28 November 2011

CAMBRIA AUTOMOBILES PLC

PRELIMINARY RESULTS
FOR THE YEAR TO 31 AUGUST 2011

Cambria Automobiles Plc, the UK motor dealer group, today announces its preliminary results for the year to 31 August 2011.

Financial Highlights

- Fourth successive year of increased underlying PBT, achieving £4.9m compared with the previous year's £4.2m
- Total revenue decreased 4.8% year on year to £373.3m significantly impacted by the removal of the scrappage scheme
- Gross profit decreased by 1% year on year, however underlying EBITDA increased by 17.9% to £7.2m Underlying earnings per share increased to 3.63p from 3.06p
- Group net assets at £19.5m under-pinned by £22.6m of freehold and long lease-hold property
- Robust balance sheet position with only £0.3m of goodwill
- Strong cash flow ensured net debt reduced to £1m from £4.4m , gearing at 5.2%
- Underlying return on shareholders' funds of 22.7 %
- Announcement of maiden dividend of 0.3p per share

Operational Highlights

- New Car Unit Volumes decreased 11% year on year against a new car market decrease of 9% year on year and a market decline in private registrations of 21%
- New car volumes excluding scrappage increased 9%
- Used Car Volumes increased 1% year on year
- Service Hours increased 2% year on year
- Major re-development and opening of an additional facility adding Alfa Romeo and a further Renault dealership to the Group's brand portfolio
- Major re-development of the Maidstone freehold property for Honda and Mazda
- Continued robust approach to the management of the Group's working capital and cash generation
- Additional £5m, three year Revolving Credit Facility arranged to finance further acquisitions
- Post year end addition of the Group's maiden Vauxhall dealership

Commenting on the results, Mark Lavery, Chief Executive said:

"The year to 31 August 2011 was another strong year for Cambria with underlying profit before tax growing by 16.7% to £4.9m, up from £4.2m in a very difficult market. While the ending of the government sponsored scrappage scheme reduced revenues, the cost reduction actions taken during the year more than offset the reduction in revenues. This is the fourth successive year in which Cambria has delivered significant earnings growth and high level of return on shareholders' funds.

I am pleased with the performance achieved by the Group against the backdrop of challenging new and used car markets. We continue to use this market weakness to drive forward our buy-and-build strategy, utilising our strong balance sheet. It was pleasing to announce the acquisition of our maiden Vauxhall dealership, Doves Vauxhall in

Southampton, on 1 September 2011. We continue to out-perform our underlying markets and view the future with confidence, notwithstanding the obvious short-term challenges which the industry faces.

Cambria continues to take positive steps to manage the cost base of the business with further rationalisation of the more mature businesses in the portfolio to ensure that these businesses are more agile in the challenging market conditions. There are obvious challenges in the consumer environment. Economic times remain uncertain and UK consumer confidence remains fragile; combined with exchange rate pressures and inflationary pressures these lead the Board to be cautious about the trading outlook for the current financial year."

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Notes to editors
Cambria Automobiles plc is a franchised motor retail group that was formed in 2006 and through a buy and build strategy encompassing 8 corporate acquisitions to date, has grown to represent 14 different brands from 27 locations with 39 new car and motorcycle franchises. The Group focuses on acquiring and improving under-performing businesses where it believes the best shareholder returns can be achieved.

Cambria's brand portfolio comprises a strong mix of prestige/high luxury and volume businesses:

Prestige		**Volume**		**Motorcycle**	
Aston Martin	3	Citroen	1	Triumph	**3**
Alfa Romeo	1	Fiat	5		
Honda	2	Ford	5		
Jaguar	5	Mazda	4		
Volvo	5	Nissan	1		
	16	Renault	2		
		Seat	1		
		Vauxhall	1		
			20		

Chairman's Statement

Once again I am pleased to report another set of record results for Cambria with the Group achieving revenues of £373.3 million and an underlying profit before tax of £4.9m million. The ongoing development and the resulting performance of the Group is very encouraging particularly in light of the extremely tough trading conditions. Cambria has successfully integrated the acquisitions made in recent years and is well placed to consolidate on its success.

