,000) at LIBOR plus 1.20%.

	2017					
	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	16,883	17,669	1,279	1,262	15,128	-
Revolving Credit Facility	-	-	-	-	-	-
Trade and other payables	142,500	142,500	142,500	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	2018					
	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	-	-	-	-	-	-
Revolving Credit Facility	21,053	-	-	-	-	21,053
Trade and other payables	129,313	129,313	129,313	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes (continued)

(forming part of the financial statements)

23 Financial instruments (continued)

23 (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:

	2018	2017
	£000	£000
Variable rate instruments		
Cash and cash equivalents	15,517	23,046
Vehicle funding	(41,742)	(25,914)
Loans and overdrafts	(21,053)	(16,883)
	<u>(47,278)</u>	<u>(19,751)</u>

The objectives of the Group's interest rate policy are to minimise interest costs. The Group does not actively manage cash flow interest risk as the directors believe that the 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.

	2018	2017
	£000	£000
Equity		
Decrease	314	214
Profit or loss		
Decrease	314	214

Notes (continued)

(forming part of the financial statements)

23 Financial instruments (continued)

23 (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 2018	As at 31 August 2017
Total borrowings	21,053	16,883
Less: cash and cash equivalents	(15,517)	(23,046)
Net (surplus)/deficit	5,536	(6,163)
Total equity	56,627	50,356
Gearing ratio	9.78%	0%

24 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2018	2017
	£000	£000
Less than one year	2,679	2,986
Between one and five years	9,118	9,949
More than five years	10,142	13,314
	21,939	26,249

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 £3,391,000 was recognised as an expense in the income statement in respect of operating leases (2017: £3,141,000).

Notes (continued)

(forming part of the financial statements)

25 Contingencies

The Group is jointly and severally liable in respect of value added tax liabilities arising in other group undertakings. The related fellow subsidiary undertakings and the parent company were in a repayment situation at 31 August 2017 and 2018.

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, Cambria Vehicle Services Limited and Repair and Maintenance Plans Limited.

Intra-group guarantees are accounted for as insurance contracts.

26 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 47.7% (2017: 47.56%) of the voting shares of the Company.

The compensation of key management personnel is as follows:

	2018	2017
	£000	£000
<i>Directors' emoluments</i>		
Salaries and consultancy fees	986	1,001
Annual bonus	584	646
Pension costs	1	-
Share related awards	24	24
	1,595	1,671



Notes (continued)

(forming part of the financial statements)

26 Related parties (continued)

The emoluments consist of:

	Salaries	Bonus	Share related awards	Pension costs	Total	Total
<i>Directors' emoluments</i>	2018	2018	2018	2018	2018	2017
	£000	£000	£000	£000	£000	£000
Philip Swatman	40	-	-	-	40	40
James Mullins	215	181	12	1	409	404
Mark Lavery	400	318	-	-	718	765
Sir Peter Burt	8	-	-	-	8	33
Michael Burt	33	-	-	-	33	33
Tim Duckers	265	85	12	-	362	381
Paul McGill	25	-	-	-	25	15
William Charnley	-	-	-	-	-	-
	<u>986</u>	<u>584</u>	<u>24</u>	<u>1</u>	<u>1,595</u>	<u>1,671</u>

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

During the year Mark Lavery bought 4 vehicles from the Group and sold 4 vehicles back to the Group, James Mullins bought 6 vehicles from the Group and sold 6 vehicles back to the Group. Sir Peter Burt bought 1 vehicle from the Group and sold 1 vehicle back to the Group. Tim Duckers bought 6 vehicles from the Group and sold 6 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 £68,686. William Charnley is a partner at the law firm King & Spalding, during the year the Group paid professional fees of £7,156 in relation to the legal services provided to the Group.

27 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.

28 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 2018 of 0.75p (2017: 0.75p) per share in addition to the interim payment of 0.25p per share (2017: 0.25p).

Company balance sheet

At 31 August 2018

	Note	2018		2017	
		£000	£000	£000	£000
Fixed assets					
Tangible fixed assets	5	136		76	
Investments	6	666		666	
			802		742
Current assets					
Stock	7	666		710	
Debtors	8	20,066		19,731	
Cash at bank		392			
		21,124		20,441	
Creditors: amounts falling due within one year	9	(8,756)		(7,480)	
Net current assets			12,368		12,961
Total assets less current liabilities			13,170		13,703
Net assets			13,170		13,703
Capital and reserves					
Called up share capital	12		10,000		10,000
Share premium account	13		799		799
Profit and loss account			2,371		2,904
Shareholders' funds			13,170		13,703

These financial statements were approved by the board of directors on 20 November 2018 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 2018

	Note	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
		£000	£000	£000	£000
Balance at 31 August 2016		10,000	799	789	11,588
Profit for the year		-	-	65	65
Dividend paid		-	-	(950)	(950)
Dividend Received		-	-	3,000	3,000
Balance at 31 August 2017		10,000	799	2,904	13,703
Profit for the year		-	-	467	576
Dividend paid	4	-	-	(1,000)	(1,000)
Dividend received		-	-	-	-
Balance at 31 August 2017		10,000	799	2,371	13,279



Notes

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 16.

