



**CamBRIA**  
Automobiles plc

# Annual report and financial statements

Registered number 05754547

31 August 2019

# CamBRiA

Automobiles plc

## GRANGE

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**Significant portfolio changes resulting in improved trading performance despite challenging market headwinds**

## Financial Highlights

Year ended 31 August	2019	2018	
	£m	£m	Change
Revenue	<b>657.8</b>	630.0	4.4%
Underlying EBITDA*	<b>17.1</b>	13.3	28.6%
Underlying operating profit*	<b>13.6</b>	10.9	24.8%
Underlying profit before tax*	<b>12.3</b>	9.8	25.5%
Underlying profit before tax margin*	<b>1.87%</b>	1.55%	32bps
Underlying earnings per share*	<b>9.78p</b>	7.84p	24.7%
Operating profit	<b>13.9</b>	10.2	36.3%
Profit before tax	<b>12.5</b>	9.1	37.4%
Earnings per share (basic)	<b>9.95p</b>	7.27p	36.9%
Dividend per share	<b>1.1p</b>	1.0p	

\* These items exclude net non-recurring income of £0.4m relating to the profit on disposal of property assets held for resale and £0.2m on closure costs (2018: closure costs £0.7m)

- ✓ Strong balance sheet – net assets £65.6m (2017/18: £56.6m)
- ✓ Strong operational cash flows, cash balance at 31 August 2019 of £26.3m (2017/18: £15.5m)
- ✓ Net debt of £3.8m (31 August 2018: net debt £5.5m)
- ✓ Continued investment in freehold property portfolio during year deploying £17.6m in capital expenditure
- ✓ Underlying Return on Equity at 16.0% (2017/18: 14.7%)
- ✓ Proposed final dividend of 0.85p, increasing the full year dividend by 10% to 1.1p per share (2017/18: 1.0p)



## Franchising Highlights

Over the past two financial years, the Group has undertaken major changes in its franchise representation, delivering enhanced opportunities as follows:

### 2017/18 changes:

- Addition of two Bentley dealerships
- Addition of one Lamborghini dealership
- Addition of one McLaren dealership
- To make way for the refranchising of the facilities, the Group closed the operations that previously occupied these premises
- The Group closed the loss-making Blackburn site which previously represented Alfa Romeo, Fiat, Renault and Volvo
- The franchise changes outlined above have positively impacted the dynamics of the earnings streams given the value of the new cars being sold in the High Luxury Segment ("HLS") dealerships in 2018/19

### 2018/19 changes:

- September 2018: Opening of Peugeot dealership in Warrington
- November 2018: Opening of the Group's second Lamborghini dealership in Tunbridge Wells, further enhancing its HLS representation
- December 2018: Occupation of the newly completed Hatfield Jaguar Land Rover Arch Concept dealership
- December 2018: Disposal of Royal Wootton Bassett freehold following the relocation of Jaguar Land Rover to Swindon in the previous year
- April 2019: Opening of Suzuki dealership in Maidstone
- April 2019: Acquisition of land in Brentwood for development of dealership facilities
- May 2019: Opening of Citroen dealership in Oldham
- May 2019: Occupation of Hatfield Aston Martin and McLaren dealership
- June 2019: Opening of Vauxhall dealership in Warrington alongside Peugeot, enhancing PSA relationship

## Operational Highlights

- ✓ New unit sales to retail customers reduced 11.8% (like-for-like down 8.1%), although gross profit improved as a result of the 31.8% (like-for-like up 11.1%) increase in profit per unit following the improvement in the franchise portfolio mix
- ✓ Lower margin Fleet and Commercial units reduced 36.3% and 59.8% respectively
- ✓ Overall unit sales of new vehicles reduced by 18% (like-for-like down 15.3%). The unit impact was more than offset by the increase of 40.3% in average profit per unit resulting from the combination of the like-for-like profit improvement, the improved franchise portfolio mix and the reduction in lower margin fleet and commercial units. New car gross profit increased by £2.7m
- ✓ Used vehicle unit sales down 4.9% following site closures (like-for-like up 1.4%), offset by an 8.7% (like-for-like 7.0%) improvement in profit per unit which reflects the Group's portfolio changes and the additional new HLS brands. Used car gross profit increased by £0.8m
- ✓ Aftersales Revenue increased 4.3% (like-for-like increase 5.1%). Gross profit increased by £0.5m

## Summary (continued)

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**Mark Lavery**, Chief Executive Officer of Cambria said:



“We are pleased to have delivered a strong performance in the 2018/19 financial year. The strategic refranchising and property development activity that started during the previous financial year delivered a positive impact despite the significant headwinds in the industry and broader economy. Our greater exposure to the High Luxury Segment has driven the earnings capacity of the Group and the increased new car department profit is a reflection of our significantly enhanced property portfolio and diversified brand mix.

On a general note and in line with my commentary last year, the year has 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. The challenges facing vehicle manufacturers in achieving compliance with the 2020 and 2021 CO2 emissions targets will impact the new car market over the next two years. Like our peer group, we are also having to cope with Government driven central cost increases including but not limited to the National Minimum Wage increases, Apprenticeship Levy, pension contributions, increases in debit and credit card charges and increased property rating costs. Regrettably we have no control over these factors.

That being said, our teams have worked incredibly hard and delivered a strong result at both the revenue and profit levels, which significantly outperformed market expectations. Our strong new car profitability, improved used car profit performance, combined with growth in aftersales have all been significant contributors. I would like to thank our Associates for their contributions throughout the year.

Trading in the current financial year has started in line with the Board’s expectations. 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

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I am pleased to report that Cambria has delivered another strong set of results for the year ended 31 August 2019. The Group has delivered a number of strategic franchising and property investment objectives and has still been able to demonstrate improved profitability whilst absorbing those changes.

The results are even more favourable against a challenging consumer backdrop and significant uncertainty caused by the ongoing Brexit negotiations. The results show significant upside in the new car department, continued improvement in the Group's used car and aftersales operations and a clear focus on maintaining cost discipline despite some unavoidable headwinds.

The Group has managed its cashflow well while delivering significant capital investment projects and now has a well invested property portfolio, strong net asset position and low level of gearing.

The Group, in its 13th year of trading, delivered £17.1m of underlying EBITDA and £12.3m 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 which this year reached 16%.

The strategic acquisitions, franchise changes and greenfield developments which the Group has delivered over the past five 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.

The new car market in the UK continues to come under pressure. The overall market is forecast to end 2019 at 2.3m registrations and the current forecast is set to see registrations continue to fall in 2020 to 2.2m new car registrations, these are against the record 2.69m registrations in 2016. The biggest change in the market remains the diesel segment which is down 24% in the year. The new car market will be further disrupted as the plethora of different technologies hit the car market over the coming years ranging from basic 48 volt electrical systems to mild hybrid, plug in hybrid and full battery electric vehicles. The manufacturers are being forced, through legislation, to accelerate technology development to avoid the punitive fines system that will be imposed in 2021 if they do not achieve CO2 target compliance at the end of 2020. The scramble towards this compliance in meeting challenging CO2 targets requires unprecedented levels of investment from the OEMs and by default is taking margin out of the distribution chain.

Focusing on the Group's 2018/19 results, the Group has delivered a financial performance that is ahead of both the Board's and market's expectations despite two upgrades to market expectations during the course of the financial year. The Group generated gross profit growth across all its segments, with new cars growing particularly as a result of the recently added High Luxury franchises. On a like for like basis, Cambria generated gross profit growth across the used car and aftersales departments, with the new car department only marginally behind despite the unit volume reduction.

Group revenue increased by 4.4% to £657.8m (2017/18: £630.0m). Underlying profit before tax increased by 25.5% to £12.3m (2017/18: £9.8m) and the Group delivered underlying earnings per share of 9.78p (2017/18: 7.84p) - an increase of 24.7%.

The Group closed the year with net debt of £3.8m (2017/18: net debt £5.5m) after significant capital investments of £21.9m of which £17.6m was invested into the Group's freehold property portfolio. The Group has net assets of £65.6m (2017/18: £56.6m), underpinned by the ownership of £78.4m (2017/18: £64.3m) of freehold properties.

### Group overview

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 five 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
- Refranchising Vauxhall and Peugeot into Warrington
- Refranchising Citroen into Oldham
- Refranchising Suzuki into Maidstone

Following the refranchising activity outlined above, the Group now comprises 27 locations, representing 41 franchises and 16 brands, a well-balanced brand portfolio spanning the High Luxury, Premium and Volume segments.

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.





## Chairman's Statement (continued)

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### Dividend

The Board is pleased to propose a final dividend of 0.85p per share (2017/18: 0.75p), subject to shareholder approval, resulting in a total dividend for the year of 1.1p per share, an increase of 10% (2017/18: 1.0p).

### Outlook

The UK economy remains in a period of significant uncertainty while the ramifications of leaving the EU are worked through. There is little clarity on how or if 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 without stating the obvious, both a weaker Sterling and any tariffs would undoubtedly have a detrimental effect on the new car market.

The team has done a good job in delivering the changes to our property portfolio and franchise mix which have enhanced the Group's performance, developed the balance sheet and enhanced the brand mix. The changes made over the past two years have started to contribute positively and the Board believes that they have further potential.

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 the developments delivered over the past 24 months are first class, enhancing the retail environment for our Associates, Guests and OEM partners.