Group Overview
Cambria was established in 2006 with a plan to create a top ten UK dealership group through the acquisition of attractive individual or groups of dealerships, and build on these opportunities through organic investment and development from the Group's own resources. For a significant proportion of the period since the formation of the Group, the UK economy has struggled and it is testament to the quality of the Cambria operating teams that they

have not only taken advantage of opportunities to acquire businesses, but also have significantly improved the operational performance of those businesses acquired. Delivering operational improvement is key to the Board's objective of providing superior returns on shareholders' funds, which reached 22.7% in the year reported

Challenging markets can test the best of plans, but we believe that these results underline the robust nature of our business model and the effectiveness of our senior management team in driving its implementation. A continual focus upon tight management of costs, coupled with our lean operating procedures, has also contributed to this result.

We believed that the economic recession and the challenges faced by our industry in the UK would provide further opportunities for acquisition and the Group examined a number of potential acquisitions during the year to 31 August 2011 without completing any. I am pleased to report however that we have completed one subsequent to the year end. This is evidence of the rigour we apply in the analysis and assessment of an opportunity. We maintain a pipeline of prospects, but we will only acquire a business if we believe that it is capable of generating a superior return against capital required and will respond to the operational changes and discipline the team brings to all our businesses.

UK New Car Market
The UK new car market decreased by 9% in the year compared to the previous year. When I reported last year I said the outlook for the following 12 months in the UK was at best uncertain. This proved to be the case with some of the most difficult trading conditions many automotive operators had ever experienced in the UK. It is believed that the UK economy is suffering a double dip recession, which may continue for the next 12 months and conceivably for some time to come. The Board has once again recognised the challenges that this is creating operationally and the 2011/2012 budget process implemented a further cost review programme to ensure the Group is appropriately shaped to continue to maximise profitability in the current environment. We anticipate more difficult trading conditions but believe we are well prepared for this environment. Most importantly the Board remains confident that our business model will enable us to continue to be successful notwithstanding these operating challenges.

Financial Management
The Board continues to place great importance on the prudent management of Cambria's finances. The Group balance sheet has been strengthened by the results for 2010/2011 and continues to be underpinned by the ownership of freehold properties at a number of the dealerships we operate, together with an overall prudent level of debt. We will continue to purchase freeholds of the dealerships we acquire where such freeholds can be acquired at reasonable cost and are locations we believe will serve us well in the future. Liquidity remains high as a result of our banking facilities with Lloyds Banking Group and as well as our stock finance facilities. This liquidity will enable us to take advantage of future acquisition opportunities as they arise and this prudent approach to the management of key aspects of our business will drive future returns.

As I reported last year, in 2010 Cambria achieved a key milestone when its shares were admitted to trading on AIM in April. We did not raise new funds at the time of the IPO as the Board believed it had sufficient capital to continue to expand the Group for the foreseeable future in a manner which enhanced shareholder value. We have retained this capital and will deploy it selectively going forward. The Board continues to work on broadening the institutional shareholder base and attracting shareholders who will support the Group in its future development. The Board is pleased to announce the appointment of Collins Stewart as Cambria's broker. The appointment of Collins Stewart will broaden the access we have to institutional investors who are attracted to the Cambria story. Collins Stewart will support us in managing the broadening of the shareholder base in a structured manner when the lock-up period for Promethean held shares ceases.

Key Relationships
Our lending bank Lloyds Banking Group and our other credit institutions have continued to support the Group and in particular have been responsive to our acquisition programme recognising our strategy of prudent financial management. Notwithstanding the continued criticism of the UK lending banks, we are grateful for this continued strong support which will be important and a key differentiator in capitalising on future acquisition opportunities.

Our relationship with the manufacturers that we represent is a core pillar of our business approach. The management team continues to develop and maintain strong working relationships where Cambria is seen as an effective and valued business partner. We are pleased to add Alfa Romeo and Vauxhall as brand partners and we continue to discuss representation with a number of additional manufactures that we do not currently represent with a view to securing opportunities with them in the future.