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.

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.

Notes (continued)

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

	2018	2017
	£000	£000
Directors' emoluments		
Salaries	986	1,001
Annual bonus	584	646
Pension costs	1	-
Share related awards	24	24
	<u>1,595</u>	<u>1,671</u>

The emoluments in respect of the highest paid director were:

	2018	2017
	£000	£000
Salaries	400	400
Annual bonus	318	365
	<u>718</u>	<u>765</u>

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
	2018	2017
Number of employees		
Administration	61	56

The aggregate payroll costs of these persons were as follows:

	Company	Company
	2018	2017
	£000	£000
Wages and salaries	4,447	4,380
Social security costs	605	529
Other pension costs	21	18
Share related awards	32	32
	<u>5,105</u>	<u>4,959</u>

Notes (continued)

4 Dividends

The aggregate amount of dividends paid and received comprises:

	2018	2017
	£000	£000
Aggregate amount of dividends paid in the financial year	1,000	950
Aggregate amount of dividends received in the financial year	-	3,000

The aggregate amount of dividends proposed but not recognised at the year end is £750,000 (2017: £750,000).

5 Tangible fixed assets

Company	Computer equipment	Total
	£000	£000
Cost		
At 1 September 2017	783	783
Additions	124	124
Disposals	(221)	(221)
At 31 August 2018	686	686
Depreciation		
At 1 September 2017	707	707
Disposals	(221)	(221)
Charge for year	64	64
At 31 August 2018	550	550
Net book value		
At 31 August 2018	136	136
At 31 August 2017	76	76

6 Fixed asset investments

	Shares in group undertakings
	£000
Company	
Cost and net book value	
At 1 September 2017 and 31 August 2018	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.

Notes (continued)

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

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

* Owned directly by Cambria Automobiles Acquisitions Limited

** Owned directly by Cambria Automobiles Group Limited

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

The registered office of all of the Group Companies is Dorcan Way, Swindon, SN3 3RA.

7 Stocks

	2018	2017
	£000	£000
Motor vehicles	666	710

8 Debtors

	2018	2017
	£000	£000
Trade debtors	50	45
Amounts owed by group undertakings	18,618	18,788
Prepayments and accrued income	1,039	726
Deferred tax (note 11)	53	52
Other taxation	306	120
	20,066	19,731

Notes (continued)

9 Creditors: amounts falling due within one year

	2018	2017
	£000	£000
Trade creditors	385	279
Bank overdraft	-	3,394
Bank loan	4,500	-
Vehicle funding	366	474
Other taxation and social security	265	281
Accruals and deferred income	3,183	3,027
Corporation tax	57	25
	<u>8,756</u>	<u>7,480</u>

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.

	2018	2017
	£000	£000
Creditors falling due within less than one year		
Secured bank loans	4,500	-

11 Deferred taxation

Deferred taxation asset	£000
At 1 September 2017	52
Movement in period	1
At 31 August 2018	53

The elements of deferred taxation asset are as follows:

	2018	2017
	£000	£000
Difference between accumulated depreciation and capital allowances	34	52
Other timing differences	19	-
Total deferred tax	<u>53</u>	<u>52</u>

12 Called up share capital

	2018	2017
	£000	£000
<i>Authorised</i>		
100,000,000 Ordinary shares of 10 pence each	10,000	10,000
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>		
100,000,000 Ordinary shares of 10 pence each	10,000	10,000
	<u> </u>	<u> </u>
Shares classified in shareholder's funds	10,000	10,000
	<u> </u>	<u> </u>

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



Notes (continued)

13 Share premium and reserves

	Share premium account	Profit and loss account
	£000	£000
At 1 September 2017	799	2,904
Profit for the year	-	576
Dividend paid	-	(1,000)
Dividend received	-	-
At 31 August 2018	799	2,480

14 Ultimate parent company and parent undertaking of larger group

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





CamBRiA

Automobiles plc

GRANGE

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For a better motoring experience

Invicta Motors
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County
MOTOR WORKS
1954-1987