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



## Operating and financial review

### Chief Executive Officer's review

#### Introduction

I am pleased to report that the Group has delivered a strong set of results for the 2018/19 financial year, ahead of market expectations after two earnings upgrades during the course of the year. The performance was delivered alongside significant franchising additions, changes, closures and site developments. The year on year comparatives look favourable as a result of the disruption encountered in the prior year whilst the franchise and property changes were being delivered.

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

Year ended 31 August	2019 £m	2018 £m	Change
Revenue	<b>657.8</b>	630.0	4.4%
Underlying EBITDA*	<b>17.1</b>	13.3	28.6%
Underlying operating profit*	<b>13.6</b>	10.9	24.8%
Underlying profit before tax*	<b>12.3</b>	9.8	25.5%
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Operating profit	<b>13.9</b>	10.2	36.3%
Profit before tax	<b>12.5</b>	9.1	37.4%
Earnings per share (basic)	<b>9.95p</b>	7.27p	36.9%
Dividend per share	<b>1.1p</b>	1.0p	

\*These items exclude net non-recurring income of £0.4m relating to the profit on disposal of property assets held for resale and £0.2m on closure costs (2018: closure costs £0.7m)



## Operating and Financial Review (continued)

The Group celebrated its 13th anniversary in July 2019. During those 13 years the Group has grown from one site with three new car franchises to 27 locations representing 41 new car franchises and 16 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 £12.3m in 2018/19. During the year, the Group delivered a return on shareholder funds of 16%. The Group has consistently delivered strong operational cash flows and has built a net asset position of £65.6m underpinned by £78.4m of freehold property. The Group has developed an exceptional franchise portfolio which has been enhanced further during 2018 and 2019 through delivery of our property investments and the addition of Bentley, Lamborghini, McLaren, Citroen, Peugeot and Suzuki to the Group's brand partnerships.

### Brand partnerships

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	Citroen	1		
Jaguar	5	Fiat	2		
Lamborghini	2	Ford	5		
Land Rover	4	Mazda	3		
McLaren	1	Peugeot	1		
Volvo	4	Suzuki	1		
		Vauxhall	3		
<b>Total</b>	<b>21</b>		<b>18</b>		<b>2</b>

A significant period of refranchising activity began during the 2017/18 financial year which demonstrated delivery of the Group's acquisition strategy which evolved in 2013 to enhance our Premium and High Luxury brand representation.

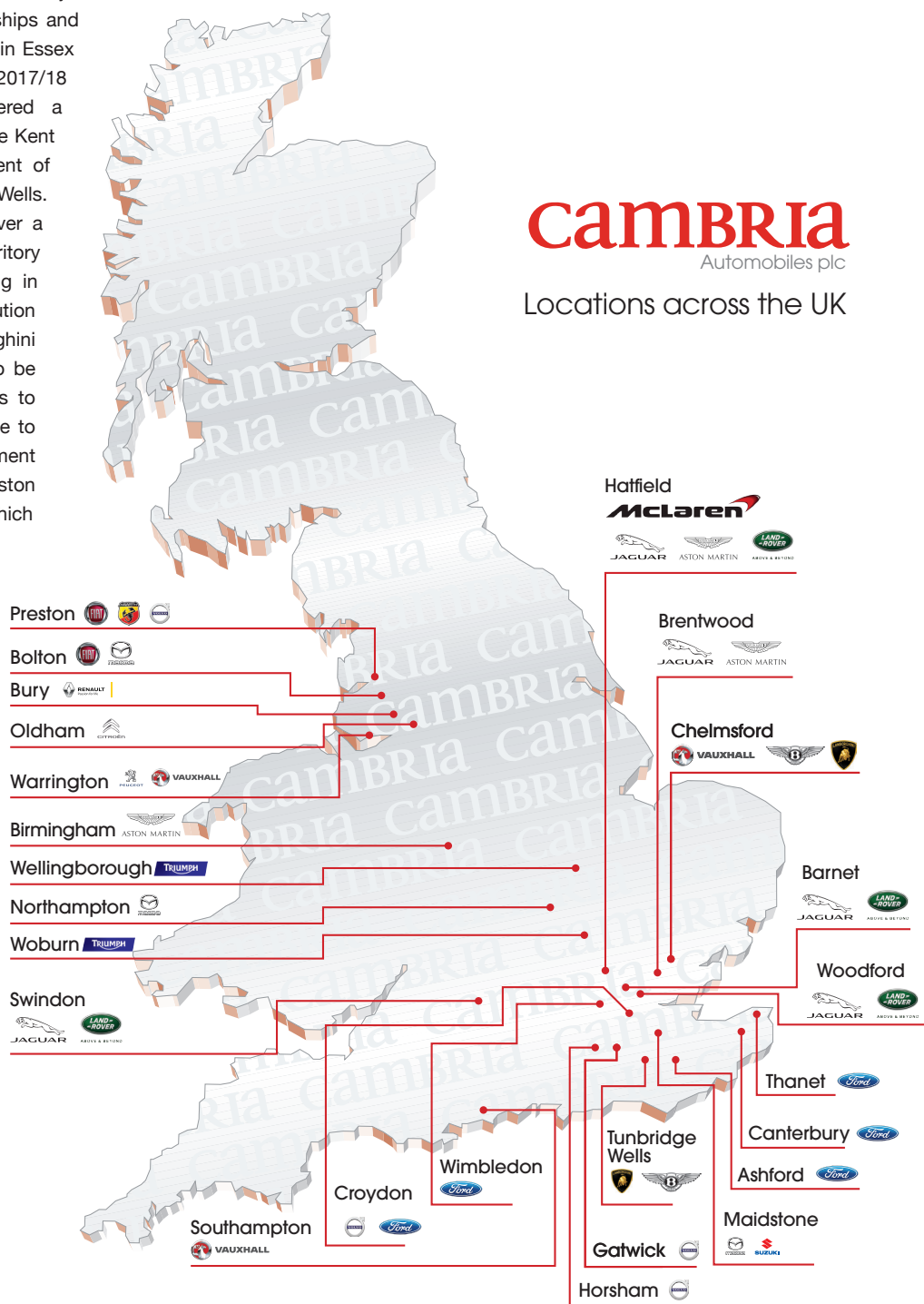
The period 2014 through 2016 saw a significant number of acquisitions and disposals that were focused on the Group's desire to participate in the Jaguar Land Rover ("JLR") network restructuring. Along with the need to deliver on business transactions to secure the franchise opportunity in the given territories, the Group committed to deliver permanent property solutions in line with the JLR Arch Concept for its distribution network. Subsequent to the business acquisitions, the Group has delivered on the Arch developments in Barnet, Swindon and Hatfield. The land has been acquired for the Brentwood development which is currently in the very early stages to secure planning permission. The Group continues to work towards securing a suitable facility for the relocation of its Woodford Jaguar Land Rover dealership.

## Operating and Financial Review (continued)

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 has enabled 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 on the dealership will begin in Q2 2020.

The Group was given the opportunity to establish two new Bentley dealerships and two new Lamborghini dealerships in Essex and Kent in 2018. During the 2017/18 financial year the Group delivered a permanent property solution for the Kent territory with a major refurbishment of its freehold property in Tunbridge Wells. The Group was also able to deliver a temporary solution for the Essex territory by refurbishing a freehold building in Chelmsford. The permanent solution for the Bentley and Lamborghini operations in Essex is intended to be a full relocation of the businesses to Brentwood when the Group is able to deliver the significant development housing Jaguar Land Rover, Aston Martin, Bentley and Lamborghini which will be a flagship development in a very prominent location.

The Group has also continued its refranchising efforts to maximise the opportunity in other territories where the Group has property solutions. The refranchising of Warrington to add Vauxhall and Peugeot and Oldham to add Citroen has expanded the Group's relationship with PSA to five franchises. The Group was also pleased to add its first Suzuki business in Maidstone during the year.



## Operating and Financial Review (continued)

### Operations

Year to 31 August	2019				2018			
	Revenue	Revenue mix	Gross Profit	Margin	Revenue	Revenue mix	Gross Profit	Margin
	£m	%	£m	%	£m	%	£m	%
New vehicles	293.8	44.7	20.6	7.0	290.6	46.1	17.9	6.2
Used vehicles	302.8	46.0	25.1	8.3	279.1	44.3	24.3	8.7
After-sales	76.9	11.7	29.4	38.2	73.7	11.7	28.9	39.1
Internal sales	(15.7)	(2.4)	-	-	(13.4)	(2.1)	-	-
<b>Total</b>	<b>657.8</b>	<b>100</b>	<b>75.1</b>	<b>11.4</b>	<b>630.0</b>	<b>100.0</b>	<b>71.1</b>	<b>11.3</b>
Administrative expenses			(61.4)				(60.2)	
Operating profit before non-recurring expenses			13.7				10.9	
Non-recurring income/(expenses)			0.2				(0.7)	
<b>Operating profit</b>			<b>13.9</b>				<b>10.2</b>	

### New Vehicle Sales

	2019	2018	Year on year growth
New units	7,509	9,158	(18%)

New vehicle revenue increased from £290.6m to £293.8m (1.1%) despite total new vehicle sales volumes being down 18%, illustrating the significant increase in average transaction price of the units sold. Gross profit increased by £2.7m (15%) in total. The reduced new vehicle volumes were more than offset by the significant improvement in the gross profit per unit sold which increased by 40.3% in total. The significant increase was a result of the combination of like-for-like increase in the profit of the retail units sold, a reduction in the sales volume of low margin commercial and fleet units and strengthening mix from the businesses.