As announced in our pre-close statement issued in September, Rodney Smith, a Non-Executive Director, and founding Director of the Group informed the Board of his intention to retire, and will step down from the Board on 30 November 2011. On behalf of the Board and shareholders I would like to thank Rodney for his valued contribution to the development of the Group over the past five years. We will announce the appointment of a new Non-Executive Director in due course.

Finally the Board would like to thank the Cambria associates who in these challenging times continue to demonstrate a strong commitment to the Cambria Group.

Dividend
The Board is pleased to announce the inaugural dividend payment by the Company of 0.3p per share. It is the intention of the Board to maintain a progressive dividend policy.

Outlook
Cambria continues to take positive steps to manage the cost base in order to ensure that we have a business which is agile enough to meet the challenges of the market in which we operate. We continue to out-perform our underlying markets and view the future with confidence, notwithstanding the obvious short-term challenges which our industry faces.

W Scott
Non-Executive Chairman

Chief Executive's Review

I am pleased to announce that for the fourth year in succession we have seen significant growth in our underlying pre tax profits to £4.9m against a previous year of £4.2m. These results have been achieved in a period of significant economic uncertainty and poor consumer confidence, which has impacted particularly in the second half of our financial year.

Despite the reduced revenue of £373m, down 4.8%, the Group delivered an improved gross margin, which combined with tight cost management, has resulted in the improvement in Group net profit.

	12 months Ended 31-Aug 2011 £m	***12 months ended 31-Aug 2010 £m***
Revenue	373.3	392.1
Underlying EBITDA*	7.2	6.1
Underlying operating profit*	5.7	4.7
Underlying profit before tax*	4.9	4.2
Underlying net profit margin*	1.3%	1.06%
EBITDA	6.9	4.5
Operating profit	5.5	3.2
Profit before tax	4.7	2.6
Non-underlying costs	0.2	1.54
Net Assets	19.5	16.0
Net profit margin	1.25%	0.66%
Underlying earnings per share*	3.63p	3.06p
Earnings per share	3.47p	1.95p

* these items are excluding the non-underlying costs of £0.23m (2010: £1.54m)

Since our incorporation in March 2006, we have continued to apply our focused "buy-and-build" strategy organically acquiring under-performing motor dealership assets. Following any acquisition, the Cambria management team implements new financial, operational controls and processes in order to rationalise, restructure and develop each individual dealership. This tailored approach ensures the changes made to each dealership are sustainable and create shareholder value through achieving an appropriate contribution for the level of investment. We have now completed eight separate transactions since our incorporation.

During the period under review, the Group has continued to integrate the ten additional businesses acquired in the previous financial year, six of which had been acquired from an Administrator. One of the Acquisitions required that a major re-development of a dealership was undertaken during the period under review. In Blackburn, the Group has also entered into occupation of a leasehold premises, redeveloped it and added Alfa Romeo and a further Renault dealership to the Group.

We continue with our three step approach to purchasing a new business – acquisition, integration, operation, as laid out below:

Acquisition

When acquiring new businesses we are diligent in ensuring that none of the contractual obligations that are taken on pursuant to the acquisition upset the integrity of our balance sheet. This includes ensuring that leases reflect market value and that any unusual contractual obligations are addressed prior to acquisition to ensure that we avoid any legacy costs. Our Group balance sheet shows that on consolidation we have only £0.3m of goodwill which has been generated across the eight acquisitions. We do not have any defined benefit pension schemes. We have always taken the approach that Cambria will not acquire any business unless there is a strong underlying business case to do so, and have aborted on a transaction this year where this criterion was not met. Our acquisitions have to date, and will continue to, be funded from our own cash resources.

Integration

The integration process starts with an Associate engagement evening where our senior management present the Cambria "Four Pillar" culture change programme. After this meeting, the Group integration team implements systems, processes and procedures to improve legislator compliance i.e. FSA, Health & Safety etc. Newly acquired Associates are transferred to Cambria employment contracts with the compensation and benefits commensurate with the particular business. A training needs analysis is conducted followed by the implementation of training programmes for all relevant Associates in the new business.