The new car business has gone through a significant period of disruption with the site closures in the previous year and franchise changes in the current year. The addition of two Lamborghini, two Bentley and one McLaren franchise in the HLS segment have made a marked difference to the new car department profitability.

On a like-for-like basis, excluding the impact of the additions and closures, our new volumes reduced by 15.3% with gross profit reducing by £0.2m as profit per unit increased 19.7% on a like for like basis. The like-for-like volume reduction was attributable to reductions in unit sales from certain Volume manufacturer partners who have experienced a significant reduction in national registrations.

The Group's sale of new vehicles to private individuals was 11.8% lower year-on-year at 6,843 units (like-for-like down 8.1%), the profit per unit for these vehicles improved 31.8% (like-for-like 11.1%). New commercial vehicle sales transacted at low profit per unit were significantly down by 59.8% to 390 units in the period. Commercial vehicle sales concluded in the prior year had a dilutive effect on the Group's average profit per unit in the prior year. New fleet unit vehicle sales decreased by 36.3% to 276 units but the average profit per unit improved by 43.9%.

The new vehicle registration data from the Society of Motor Manufacturers & Traders showed total registrations were down 6.4% in the rolling 12 month period to August 2018. The registration of cars to private individuals was also down 6.4% 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 24%.

### Used Vehicle Sales

	2019	2018	Year on year growth
Used units	13,072	13,739	(4.9%)

We have delivered another good performance in used vehicle sales. Revenues increased from £279.1m to £302.8m whilst the number of units sold declined by 4.9%, partly driven by the site closures and shift in mix to more Premium and High Luxury cars. The gross profit on used vehicles increased by £0.8m to £25.1m, with profit per unit sold increasing 8.7%.

## Operating and Financial Review (continued)

On a like-for-like basis, volumes were up 1.4% while the gross profit generated increased by £1.2m (6.1%) with profit per unit increasing by 7%.

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 117%. This level was reduced from the 125% 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 117% remains significantly ahead of the industry average of 77.2%.

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

### Aftersales

	2019	2018	Year on year growth
Aftersales Revenue	<b>£76.9m</b>	£73.7m	<b>4.3%</b>

Combined aftersales revenue increased 4.3% year on year from £73.7m to £76.9m and related gross profit increased to £29.4m from £28.9m. Like-for-like aftersales revenues were 5.1% higher year on year, with gross profit improving 3% to £27.9m, up £0.8m.

The aftersales departments contributed 11.7% of the Group's revenue, and 39.1% of the Group's overall gross profit. The aftersales margin was slightly diluted in the year.

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.

Total underlying administrative expenses remained well controlled during the year and as a percentage of revenue were 9.3% (2017/18: £9.7%), 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, 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)

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### Integration

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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

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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

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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

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The new car market in 2019 will see a further 2.8% reduction on 2018, with current SMMT forecasts at 2.30m from 2.37m in 2018. The 2019 forecast is 14.5% down on the record 2.69m registrations of 2016.

There is no doubt that consumer confidence, general economic and political uncertainty have all impacted market sentiment since the EU referendum vote in 2016 and the constant unrest being created as we have moved closer to the previously set deadline of 31 October 2019 to exit the European Union.

Sterling remains weak and 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 impact with a significant amount of negative media coverage and clear political positioning in relation to diesel vehicle emissions.

The manufacturers that we represent are in an unparalleled period of capital investment to sustain the developments that they need in order to meet the extremely challenging CO2 targets by the end of 2020 and 2021 to avoid the draconian fines that the European Commission will levy for non-compliance. If the technology advances are not achieved to meet the targets then the OEMs may be forced to significantly restrict their vehicle mix. The solution is not clear as there are a number of challenges to delivering the right technology, sustainably and at a price point that consumers can afford. The 2021 challenge is driving pressure into the vehicle supply chain.

Looking forward, the Board remains cautious as a result of the uncertain political and economic environment as the UK exits the European union and is monitoring the challenges that the OEMs will continue to face towards 2021 CO2 emission compliance which will undoubtedly have an impact on the new car market.

Despite the significant external challenges, the 2018/19 financial year delivered a good set of results and post the period end, September and October trading were in line with the Board’s expectations. We have continued to make significant achievements in progressing both our property portfolio and franchising strategy and believe that current market conditions could lead to further opportunities to develop the Group.



**Mark Lavery**  
Chief Executive

## Operating and Financial Review (continued)

### Finance Director's Report

#### Overview

Total revenues in the period increased 4.4% to £657.8m from £630.0m in the prior year. New vehicle unit volumes were down 18% but new vehicle revenues were up 1.1% as a result of the mix shift. Used car revenue increased by 8.9% although units reduced by 4.9%. Revenues from the aftersales businesses increased by 4.5%, compared with the previous year.

Total gross profit increased by £4.0m (5.6%) from £71.1m to £75.1m in the year. Gross profit margin across the Group improved 0.1% to 11.4%. The revenue mix saw an increase in used cars with new cars reducing and aftersales remaining static as a proportion of revenue. 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. There was an improvement in the new car margin to 7%, a reduction in used car margin to 8.3% and margin reduction in aftersales to 38.2%. The aftersales operations contributed 39.1% 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 72.6% of the Group's total gross profit mix.

During the year, the Group has non-recurring net income of £0.2m (2017/18 – net expense £0.7m). These related to the £0.4m profit on sale of the Group's freehold in Royal Wootton Bassett and £0.2m of one off closure costs relating Blackburn and Welwyn Garden City relocation.

Underlying EBITDA was £17.1m in the period, up from £13.3m in the previous year. Underlying operating profit was £13.6m, compared with £10.9m in the previous year, resulting in an underlying operating margin of 2.1% (2017/18: 1.7%).

Net finance expenses increased to £1.4m (2017/18: £1m) as a result of the increased borrowing to fund the freehold property investments and increased vehicle stocking charges.

The Group's underlying profit before tax increased by 25.5% to £12.3m, compared with £9.8m in the previous year.

Underlying earnings per share were 9.78p (2017/18: 7.84p). Basic earnings per share were 9.95p (2017/18: 7.27p) and the Group's underlying return on shareholders' funds for the year was 16% (2017/18: 14.7%).

#### Taxation

The Group tax charge was £2.5m (2017/18: £1.9m) representing an effective rate of tax of 20.3% (2017/18: 20.3%) on a profit before tax of £12.5m (2017/18: £9.1m). As outlined in last year's report, it is anticipated that the tax rate will continue at a substantially normal effective tax.





## Operating and Financial Review (continued)

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### Financial position

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The Group has a robust balance sheet with a net asset position of £65.6m underpinned by £78.4m of freehold property (fixed assets and assets held for resale) which are held on a historic cost basis.

In November 2017, the Group entered into revised Banking facilities and as a result, the £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 2019 was £3.8m (2017/18: net debt £5.5m), reflecting a cash position of £26.3m (31 August 2018: £15.5m). This is after the £21.9m 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 £10m overdraft facility which is available to manage seasonal fluctuations in working capital. The overdraft facilities are renewable annually and are next due on 31 December 2019.

### Cash flow and capital expenditure

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The Group generated an operating cash inflow of £22.2m with working capital reducing by £7.9m 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 and higher levels of service plan and warranty funds. Total funds invested in capital expenditure were £21.9m.

During the year the material projects that incurred capital expenditure were:

- Hatfield Jaguar Land Rover, Aston Martin and McLaren build completion and fit out - £8.1m
- Hatfield PDI centre land acquisition for storage and preparation - £3.7m
- Warrington refurbishment for Peugeot and Vauxhall - £0.4m
- Oldham refurbishment for Citroen - £0.2m
- Swindon Freehold land purchase and completion of development - £2.7m
- Brentwood Land purchase - £5.4m
- Wellingborough Triumph refurbishment - £0.2m
- Tunbridge Wells fit out - £0.2m

To fund some of the Capital Expenditure outlined above there has been a draw down of £9m against the Revolving Credit Facility. There were no capital repayments.

As a result of the net cash inflow of £10.8m, the gross cash position was £26.3m with gross debt of £30.1m and overall net debt of £3.8m after significant investment, compared with net debt at 31 August 2018 of £5.5m.

### Capital expenditure commitments

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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 and 2019 financial year delivered on some of the committed projects. Over the coming 24 months the Group intends to complete the following major freehold investments; Solihull Aston Martin at c.£5m, Brentwood Jaguar Land Rover, Aston Martin, Bentley and Lamborghini c.£16m. The developments will be funded through a drawdown of RCF and existing cash.

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.

## Operating and Financial Review (continued)

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### IFRS 16 Impact

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IFRS 16 is due to take effect from accounting periods commencing from 1 January 2019 and replaces IAS17. The new standard requires lessees to recognise an asset (a Right of Use asset ("RoU")) and lease liability for all leases (subject to certain exemptions) based on the discounted future lease payments. Exemptions exist for certain short-term leases and leases with a low asset value at inception of the lease.

The Directors anticipate that the significant impact of the standard on the Group will be the recognition of a RoU asset and a corresponding lease liability in respect of the Groups property portfolio which are presently accounted for as an operating lease under IAS 17. In addition, this will result in an increase in depreciation and finance charges which will replace the operating lease rentals currently recognised in the Statement of Comprehensive Income.

IFRS 16 provides a significant number of options on transition including a retrospective approach whereby comparative amounts are restated or a modified retrospective approach whereby the cumulative effect of transition is recognised on the opening balance of retained earnings (at 1 September 2019) and comparative amounts are not restated. The Directors have reviewed the options available and expect to apply the modified retrospective approach with additional disclosures to increase comparability with the comparative period.

On transition the Group will recognise a RoU asset of approximately £5.9m, a receivable of £0.2m and a corresponding lease liability of approximately £8.4m. Following adjustments to remove rent prepayments (£0.2m) and onerous lease provisions (£1m), then a restatement of opening reserves of approximately £1.4m is anticipated. Whilst cash flows will remain unchanged, property rent charges under IAS 17 will be replaced by depreciation and finance charges.

In respect of the Groups present lease commitments, for the period to 31 August 2020, the profit before tax is expected to increase by approximately £0.2m.

### Shareholders' funds

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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

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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 £0.6m (2017/18: £0.4m) to defined contributions schemes for certain employees.

### Financial instruments

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

### Dividends

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The Board is pleased to propose a final dividend payment in respect of the financial year to 31 August 2019 of 0.85p per share in addition to the interim dividend of 0.25p per share paid in May 2019. If approved by the shareholders at the Annual General Meeting to be held on 9 January 2020, the dividend will be payable on 17 January 2020 to those shareholders registered on 20 December 2019, with an ex-dividend date of 19 December 2019. 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: 19 November 2019

# Strategic report

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## Enhanced Business Review

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All details required are covered in the Chairman's Statement and the Operating and Financial Review between pages 7 and 18.

## Cambria Business Philosophy

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### 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

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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

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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

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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

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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

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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

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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: 19 November 2019

Dorcan Way, Swindon, SN3 3RA

## Directors' report

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The Directors present their Directors' report and financial statements for the year ended 31 August 2019.

### Principal activities

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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 41 dealer franchises.

### Proposed dividend

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The Directors recommend the payment of a final dividend for 2019 of 0.85p per share which equates to £0.85m (2018: £0.75m). If approved at the Annual General Meeting to be held on 9 January 2020, the dividend will be payable on 17 January 2020 to those shareholders registered on 20 December 2019.



## Directors' report (continued)

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### Directors

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

P H Swatman  
M J Lavery  
M W Burt  
J A Mullins  
T A Duckers  
P McGill  
W F Charnley

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

### Associates

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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

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During the year, the Group made charitable donations of £22,735.

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year (2018: £nil).

### Disclosure of information to auditor

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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

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In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of UHY Hacker Young Manchester 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: 19 November 2019

Dorcan Way, Swindon, SN3 3RA

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

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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 the 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

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### Our opinion is unmodified

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We have audited the financial statements of Cambria Automobiles plc for the year ended 31 August 2019 which comprise the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of financial position, consolidated cash-flow statement, company balance sheet, the company statement of changes in equity and the related notes including the accounting policies in note 1.

### In our opinion

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- 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 2019 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 UK Generally Accepted Accounting Practice, including FRS101 *Reduced Disclosure Framework*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis of opinion

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We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to SME listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Key audit matters

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Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, 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 were as follows:



## Independent auditor's report to the members of Cambria Automobiles plc (continued)

### Key audit matters (continued)

#### **Revenue - £657.8 million (2018 - £630.0 million)**

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:

- 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 2019;
- 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.

#### **Vehicle inventory valuation - £110.0million (2018 - £86.6m)**

The value of vehicle inventory is significant and subject to the risk of ongoing reduction in value. Accounting standards require inventory to be recorded at the lower of cost and net realisable value.

Our procedures included:

- Testing on a sample basis that vehicles were correctly recorded at their initial cost by verification to 3rd party invoices and credit notes;
- Benchmarking the provisioning policies in use by the Group against practices followed by other similar businesses in the motor retail sector;
- Testing that the provisioning policies in place were correctly applied to a sample of vehicles;
- Testing a sample of vehicles held in stock at 31 August 2019 to their sale after the year end to confirm that no material losses were made on sale.

#### **Transactions with key suppliers (franchises)**

The Group purchases new and used vehicles, parts and other ancillary services from its motor manufacturer franchise partners. The volume of transactions and the complex nature of discount and bonus schemes give rise to an increased risk of fraud or error.

Our procedures included:

- Review and sample testing of the reconciliations of amounts owed to / from the relevant suppliers at 31 August 2019;
- Testing on a sample basis the subsequent receipt of bonuses and commissions against the value of debt recorded at 31 August 2019.

#### **Goodwill - £21.3 million (2018 - £21.3million)**

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:-

- 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. Assessing the adequacy of the disclosures relating to going concern.

## Independent auditor's report to the members of Cambria Automobiles plc (continued)

### 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 £1,200,000 determined by reference to a benchmark of 10% of group profit before taxation.

Materiality for the Parent Company financial statements was set at £288,000 determined with reference to an average benchmark of 2% of total assets and 4% of net assets.

All of the Group's twelve active components, including the Parent Company, were subject to full scope audits performed by the group team.

These audits accounted for 100% of total group revenue, group profit before tax and total group assets and were performed to individual component materiality levels which ranged from £20,000 to £1,193,000, having regard to the mix of size and risk profile of the Group across these components.

We agreed to report to the Audit Committee any corrected and uncorrected identified misstatements exceeding 5% of each active component's materiality, in addition to other identified misstatements that warranted reporting on qualitative grounds.

### Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

## Independent auditor's report to the members of Cambria Automobiles plc (continued)

### Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 23, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group and 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 the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

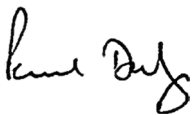
### Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditresponsibilities](http://www.frc.org.uk/auditresponsibilities). This description forms part of our auditor's report.

### 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.



**Paul Daly BEng FCA (Senior Statutory Auditor)**  
for and on behalf of UHY Hacker Young Manchester  
**LLP, Statutory Auditor**  
*Chartered Accountants*  
St James Building  
79 Oxford Street  
Manchester M1 6HT

**19 November 2019**

Consolidated statement of comprehensive income  
for year ended 31 August 2019

	Note	2019	2018
		£000	£000
Revenue	3	657,777	630,065
Cost of sales		(582,723)	(558,944)
<b>Gross profit</b>	4	<b>75,054</b>	71,121
Administrative expenses		(61,188)	(60,969)
<b>Results from operating activities</b>	4	<b>13,866</b>	10,152
Finance income	9	64	74
Finance expenses	9	(1,435)	(1,102)
<b>Net finance expenses</b>		<b>(1,371)</b>	(1,028)
<b>Profit before tax from operations before non-recurring income/ (expenses)</b>		<b>12,276</b>	9,827
Net non-recurring income and expenses	5	219	(703)
<b>Profit before tax</b>	4	<b>12,495</b>	9,124
Taxation	10	(2,542)	(1,853)
<b>Profit and total comprehensive income for the period</b>		<b>9,953</b>	7,271
<b>Basic earnings per share</b>	8	<b>9.95p</b>	7.27p
<b>Diluted earnings per share</b>	8	<b>9.93p</b>	N/a

All comprehensive income is attributable to owners of the Parent Company.

Consolidated statement of changes in equity  
for year ended 31 August 2019

	Note	Share capital	Share premium	Retained earnings	Total equity
		£000	£000	£000	£000
Balance at 31 August 2017		10,000	799	39,557	50,356
Profit for the year		-	-	7,271	7,271
Dividend paid	23	-	-	(1,000)	(1,000)
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Balance at 31 August 2018		10,000	799	45,828	56,627
Profit for the year		-	-	9,953	9,953
Dividend paid	23	-	-	(1,000)	(1,000)
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Balance at 31 August 2019</b>		<b>10,000</b>	<b>799</b>	<b>54,781</b>	<b>65,580</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>



Consolidated statement of financial position  
at 31 August 2019

	Note	2019 £000	2018 £000
<b>Non-current assets</b>			
Property, plant and equipment	11	85,336	67,050
Intangible assets	12	21,478	21,501
		<u>106,814</u>	<u>88,551</u>
<b>Current assets</b>			
Inventories	14	112,804	89,675
Trade and other receivables	15	12,051	11,442
Cash and cash equivalents	16	26,299	15,517
Property assets classified as held for resale	17	899	3,195
		<u>152,053</u>	<u>119,829</u>
<b>Total assets</b>		<u>258,867</u>	<u>208,380</u>
<b>Current liabilities</b>			
Trade and other payables	19	(160,129)	(128,794)
Current tax liability		(1,297)	(721)
Provision		(459)	-
		<u>(161,885)</u>	<u>(129,515)</u>
<b>Non-current liabilities</b>			
Borrowings	18	(30,088)	(21,053)
Provisions	22	(877)	(1,000)
Deferred tax liability	13	(437)	(185)
		<u>(31,402)</u>	<u>(22,238)</u>
<b>Total liabilities</b>		<u>(193,287)</u>	<u>(151,753)</u>
<b>Net assets</b>		<u>65,580</u>	<u>56,627</u>
<b>Equity attributable to equity holders of the parent</b>			
Share capital	23	10,000	10,000
Share premium		799	799
Retained earnings		54,781	45,828
		<u>65,580</u>	<u>56,627</u>
<b>Shareholders' equity</b>		<u>65,580</u>	<u>56,627</u>