Operation

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

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

Brand Partnerships

In line with our "buy-and-build" strategy, we have continued to work with existing Brand Partners and new potential Brand Partners with whom we can develop Primary Brand Partner relationships (more than three franchises). During the year we have worked hard to integrate those businesses acquired in the first half of the previous financial year, making significant investment in the management of those businesses as well as in the property infrastructure.

During the period we have completed the redevelopment of the Maidstone Honda and Mazda dealership at a capital investment of £0.7m. The redevelopment caused significant interruption to the business performance, but now leaves us with a well presented modern retail facility from which we can represent our brand partners. Additionally we have entered into a new leasehold property in Blackburn, adjoining our existing Blackburn dealership. We have completed a major refurbishment of that facility and have added Alfa Romeo and Renault onto the Blackburn Motorpark which now represents Alfa Romeo, Fiat, Renault and Volvo. Again this development and start up took significant management and capital investment of £0.5m. By mutual consent we have terminated the Lotus franchise in Preston.

During the course of the year we worked with a number of new potential Brand Partners to identify acquisition opportunities within their networks. We entered into a number of acquisition target negotiations, none of which concluded during the financial year. Unfortunately during the process of one such negotiation, we took the decision to abort the transaction as a result of our diligence investigations after incurring significant professional fees.

On 1 September 2011 we completed the acquisition of our maiden Vauxhall dealership, in Southampton, which has been long established with the Vauxhall Brand. We are very pleased to bring the Vauxhall franchise into the Group's Brand portfolio and intend to make Vauxhall a Primary Brand Partner as other opportunities arise. The acquisition was the Groups 8th corporate transaction and takes the Group to 27 locations representing 39 franchised outlets.

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

Prestige		Volume		Motorcycle	
Aston Martin	3	Citroen	1	Triumph	**3**
Alfa Romeo	1	Fiat	5		
Honda	2	Ford	5		
Jaguar	5	Mazda	4		
Volvo	5	Nissan	1		
	16	Renault	2		
		Seat	1		
		Vauxhall	1		
			20		

Cambria's balanced brand portfolio has seen us benefit from the relative stability of the prestige/high luxury market. The government's scrappage scheme finished in May 2010 and this has had a major impact on volume operations in relation to the vehicle unit sales in our 2010 reporting period.

When making acquisitions, the Board understands that the integration and maturing of the dealerships takes time and management investment. Where we acquire businesses from distressed sales, the integration process typically takes longer, and we have to be conscious of the potential dilution in earnings whilst these businesses are restructured and invested in.

We continue to promote the philosophy of stand alone autonomous business units where a local management team are empowered via our "four pillar strategy" to run a local business unit. Cambria dealerships do not trade under the "Cambria" name but prefer to focus on local branding. Cambria's dealerships trade as "Grange", "Doves", "Dees", "Invicta Motors", "Pure Triumph" or "Motorparks" depending on the franchise and the name in the local area. When acquiring a business, the Board consider the geographical location of the franchise and then chooses to either adopt a new trading style or retain the existing business name.

New Car Sales

The new car market in the period was down by 9% against the previous period which was assisted significantly by the government's scrappage scheme which represented 13% of the market in that period. The more important and relevant measure for franchised dealers is the private registrations statistics which showed the market down 21% year on year. Our new car volumes for the period were 8,155 units against a previous year of 9,163 units, a decrease of 11% year on year. The Government backed scrappage scheme accounted for 18% of our volumes in the previous period. It is also worth noting that the Japanese Tsunami had an impact on the supply and availability of certain manufacturer models that were reliant either on component supply from Japan or indeed where the vehicles were manufactured in Japan. Gross Margin for new cars improved from 6.9% to 7.2% as expected due to the low margins retained on those scrappage vehicles sold in the previous year.

Used Car Sales

2011 saw Cambria grow used car volumes to 14,217 units against a previous year of 14,034, an increase of 1%. The average price of the used cars sold reduced, but Gross margin on used cars showed a small improvement from 8.1% to 8.2%. Our used car strategy continues to be a core part of our activity and with the continued success of the Cambria Digital strategy we believe this is an area where we can continue to improve performance.