These financial statements were approved for issue by the Board of directors on 19 November 2019 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 2019

	Notes	2019	2018
		£000	£000
<b>Cash flows from operating activities</b>			
Profit for the year		9,953	7,271
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment	11/12	3,437	2,481
Financial income	9	(64)	(74)
Financial expense	9	1,435	1,102
Profit/(loss) on disposal of fixed assets		(414)	74
Taxation	10	2,542	1,853
Non-recurring (income)/expenses	5	(219)	703
		<u>16,670</u>	<u>13,410</u>
Change in trade and other receivables		(609)	986
Change in inventories		(23,129)	15,744
Change in payables, deferred income and provisions		31,607	(13,704)
		<u>24,539</u>	<u>16,436</u>
Interest paid		(841)	(785)
Tax paid		(1,714)	(1,790)
Non-recurring income / expenses	5	219	(703)
		<u>22,203</u>	<u>13,158</u>
<b>Net cash from operating activities</b>			
<b>Cash flows from investing activities</b>			
Interest received		64	74
Proceeds from sale of plant and equipment		2,917	136
Purchase of property, plant and equipment and software		(21,907)	(23,750)
		<u>(18,926)</u>	<u>(23,540)</u>
<b>Net cash from investing activities</b>			
<b>Cash flows from financing activities</b>			
Proceeds from new loan		9,000	4,500
Interest paid		(495)	(317)
Repayment of borrowings		-	(330)
Dividend paid	22	(1,000)	(1,000)
		<u>7,505</u>	<u>2,853</u>
<b>Net cash from financing activities</b>			
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>10,782</b>	<b>(7,529)</b>
Cash and cash equivalents at 1 September 2018	16	15,517	23,046
		<u>26,299</u>	<u>15,517</u>
<b>Cash and cash equivalents at 31 August 2019</b>	16	<b>26,299</b>	<b>15,517</b>

# Notes to the consolidated accounts

(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 2019 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 64 to 74.

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 £9.8m (2018 - £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 19 to 22.





### Basis of consolidation

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

#### **Subsidiaries**

Subsidiaries are entities controlled by the Group. Control exists when it is exposed to, or has right to, variable returns from its investment within the entity and has the ability to affect these returns through its power over the entity. The financial information of subsidiaries is included from the date that control commences until the date that control ceases.

All business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

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

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

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

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

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated on consolidation.

### Operating segments

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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

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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 and in the case of purchasing incentives when the sale of the associated vehicle is recognised as revenue. 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. Manufacturer incentives are recognised within revenue

IFRS 15 "Revenue from contracts with customers" became effective for the Group from 1 September 2018 and provides detailed requirements for the timing and amount of revenue recognition. The Group has applied IFRS 15 using the cumulative effect method and the comparatives have not been restated. There have been no changes to the timing and/or measurement of revenue across the Group from the introduction of this standard.

Where the Group receives consideration for a sale in advance of the performance obligations being satisfied, the amount is deferred on the balance sheet within contract liabilities and released to Statement of Comprehensive Income in accordance with the relevant recognition policy. No adjustment has been required in respect of contract liabilities.

## Notes (continued)

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### 1 Accounting policies (continued)

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#### Deposits and advances received from customers

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Deposits received from customers prior to the completion of a sale (delivery of vehicle) are included in the accounts as payables falling due within one year to the extent that they represent a refundable amount to the customer.

#### Financing income and expenses

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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

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Operating profit relates to profit before finance income, finance expense and income tax expense.

#### Intangible assets

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##### **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
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### Property, plant and equipment

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

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

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

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

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

### Impairment of assets excluding inventories

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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.

### 1 Accounting policies (continued)

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#### 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 net of appropriate manufacturer incentives, 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.

#### 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:

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

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

### Non-derivative financial instruments

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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.

The Group recognises an allowance for expected credit losses for all receivables based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The Group applies a simplified approach in calculating expected credit losses and does not track credit risk, but instead recognises a loss allowance based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

#### **Trade and other payables**

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

#### **Cash and cash equivalents**

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

#### **Interest-bearing borrowings**

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

### Taxation

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

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

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

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

### 1 Accounting policies (continued)

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#### Employee benefits

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##### **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.

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.

#### Leasing

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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

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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.

### International Financial Reporting Standards

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 15 - Revenue from Contracts with Customers (effective date 1 January 2018)
- Amendments to IFRS 9 - Financial Instruments (effective date 1 January 2018)
- Amendments to IFRS 2 - Recognition of Deferred Tax Assets for Unrealised Losses – (effective date 1 January 2018)
- Amendments to IAS 7 - Disclosure Initiative (effective date 1 January 2018)
- Amendments to IFRS 2 - Classification and Measurement of Share-based Payment Transactions (effective 1 January 2018)
- Amendments to IFRS 9 - Financial Instruments with IFRS 4 Insurance contracts (effective 1 January 2018)
- Annual Improvements to IFRSs – 2014-2016 Cycle 19 (effective 1 January 2018)
- IFRIC Interpretation 22 - Foreign Currency Transactions and Advance Consideration (effective 1 January 2018)
- Amendments to IAS 40 - Transfers of Investment Property (effective 1 January 2018)

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:***

- IFRS 16 - Leases (effective date 1 January 2019)
- Annual Improvements to IFRSs – 2015-2017 Cycle 19
- Amendments to IAS 28 - Investments in Associates and Joint Ventures
- IFRIC 23 - Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 – Prepayment features with negative compensation
- Amendment to IAS 19 – Plan amendment, curtailment or settlement
- IFRIC 23 - Uncertainty over Income Tax Treatments

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

- IFRS 17 – Insurance contracts
- Amendments to IAS 1 & IAS 8 – definition of material
- Amendment to IFRS 3 – definition of business combination
- Amendments to references to the conceptual Framework in IFRS Standards

IFRS 16 is due to take effect from accounting periods commencing from 1 January 2019 and replaces IAS 17. The new standard requires lessees to recognise an asset (a Right of Use asset (“RoU”)) and lease liability for all leases (subject to certain exemptions) based on the discounted future lease payments. Exemptions exist for certain short-term leases and leases with a low asset value at inception of the lease.

The Directors anticipate that the significant impact of the standard on the Group will be the recognition of a RoU asset and a corresponding lease liability in respect of the Groups property portfolio which are presently accounted for as an operating lease under IAS 17. In addition, this will result in an increase in depreciation and finance charges which will replace the operating lease rentals currently recognised in the Statement of Comprehensive Income.

IFRS 16 provides a significant number of options on transition including a retrospective approach whereby comparative amounts are restated or a modified retrospective approach whereby the cumulative effect of transition is recognised on the opening balance of retained earnings (at 1 September 2019) and comparative amounts are not restated. The Directors have reviewed the options available and expect to apply the modified retrospective approach with additional disclosures to increase comparability with the comparative period.

On transition the Group will recognise a RoU asset of approximately £5.9m, a receivable of £0.2m and a corresponding lease liability of approximately £8.4m. Following adjustments to remove rent prepayments (£0.2m) and onerous lease provisions (£1m), then a restatement of opening reserves of approximately £1.4m is anticipated. Whilst cash flows will remain unchanged, property rent charges under IAS 17 will be replaced by depreciation and finance charges.

In respect of the Groups present lease commitments, for the period to 31 August 2020, the profit before tax is expected to increase by approximately £0.2m.

### **2 Critical accounting estimates and judgements in applying the Group's accounting policies**

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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 and estimates made 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.

#### ***Revenue recognition***

The Group receives manufacturer incentives and recognises as revenue when it is earned. In respect of vehicle specific manufacturers incentives, these are recognised when the associated vehicle sale is recognised as revenue. In the case of non-vehicle related manufacturer incentives, these are recognised in the Statement of Comprehensive Income when the manufacturer criteria have been achieved and the value can be reliably measured. Manufacturer incentives are included in revenue on the Statement of Comprehensive Income rather than deducted from the cost of vehicles and judgement is applied in the timing and nature of the 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.

#### ***Useful life of intangibles, property, plant and equipment***

The Group estimates the useful life and residual values of intangible assets, property, plant and equipment and reviews these estimates at each financial year end.

#### ***Consignment stock***

Consignment stock from manufacturers is included in inventories with a corresponding liability in trade payables even though legal title to the vehicles may not have passed at that point. Judgement is required as to whether the vehicles are considered to be under the control of the Group and this is judged to occur when the Group bears the significant risks and rewards of ownership. The amount of consignment stock at the year-end is disclosed separately within note 14.

#### ***Used vehicle stock***

Used vehicle stock is depreciating stock making estimated stock values uncertain. Management reviews the values of stock on a regular basis against trade valuations (Glass's Guide or CAP data) and valuation adjustments are made for possible over-valuations.

#### ***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.



## Notes (continued)

### 3 Revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major product lines. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 Operating Segments (see note 4)

	2019	2018
	£000	£000
Sale of new cars	293,805	290,653
Sale of used cars	302,749	279,123
Aftersales services	76,944	73,662
Internal sales	(15,721)	(13,373)
Total revenues	657,777	630,065

#### Timing of revenue recognition

The Group recognises all income at a point in time when the performance obligations are satisfied and has not identified any significant income recognised over time or received in advance of performance obligations.



#### 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.

	2019 Revenue	2019 Revenue mix	2019 Gross Profit	2019 Margin	2018 Revenue	2018 Revenue mix	2018 Gross Profit	2018 Margin
	£m	%	£m	%	£m	%	£m	%
New Car	293.8	44.7	20.6	7.0	290.6	46.1	17.9	6.2
Used Car	302.8	46.0	25.1	8.3	279.1	44.3	24.3	8.7
Aftersales	76.9	11.7	29.3	38.1	73.7	11.7	28.9	39.1
Internal sales	(15.7)	(2.4)	-	-	(13.4)	(2.1)	-	-
<b>Total</b>	<b>657.8</b>	<b>100.0</b>	<b>75.1</b>	<b>11.4</b>	<b>630.0</b>	<b>100.0</b>	<b>71.1</b>	<b>11.3</b>
Administrative expenses			(61.4)				(60.2)	
Operating profit before non-recurring expenses			13.7				10.9	
Non-recurring income/ (expenses)			0.2				(0.7)	
<b>Operating profit</b>			<b>13.9</b>				<b>10.2</b>	

From 1 September 2018, the Group analysed certain revenue and gross profit within the aftersales department rather than the used car department. The prior year comparatives have been adjusted to reflect the same treatment, the impact is a reclassification in the allocation between used car and aftersales is £1.2m of Revenue and £0.3m of Gross Profit.

## Notes (continued)

### 4 Segmental reporting (continued)

	2019	2018
	£000	£000
Profit Before Tax	12,495	9,124
Non-recurring (income) expenses (note 5)	(219)	703
	<hr/>	<hr/>
Underlying Profit Before Tax	12,276	9,827
Net finance expense	1,371	1,028
Depreciation and amortisation	3,437	2,481
	<hr/>	<hr/>
Underlying EBITDA	17,084	13,336
Non-recurring income (expenses)	219	(703)
	<hr/>	<hr/>
EBITDA	17,303	12,633
	<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.

	2019	2018
	£000	£000
Profit on disposal of property held for re-sale	414	-
Site closures costs	(195)	(703)
	<hr/>	<hr/>
	219	(703)
	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 6 Expenses and auditor's remuneration

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

	2019	2018
	£000	£000
Impairment loss recognised on other trade receivables and prepayments (note 24(b))	(230)	(20)
	<u>          </u>	<u>          </u>

#### Auditor's remuneration:

	2019	2018
	£000	£000
<b>Current auditor</b>		
Audit of these financial statements	25	-
Audit of financial statements of subsidiaries pursuant to legislation	90	-
Other services relating to taxation	25	-
All other services	10	-
<b>Previous auditor</b>		
Audit of these financial statements	-	27
Audit of financial statements of subsidiaries pursuant to legislation	-	101
Other services relating to taxation	-	38
All other services	-	7
	<u>          </u>	<u>          </u>

### 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	
	2019	2018
Sales	338	368
Service	424	449
Parts	79	96
Administration	235	247
	<u>          </u>	<u>          </u>
	1,076	1,160
	<u>          </u>	<u>          </u>

The aggregate payroll costs of these persons were as follows:

	2019	2018
	£000	£000
Wages and salaries	34,996	35,199
Social security costs	3,433	3,815
Expenses related to defined contribution plans	558	397
Share based payments expense	32	32
	<u>          </u>	<u>          </u>
	39,019	39,443
	<u>          </u>	<u>          </u>

## Notes (continued)

### 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 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 £9,775,000 divided by £61,104,000 giving 16.0%.

#### Basic earnings per share

	2019	2018
	£000	£000
Profit attributable to shareholders	9,953	7,271
Non-recurring (income)/ expenses (Note 5)	(219)	703
Tax on adjustments (at 19% (2018: 19%))	41	(134)
Adjusted profit attributable to equity shareholders	9,775	7,840
Number of shares in issue ('000)	100,000	100,000
Basic earnings per share	9.95p	7.27p
Adjusted earnings per share	9.78p	7.84p

#### Diluted earnings per share

During the period the performance conditions relating to certain share options were satisfied and therefore 1,050,000 of the remaining 4,500,000 share options are considered dilutive at the year-end.

	2019	2018
	£000	£000
Profit attributable to shareholders	9,953	7,271
Number of shares in issue ('000)	100,000	100,000
Effect of dilutive share options ('000)	189	-
	100,189	100,000
Diluted earnings per share	9.93p	7.27p

**9 Finance income and expense****Recognised in the income statement**

	2019	2018
	£000	£000
<b>Finance income</b>		
Interest receivable	64	74
Total finance income	<u>64</u>	<u>74</u>
<b>Finance expense</b>		
Interest payable on bank borrowings	594	317
Consignment and vehicle stocking interest	841	785
Total finance expense	<u>1,435</u>	<u>1,102</u>
Total interest expense on financial liabilities held at amortised cost	594	317
Total other interest expense	841	785
	<u>1,435</u>	<u>1,102</u>

**10 Taxation****Recognised in the income statement**

	2019	2018
	£000	£000
<b>Current tax expense</b>		
Current year	2,289	1,767
Adjustment in respect of prior years	1	(58)
	<u>2,290</u>	<u>1,709</u>
<b>Deferred tax</b>		
Adjustment in respect of prior years	79	48
Origination and reversal of temporary differences	173	96
	<u>252</u>	<u>144</u>
<b>Total tax expense</b>	<u>2,542</u>	<u>1,853</u>

**10 Taxation (continued)****Reconciliation of total tax**

	2019	2018
	£000	£000
Profit for the year	9,953	7,271
Total tax expense	2,542	1,853
Profit excluding taxation	12,495	9,124
Tax using the UK corporation tax rate of 19% (2018: 19%)	2,374	1,734
Non-deductible expenses	15	35
Accounting depreciation for which no tax relief is due	210	218
Tax losses brought forward utilised	(63)	(113)
Change in tax rate	(24)	(11)
On capital disposals	33	(10)
Other differences	(3)	-
Total tax expense	2,542	1,853

The applicable tax rate for the current year is 19% (2018: 19%).

Reductions to 17% (effective 1 April 2020) was substantively enacted on 6 September 2017.

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



**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
<b>Cost</b>							
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 1 September 2018	50,590	5,392	10,779	2,182	4,419	9,461	82,823
Additions	17,376	194	-	23	1,316	2,956	21,865
Disposals	-	-	-	(661)	(442)	(814)	(1,917)
Reclassification	16,171	(5,392)	(10,779)	-	-	-	-
<b>Balance at 31 August 2019</b>	<b>84,137</b>	<b>194</b>	<b>-</b>	<b>1,544</b>	<b>5,293</b>	<b>11,603</b>	<b>102,771</b>
<b>Depreciation</b>							
Balance at 1 September 2017	4,018	-	811	2,328	2,252	5,318	14,727
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 1 September 2018	4,770	-	917	2,107	2,468	5,511	15,773
Charge for the year	1,108	-	74	81	503	1,606	3,372
Disposals	-	-	-	(661)	(322)	(727)	(1,710)
Reclassification	991	-	(991)	-	-	-	-
<b>Balance at 31 August 2019</b>	<b>6,869</b>	<b>-</b>	<b>-</b>	<b>1,527</b>	<b>2,649</b>	<b>6,390</b>	<b>17,435</b>
<b>Net book value</b>							
At 31 August 2018	45,820	5,392	9,862	75	1,951	3,950	67,050
<b>At 31 August 2019</b>	<b>77,268</b>	<b>194</b>	<b>-</b>	<b>17</b>	<b>2,644</b>	<b>5,213</b>	<b>85,336</b>

As at 31 August 2019 the Group was working towards planning applications for both the Solihull Aston Martin Dealership and the Brentwood development. There were no committed contracts in place at the balance sheet date. (2018: £4.9m relating to Hatfield).

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 properties have been pledged as security to the Revolving Credit Facility disclosed in note 18.



**12 Intangible assets**

	Goodwill	Software	Other	Total
	£000	£000	£000	£000
<b>Cost</b>				
Balance at 1 September 2017	21,346	800	176	22,322
Additions	-	188	-	188
Balance at 1 September 2018	21,346	988	176	22,510
Additions	-	42	-	42
Disposals	-	(180)	-	(180)
Balance at 31 August 2019	21,346	850	176	22,372
<b>Amortisation and impairment</b>				
Balance at 1 September 2017	-	781	176	957
Amortisation for the year	-	52	-	52
Balance at 1 September 2018	-	833	176	1,009
Amortisation for the year	-	65	-	65
Disposals	-	(180)	-	(180)
Balance at 31 August 2019	-	718	176	894
<b>Net book value</b>				
At 31 August 2018	21,346	155	-	21,501
<b>At 31 August 2019</b>	<b>21,346</b>	<b>132</b>	<b>-</b>	<b>21,478</b>



**12 Intangible assets (continued)****Amortisation charge**

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

	2019	2018
	£000	£000
Administrative expenses	65	52
	<u>        </u>	<u>        </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 ("CGU") to be connected groupings of dealerships. The identified CGUs, grouped for allocation of goodwill are as follows:

	Goodwill	
	2019	2018
	£000	£000
Multiple units without significant goodwill	346	346
Jaguar Land Rover ("JLR")	21,000	21,000
	<u>        </u>	<u>        </u>
	<b>21,346</b>	21,346
	<u>        </u>	<u>        </u>

The recoverable amount of the JLR 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 2020 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 £73m (2018: £47m). 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.