We continue to pay particular attention to stock profile, price alignment and brand offerings in all our retail outlets. We have a small central buying team and continue to work with our re-marketing partner and local management to increase their knowledge and understanding of local market conditions. We continue to demonstrate that local management should purchase stock profiled by price and model for their local market.

Aftersales

Notwithstanding the continued decrease in the one to three year car parc, as new vehicle registrations fall year on year, we saw our aftersales revenue remain broadly flat. Gross margin in the period improved from 42.3% to 42.8% in the current year. The Aftersales departments contributed £22m of gross profit which represents 46.2% of total gross profit for the year.

We continue to invest in vehicle health checks, and our Guest Connect Strategy for retaining our aftersales guests outside of the 0-3 year car parc with our "Duty of Care Gearbox" that is intended to provide all guests with a one stop maintenance solution for their vehicle.

Outlook

The current trading environment is difficult and the Board notes that the second half of the financial year was more challenging than the strong first half that the Group experienced. The Board is able to report that September trading has been acceptable, with profits broadly in line with business plan but behind the strong performance experienced in the previous year's trading. There are obvious challenges in the consumer environment. Economic times remain uncertain and UK consumer confidence remains fragile: combined with exchange rate pressures and inflationary pressures these lead the Board to be cautious about the trading outlook for the current financial year.

The Board is being pro-active in ensuring that the cost base is fit for it's expectation that the trading environment will continue to be difficult, and is intending to rationalise the existing cost base appropriately. In addition, there are still opportunities to improve performance in our existing businesses that are all at different stages of maturity and development.
The Group's Guest Connect Programme, encompassing Cambria Digital and Service & MOT Reminder, Electronic Vehicle Health Check and Service Plans, was launched last year and we believe it has the potential to be an industry leading GRM process (Guest Relationship Management). We continue to strive to provide world class service within our individual business units and have made progress in improving customer satisfaction scores.

The three prong strategy of acquisition, integration and operation will continue to be driven with the Group well placed to take advantage of acquisition opportunities that will arise in these difficult economic times. The Group has continued to drive profit in tough trading conditions; and this has, through tight cost control and cash management, put the Group in a position with only £1m of net debt and significant financing facilities available for investment in acquisitions.

The Board continues to review acquisition opportunities with both existing and new franchise partners, and intends to capitalise on the opportunities presented by the challenging market to expand the Group. The acquisition of the Vauxhall business in Southampton opens a new relationship with the second largest volume franchise in the UK market, and we look forward to developing that relationship.

	2011	**2011**	**2011**	**2011**	**2010**	**2010**	**2010**	**2010**
	Revenue	**Revenue mix**	**Gross Profit**	**Margin**	**Revenue**	**Revenue mix**	**Gross Profit**	**Margin**
	£m	%	£m	%	£m	%	£m	%
New Car	146.5	39.2	10.5	7.2	158.6	40.4	10.9	6.9
Used Car	184.0	49.3	15.1	8.2	190.4	48.6	15.4	8.1
Aftersales	51.4	13.8	22.0	42.8	51.5	13.1	21.8	42.3
Internal sales	(8.6)	(2.3)			(8.4)	(2.1)		
Total	**373.3**	**100.0**	**47.6**	**12.7**	**392.1**	**100.0**	**48.1**	**12.3**

Operating expenses	(41.9)		(43.4)	
Operating profit before flotation and transaction expenses	5.7		4.7	
Flotation and transaction expenses	(0.2)		(1.5)	
Operating profit	**5.5**	**1.5**	**3.2**	**0.8**

	2011 total	**2010 total**	**Year on year growth**
New units	8,155	9,163	(11%)
Scrappage units	-	(1,666)	-
New units excluding Scrappage	8,155	7,497	9%
Used units	14,217	14,034	1%
Service hours	279,523	273,345	2%

Mark Lavery
Chief Executive

Finance Director's Report

Overview

Total revenues in the period decreased 4.8% to £373.3m from £392.1m in the prior year. The majority of the reduction was from new vehicle sales where unit volumes were down 11% and revenues down 7.6%. Whilst used car unit sales increased 1% the average sales price reduced and overall revenues reduced by 3.4%. Revenues from the aftersales businesses remained in line with the previous year.

Total gross profit decreased by £0.5m (1%) from £48.1m to £47.6m in the year following the reduced new car volumes which accounted for £0.4m of the reduction. Gross profit margin across the Group improved from 12.3% to 12.7% reflecting the change in revenue mix with the reduction in new car sales post scrappage, but at better margins. The used vehicle margin remained resilient at 8.2%. The aftersales operations contributed 46.2% of the total gross profit for the Group compared to 45.3% in the previous period, at a gross profit margin of 42.8%.

Underlying operating expenses continue to be well managed, and as a result of Group initiatives that were put in place at the business planning stage for the year, underlying operating expenses reduced to £41.9m from £43.4m.

During the financial year, the Group incurred non-underlying expenses of £0.17m in relation to aborted transaction costs and opening new franchises, and £0.06m in relation to redundancy costs associated with the cost rationalisation initiatives. The prior year non underlying costs were in relation to the one off expenses associated with the listing on AIM which were £1.47m, and the transaction costs associated to the acquisition of new businesses in 2010 were £0.07m resulting in a total of £1.54m of non recurring costs.

The underlying EBITDA in the period rose to £7.2m from £6.1m in the previous year. Underlying operating profit was £5.7m compared to £4.7m in the previous year, resulting in an operating margin of 1.5% (*2010: 1.2%*). Following the conversion to IFRS there are no amortisation charges relating to goodwill in the year or prior year.

Net finance expenses increased to £0.8m from £0.6m in the previous year primarily due to interest on the consignment stock as a result of the reduced new vehicle units sold.

The Group's underlying profit before tax was £4.9m in comparison with £4.2m in the previous year, a 16.6% increase.

The underlying earnings per share were 3.63p (2010: 3.06p). Basic earnings per share were 3.46p (2010: 1.95p), and the Groups underlying return on shareholders' funds for the year was 22.7% (2010: 21.7%).

Taxation
The Group tax charge was £1.2m in the period (2010: £0.6m) representing an effective rate of tax of 25.6% (2010: 25.2%) on the profit before tax of £4.7m (2010: £2.6m).

Financial Position
The Group has a robust balance sheet with a net asset position of £19.5m under-pinned by £22.6m of freehold and long leasehold property. Reflecting our prudent approach to financial management the Group has only £0.3m of goodwill on the balance sheet. Secured against the freehold and long leasehold property are mortgages amounting to £12.7m, each of the loans have different repayment profiles between seven and ten years, and bear interest at between base plus 1.25% and LIBOR plus 3%. During the financial year the Group comfortably met the bank covenants attaching to these borrowings.

The net debt of the Group as at 31 August 2011 was £1.0m (2010: £4.4m), reflecting a cash position of £11.7m (2010: £9.3m). The Group's gearing at 31 August 2011 was 5.2%, reduced from 27.6% in 2010.

The Group uses term loan facilities to fund the purchase of freehold and long leasehold properties, it utilises stocking loans to fund the acquisition of consignment, demonstrator and used vehicles and has a £4m overdraft facility which is used to manage seasonal fluctuations in working capital. The overdraft facilities are renewable annually and are next due in February 2012. During the course of the year, the Group arranged a £5m, three year Revolving Credit Facility which is available for draw down against new business acquisitions and freehold property purchases. This additional funding facility gives us significant liquidity to identify and approach acquisition targets. Total facilities available including cash reserves equate to £20m.

Cashflow and Capital Expenditure
The Group generated an operating cash inflow of £5.3m with working capital remaining similar year on year and invested a total of £1.5m in capital expenditure.

Capital expenditure included the significant redevelopment of our Maidstone dealership which represents Honda and Mazda for £0.7m and the development of the new leasehold premises in Blackburn to add Alfa Romeo and Renault to the facility at a cost of £0.5m.

During the year capital repayments of £1m were made against the total term loans outstanding. The capital repayments due in the financial year to 31 August 2012 are £1.35m.