**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 2018	Recognised in income	Net 31 August 2019	Deferred tax liabilities	Deferred tax assets
	£000	£000	£000	£000	£000
Property, plant and equipment	(213)	(254)	(467)	(890)	423
Provisions	10	15	25	-	25
Share options	18	(13)	5	-	5
	(185)	(252)	(437)	(890)	453

**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	
	2019	2018
	£000	£000
Tax value of loss carry-forwards	167	229
Unrecognised net tax assets	167	229



## Notes (continued)

### 14 Inventories

	2019	2018
	£000	£000
Vehicle consignment stock	63,628	43,453
Motor vehicles	46,327	43,117
Parts and other stock	2,849	3,105
	<u>112,804</u>	<u>89,675</u>

Included within inventories is £nil (2018: £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 £581million (2018: £555 million).

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

### 15 Trade and other receivables

	2019	2018
	£000	£000
Trade receivables	8,864	8,026
Prepayments and other receivables	3,187	3,416
	<u>12,051</u>	<u>11,442</u>

Included within trade and other receivables is £nil (2018: £nil) expected to be recovered in more than 12 months.

### 16 Cash and cash equivalents

	2019	2018
	£000	£000
Cash and cash equivalents per balance sheet	26,299	15,517
Cash and cash equivalents per cash flow statement	26,299	15,517

### 17 Property Assets Classified as 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.

In the prior period, 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 was transferred at its net book value to assets classified and held for resale and has been sold in the current period resulting in a gain on disposal of £414,000 which is disclosed as non-recurring income.

## Notes (continued)

### 18 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 24.

	2019	2018
	£000	£000
<b>Non-current liabilities</b>		
Revolving Credit Facility	30,088	21,053
<b>Current liabilities</b>		
Revolving Credit Facility	-	-

### Terms and debt repayment schedule

All debt is in GBP currency

	Nominal interest rate	Year of Maturity	Value and Carrying Amount	Face Value and Carrying Amount
			2019	2018
			£000	£000
Revolving Credit Facility	LIBOR + 1.20%*	2022	30,088	21,053
			30,088	21,053

\*The Facilities arranged in November 2017 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

	2019	2018
	£000	£000
<b>Current</b>		
Vehicle consignment creditor	75,863	51,899
Other trade payables	10,099	10,785
Non-trade payables and accrued expenses	28,407	24,368
Vehicle funding	45,760	41,742
	160,129	128,794

Included within trade and other payables is £nil (2018: £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.

**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 £557,000 (2018: £397,000).

**21 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 2019, no share options were granted (2018: None).

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
	2019	2019	2018	2018
	£		£	
Outstanding at the beginning of the year	0.49	5,000,000	0.49	5,000,000
Lapsed during the period	0.51	(500,000)		-
Outstanding at the end of the year	0.48	4,500,000	0.49	5,000,000
Exercisable at the end of the year		-		-

The Company recognised an expense of £32,000 (year ended 31 August 2018: £33,000) in respect of share-based payments in the year. The share price during the period ranged between 50.5p and 65p and averaged 57.8p for the period.



**22 Provisions**

	Onerous Leases
	£000
Balance at 1 September 2018	1,000
Provisions used during the year	-
Provisions made in year	336
	<u>1,336</u>
<b>Balance at 31 August 2019</b>	<b>1,336</b>
	<u>1,336</u>
Current	-
Non-current	1,000
	<u>1,000</u>
Balance at 31 August 2018	<b>1,000</b>
	<u>1,000</u>
Current	459
Non-current	877
	<u>1,336</u>
<b>Balance at 31 August 2019</b>	<b>1,336</b>
	<u>1,336</u>

Of the provision, £1m represents a lease acquired on unfavourable terms and will be 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. The provision made during the year relates to the vacant properties at Welwyn Garden City following the occupation of the Hatfield development and the vacant Blackburn freehold property that is held as an Asset for Resale

**23 Capital and reserves****Share capital**

	2019	2018
	£000	£000
<i>Authorised</i>		
100,000,000 Ordinary shares of 10 pence each	<b>10,000</b>	10,000
	<u>10,000</u>	<u>10,000</u>
<i>Allotted, called up and fully paid</i>		
100,000,000 Ordinary shares of 10 pence each	<b>10,000</b>	10,000
	<u>10,000</u>	<u>10,000</u>
Shares classified in shareholders' funds	<b>10,000</b>	10,000
	<u>10,000</u>	<u>10,000</u>

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

## Notes (continued)

### 23 Capital and reserves (continued)

#### Dividends

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

	2019	2018
	£000	£000
0.75p per ordinary share – prior year final (2018: 0.75p)	750	750
0.25p per ordinary share – current year interim (2018: 0.25p)	250	250
	<u>1,000</u>	<u>1,000</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.

	2019	2018
	£000	£000
0.85p per ordinary share – current year final (2018: 0.75p)	850	750
	<u>850</u>	<u>750</u>

### 24 Financial instruments

#### 24 (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.



## Notes (continued)

### 24 (a) Fair values of financial instruments (continued)

#### 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 2019	As at 31 August 2018
	£000	£000
<b>Financial assets</b>		
<i>Loans and receivables at amortised cost including cash and cash equivalents</i>		
Trade receivables(net) (note 15)	8,864	8,026
Other receivables (note 15)	2,635	3,383
Cash and cash equivalents	26,299	15,517
<b>Total Financial assets</b>	<b>37,798</b>	26,926
<b>Financial liabilities</b>		
<i>Financial liabilities at amortised cost</i>		
Other interest-bearing loans and borrowings (note 18)	30,088	21,053
Trade and other payables (note 19)	160,129	128,794
<b>Total Financial liabilities</b>	<b>190,217</b>	139,529

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



## Notes (continued)

### 24 Financial instruments (continued)

#### 24 (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 £8,864,000 (2018: £8,026,000) 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:

	2019	2018
	£000	£000
United Kingdom	<b>8,864</b>	8,026

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

	2019	2018
	£000	£000
Vehicle debtors	<b>3,101</b>	2,641
Non vehicle debtors	<b>3,490</b>	3,314
Manufacturer debtors	<b>2,273</b>	2,071
	<b>8,864</b>	8,026

##### 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 2019	Impairment 2019	Gross 2018	Impairment 2018
	£000	£000	£000	£000
Trade receivables not past due	<b>8,864</b>	-	8,026	-
Trade receivables past due	<b>181</b>	<b>181</b>	147	147
	<b>9,045</b>	<b>181</b>	8,173	147

## Notes (continued)

### 24 Financial instruments (continued)

#### 24 (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 2018	147
Impairment loss recognised	230
Allowance for impairment utilised	(196)
<b>Balance at 31 August 2019</b>	<b>181</b>

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.

#### 24 (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 a Revolving Credit Facility (RCF), 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. At the Balance Sheet date, the Group had a committed RCF of £40m with an accordion provision for further facilities within the documents as required. 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 bank borrowings of £30,088,000 (2018: £21,053,000) at LIBOR plus 1.20%

	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
<b>Non-derivative financial liabilities</b>						
Revolving Credit Facility	21,053	-	-	-	-	21,053
Trade and other payables	118,476	118,476	118,476	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	2019					
	Carrying amount	Contractual cash flows	1 year or less	1 to <2years	2 to <5years	5years and over
	£000	£000	£000	£000	£000	£000
<b>Non-derivative financial liabilities</b>						
Revolving Credit Facility	30,088	-	-	-	30,088	-
Trade and other payables	147,390	147,390	147,390	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## Notes (continued)

### 24 Financial instruments (continued)

#### 24 (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:

	2019	2018
	£000	£000
<b>Variable rate instruments</b>		
Cash and cash equivalents	26,299	15,517
Vehicle funding	(45,760)	(41,742)
Loans and overdrafts	(30,088)	(21,053)
	<b>(49,549)</b>	<b>(47,278)</b>

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.

	2019	2018
	£000	£000
<b>Equity</b>		
Decrease	379	314
<b>Profit or loss</b>		
Decrease	379	314

## Notes (continued)

### 24 Financial instruments (continued)

#### 24 (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 2019	As at 31 August 2018
Total borrowings	30,088	21,053
Less: cash and cash equivalents	(26,299)	(15,517)
Net (surplus)/deficit	3,789	5,536
Total equity	65,580	56,627
Gearing ratio	5.78%	9.78%

### 25 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2019	2018
	£000	£000
Less than one year	2,381	2,679
Between one and five years	6,196	9,118
More than five years	648	10,142
	9,225	21,939

The Group leases a number of motor dealership, sites under operating leases. Land and buildings have been considered separately for lease classification.

During the year £2,815,000 was recognised as an expense in the income statement in respect of operating leases (2018: £3,391,000).