As a result of the net cash increase of £2.4m to £11.7m and gross debt decreasing by £1m to £12.7m, overall net debt reduced from £4.4m to £1m.

Shareholders' Funds
There are 100,000,000 ordinary shares of 10p each with a resulting share premium of £0.8m. There were no new funds raised during the year therefore the share capital and share premium account remain at £10.8m consistent with prior year. All ordinary shares rank pari passu for both voting and dividend rights.

Pension Schemes
The Group does not operate any defined benefit pension schemes, and has no liability arising from a scheme. The Group made contributions amounting to £0.2m to defined contributions schemes for certain employees.

Financial Instruments

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

Dividends

The Board is pleased to announce a maiden dividend for the year ended 31 August 2011 of 0.3p per share. If approved by shareholders at the Annual General Meeting to be held on 9 January 2012, the dividend will be payable on 16 January 2012 to those shareholders registered on 9 December 2011. The Board aims to maintain a progressive dividend policy but intends to ensure that the payment of dividend does not detract from its primary strategy to continue to "buy-and-build" and to organically grow the Group using existing resources.

James Mullins
Finance Director

Consolidated Statement of comprehensive income

for year ended 31 August 2011

	Note	**2011**	2010
		£000	£000
Revenue			
Continuing operations	*3*	**373,303**	392,117
Cost of sales			
Continuing operations		**(325,748)**	(344,056)
Gross Profit			
Continuing Operations	*4*	**47,555**	48,061
Administrative expenses			
Continuing operations		**(42,055)**	(44,878)
Results from operating activities	*4*	**5,500**	3,183
Finance income	*9*	**38**	12
Finance expenses	*9*	**(882)**	(588)
Net finance expenses		**(844)**	(576)
Profit before tax from continuing operations before non-underlying costs		**4,887**	4,151
Flotation expenses	*5*	**-**	(1,474)
Non-underlying costs	*5*	**(231)**	(70)
Profit before tax	*4*	**4,656**	2,607
Taxation	*10*	**(1,190)**	(657)
Profit and total comprehensive income for the period		**3,466**	1,950
Basic and diluted earnings per share	*8*	**3.47p**	1.95p

All comprehensive income is attributable to owners of the parent company

Consolidated Statement of changes in equity

for year ended 31 August 2011

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
Balance at 31August 2009	318	10,481	3,286	14,085
Profit for the year	-	-	1,950	1,950
Balance at 31 August 2010	10,000	799	5,236	16,035
Profit for the year	-	-	3,466	3,466
Balance at 31 August 2011	**10,000**	**799**	**8,702**	**19,501**

Consolidated Statement of financial position

at 31 August 2011

	Note	2011	2010
		£000	£000
Non-current assets			
Property, plant and equipment	*11*	**25,676**	25,520
Intangible assets	*12*	**470**	480
Deferred tax asset	*13*	**356**	508
		26,502	26,508
Current assets			
Inventories	*14*	**57,460**	62,435
Trade and other receivables	*15*	**6,905**	7,938
Cash and cash equivalents	*16*	**11,702**	9,266
		76,067	79,639
Total assets		**102,569**	106,147
Current liabilities			
Other interest-bearing loans and borrowings	*17*	**(1,352)**	(1,024)
Trade and other payables	*18*	**(69,109)**	(74,896)
Taxation		**(652)**	(519)
Provisions	*20*	**(41)**	(342)
		(71,154)	(76,781)
Non-current liabilities			
Other interest-bearing loans and borrowings	*17*	**(11,358)**	(12,672)
Provisions	*20*	**(95)**	(151)
Other payables	*13*	**(461)**	(508)
		(11,914)	(13,331)
Total liabilities		**(83,068)**	(90,112)
Net assets		**19,501**	16,035
Equity attributable to equity holders of the parent			
Share capital	*21*	**10,000**	10,000
Share premium		**799**	799
Retained earnings		**8,702**	5,236
Total equity		**19,501**	16,035

These summary accounts were approved by the board of directors on 25 November 2011 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 2011