## Notes (continued)

### 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 46.1% (2018: 47.7%) of the voting shares of the Company.

The compensation of key management personnel is as follows:

	2019	2018
	£000	£000
<i>Directors' emoluments</i>		
Salaries and consultancy fees	1,008	986
Annual bonus	708	584
Pension costs	2	1
Share related awards	24	24
	<u>1,742</u>	<u>1,595</u>

The emoluments consist of:

	Salaries	Bonus	Share related awards	Pension costs	Total	Total
	2019	2019	2019	2019	2019	2018
	£000	£000	£000	£000	£000	£000
Philip Swatman	40	-	-	-	40	40
James Mullins	215	204	12	1	432	409
Mark Lavery	400	400	-	-	800	718
Sir Peter Burt	-	-	-	-	-	8
Michael Burt	33	-	-	-	33	33
Tim Duckers	265	104	12	1	382	362
Paul McGill	25	-	-	-	25	25
William Charnley	30	-	-	-	30	-
	<u>1,008</u>	<u>708</u>	<u>24</u>	<u>2</u>	<u>1,742</u>	<u>1,595</u>

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

#### Related party transactions

During the year Mark Lavery bought 4 vehicles from the Group and sold 4 vehicles back to the Group, James Mullins bought 5 vehicles from the Group and sold 5 vehicles back to the Group. Tim Duckers bought 5 vehicles from the Group and sold 5 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. William Charnley is a partner at the law firm King & Spalding, during the year the Group paid professional fees of £3,000 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 Subsidiaries**

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

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

\*\*\*\* Owned directly by Dove Group Limited

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

**29 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 2019 of 0.85p (2018: 0.75p) per share in addition to the interim payment of 0.25p per share (2018: 0.25p).

## Company balance sheet

At 31 August 2019

	Note	2019		2018	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible fixed assets	5	204		136	
Investments	6	666		666	
			870		802
<b>Current assets</b>					
Inventories	7	666		666	
Debtors	8	20,745		20,066	
Cash at bank		-		392	
		21,411		21,124	
<b>Creditors:</b> amounts falling due within one year	9	(9,093)		(8,756)	
<b>Net current assets</b>			12,318		12,368
<b>Total assets less current liabilities</b>			13,188		13,170
<b>Net assets</b>			13,188		13,170
<b>Capital and reserves</b>					
Called up share capital	12		10,000		10,000
Share premium account	13		799		799
Profit and loss account	13		2,389		2,371
<b>Shareholders' funds</b>			13,188		13,170

These financial statements were approved by the Board of directors on 19 November 2019 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 2019

	Note	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
		£000	£000	£000	£000
Balance at 31 August 2017		10,000	799	2,904	13,703
Profit for the year		-	-	467	467
Dividend paid		-	-	(1,000)	(1,000)
Dividend Received		-	-	-	-
Balance at 31 August 2018		10,000	799	2,371	13,170
Profit for the year		-	-	1,018	1,018
Dividend paid	4	-	-	(1,000)	(1,000)
Dividend received		-	-	-	-
<b>Balance at 31 August 2019</b>		<b>10,000</b>	<b>799</b>	<b>2,389</b>	<b>13,188</b>



## Notes

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### 1 Accounting policies

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The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### Going concern

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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 19.

#### Basis of preparation

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These separate financial statements of Cambria Automobiles Plc, the parent undertaking, have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

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 have, been applied consistently to all periods presented in these 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 to the consolidated accounts.

## Notes (continued)

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### Measurement convention

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The financial statements are prepared on the historical cost basis. The principal accounting policies adopted are the same as those set out in note 1 to the consolidated accounts except as noted below: -

### Investments in subsidiaries

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Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment



**2 Remuneration of directors**

	2019	2018
	£000	£000
<b>Directors' emoluments</b>		
Salaries	1,008	986
Annual bonus	708	584
Pension costs	2	1
Share related awards	24	24
	1,742	1,595
	1,742	1,595

The emoluments in respect of the highest paid director were:

	2019	2018
	£000	£000
Salaries	400	400
Annual bonus	400	318
	800	718
	800	718

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
	2019	2018
<b>Number of employees</b>		
Administration	46	61

The aggregate payroll costs of these persons were as follows:

	Company	Company
	2019	2018
	£000	£000
Wages and salaries	4,471	4,447
Social security costs	241	605
Other pension costs	33	21
Share related awards	32	32
	4,777	5,105
	4,777	5,105

## Notes (continued)

### 4 Dividends

The aggregate amount of dividends paid and received comprises:

	2019	2018
	£000	£000
Aggregate amount of dividends paid in the financial year	1,000	1,000
Aggregate amount of dividends received in the financial year	-	-

The aggregate amount of dividends proposed but not recognised at the year-end is £850,000 (2018: £750,000).

### 5 Tangible fixed assets

Company	Computer equipment	Total
	£000	£000
<b>Cost</b>		
At 1 September 2018	686	686
Additions	146	146
Disposals	(149)	(149)
At 31 August 2019	683	683
<b>Depreciation</b>		
At 1 September 2018	550	550
Disposals	(149)	(149)
Charge for year	78	78
At 31 August 2019	479	479
<b>Net book value</b>		
<b>At 31 August 2019</b>	204	204
At 31 August 2018	136	136

### 6 Fixed asset investments

	Shares in group undertakings
	£000
<b>Company</b>	
<b>Cost and net book value</b>	
At 1 September 2018 and 31 August 2019	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)

### 6 Fixed asset investments (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
<b>Subsidiary undertakings</b>			
Cambria Automobiles Group Limited	England and Wales	Holding Company	100% Ordinary
Cambria Automobiles Acquisitions Limited **	England and Wales	Investment Company	100% Ordinary
Cambria Automobiles Property Limited **	England and Wales	Property Company	100% Ordinary
Cambria Automobiles (Swindon) Limited *	England and Wales	Motor retailer	100% Ordinary & Preference
Grange Motors (Swindon) Limited *	England and Wales	Motor retailer	100% Ordinary
Thoranmart Limited *	England and Wales	Motor retailer	100% Ordinary
Cambria Vehicle Services Limited*	England and Wales	Motor retailer	100% Ordinary
Cambria Automobiles (South East) Limited*	England and Wales	Motor retailer	100% Ordinary
Grange Motors (Brentwood) Limited****	England and Wales	Motor retailer	100% Ordinary
Invicta Motors Limited***	England and Wales	Motor retailer	100% Ordinary & Preference
Invicta Motors (Maidstone) Limited*	England and Wales	Motor retailer	100% Ordinary
Deelease Limited****	England and Wales	Dormant	100% Ordinary
Dove Group Limited***	England and Wales	Dormant	100% Ordinary
Translease Vehicle Management Limited****	England and Wales	Dormant	100% Ordinary
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

\*\*\*\* Owned directly by Dove Group Limited

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

### 7 Inventories

	2019	2018
	£000	£000
Motor vehicles	666	710

### 8 Debtors

	2019	2018
	£000	£000
Trade debtors	34	50
Amounts owed by group undertakings	19,575	18,618
Prepayments and accrued income	994	1,039
Deferred tax (note 11)	40	53
Other taxation	102	306
	<b>20,745</b>	<b>20,066</b>

## Notes (continued)

### 9 Creditors: amounts falling due within one year

	2019	2018
	£000	£000
Trade creditors	382	385
Bank overdraft	3,157	-
Bank loan	-	4,500
Vehicle funding	437	366
Owed to group undertakings	1,442	-
Other taxation and social security	292	265
Accruals and deferred income	3,108	3,183
Corporation tax	275	57
	<b>9,093</b>	<b>8,756</b>

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.

	2019	2018
	£000	£000
<b>Creditors falling due within less than one year</b>		
Secured bank credit facility	-	4,500
Secured bank overdraft	3,157	-
	<b>3,157</b>	<b>4,500</b>



**11 Deferred taxation**

Deferred taxation asset	£000
At 1 September 2018	53
Movement in period	(13)
<b>At 31 August 2019</b>	<b>40</b>

The elements of deferred taxation asset are as follows:

	2019	2018
	£000	£000
Difference between accumulated depreciation and capital allowances	35	34
Other timing differences	5	19
Total deferred tax	40	53





## Notes (continued)

### 12 Called up share capital

	2019	2018
	£000	£000
<i>Authorised</i>		
100,000,000 Ordinary shares of 10 pence each	<b>10,000</b>	10,000
<i>Allotted, called up and fully paid</i>		
100,000,000 Ordinary shares of 10 pence each	<b>10,000</b>	10,000
Shares classified in shareholder's funds	<b>10,000</b>	10,000

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

### 13 Share premium and reserves

	Share premium account	Profit and loss account
	£000	£000
At 1 September 2018	799	2,371
Profit for the year	-	1,018
Dividend paid	-	(1,000)
<b>At 31 August 2019</b>	<b>799</b>	<b>2,389</b>



#### 14 Ultimate parent company and parent undertaking of larger group

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

#### 15 Contingencies

The Company is jointly and severally liable in respect of value added tax liabilities arising in other group undertakings. The related fellow subsidiary undertakings and the Company were in a repayment situation at 31 August 2019 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.

At the year-end, the total bank and used vehicle funding facilities were as follows:

	2019	2018
	£000	£000
Cash and cash equivalents	26,299	15,517
Vehicle funding	(45,760)	(41,742)
Loans and overdrafts	(30,088)	(21,053)
	<u>(49,549)</u>	<u>(47,278)</u>

McLaren





# CamBRIA

Automobiles plc

GRANGE

DOVES

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For a better motoring experience

Invicta Motors  
For a better motoring experience

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