	Notes	2011	2010
		£000	£000
Cash flows from operating activities			
Profit for the year		**3,466**	1,950
Adjustments for:			
Depreciation, amortisation and impairment	*11/12*	**1,422**	1,338
Financial income	*9*	**(38)**	(12)
Financial expense	*9*	**882**	588
Loss on sale of property, plant and equipment		**1**	1
Taxation	*10*	**1,190**	657
Non underlying expenses	*5*	**231**	1,544
		7,154	6,066
Decrease/(increase) in trade and other receivables		**1,033**	(738)
Decrease/(increase) in inventories		**4,975**	(17,609)
(Decrease)/increase in trade and other payables		**(5,787)**	22,388
Decrease in provisions		**(357)**	(195)
		7,018	9,912
Interest paid		**(531)**	(233)
Tax paid		**(952)**	-
Non underlying expenses	*5*	**(231)**	(1,544)
Net cash from operating activities		**5,304**	8,135
Cash flows from investing activities			
Interest received		**38**	12
Acquisition of subsidiary	*2*	**-**	(5,082)
Acquisition of property, plant and equipment		**(1,495)**	(1,429)
Acquisition of other intangible assets		**(74)**	(57)
Net cash from investing activities		**(1,531)**	(6,556)
Cash flows from financing activities			
Proceeds from new loan		**-**	2,655
Interest paid		**(351)**	(355)
Repayment of borrowings		**(986)**	(390)
Net cash from financing activities		**(1,337)**	1,910
Net increase in cash and cash equivalents		**2,436**	3,489
Cash and cash equivalents at 1 September	*16*	**9,266**	5,777
Cash and cash equivalents at 31 August	*16*	**11,702**	9,266

Notes
(forming part of the summary accounts)

1 Note

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 August 2011 or 2010 but is derived from those accounts. Statutory accounts for 2010 have been delivered to the registrar of companies, and those for 2011 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

2 Acquisition of subsidiaries

Effect of acquisitions in 2011

There were no acquisitions in 2011.

Effect of acquisitions 2010

On 31 October 2009 the Group acquired the trade and assets of certain dealerships from the Administrators of Autohaus Limited for a cash consideration of £369,000. Transaction fees of £30,000 have been charged to operating expenses in the year. No goodwill arose on this transaction. In the 10 months to 31 August 2010 the businesses contributed a net loss of £161,000 to the consolidated net profit for the year. No further disclosures have been made in respect of this acquisition as the directors consider the amounts to be immaterial.

On 4 January 2010 the Group began trading as a Fiat and Mazda dealer in Bolton following the acquisition of certain assets from the Administrator of Lythgoe Motors Limited for £22,500 on 23 December 2009. No goodwill arose on this transaction. In the 8 months to 31 August 2010 the business contributed a net loss of £170,000 to the consolidated net profit for the year. No further disclosures have been made in respect of this acquisition as the directors consider the amounts to be immaterial.

On 25 February 2010, the Group acquired all of the ordinary shares in D & F Trading Limited (renamed Invicta Motors (Maidstone) Limited post acquisition) and two freehold properties from Drake and Fletcher Limited. The company was a motor dealership group based in Kent. In the 6 months to 31 August 2010 the subsidiary contributed net profit of £65,000 to the consolidated net profit for the year.

The reason for the acquisition was to expand the Group's representation in the Kent area with Mazda and the addition of the Honda franchise to the Group.

The acquisition had the following effect on the Group's assets and liabilities.

	Pre-acquisition carrying amount and Fair Value
	£000
Acquiree's net assets at the acquisition date:	
Freehold property	3,738
Plant and equipment	150
Inventories	1,303
Trade and other payables	(109)
Net and identifiable assets and liabilities	5,082
Goodwill on acquisition	-
Consideration paid (note that transaction costs of £39,500 were	

written off to operating expenses in 2010), satisfied in cash	5,082

3 Revenue

	2011 **£000**	2010 £000
Sale of goods	**330,945**	349,096
Aftersales services	**42,358**	43,021
Total revenues	**373,303**	392,117

4 Segmental reporting

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

	2011	**2011**	**2011**	**2011**	**2010**	**2010**	**2010**	**2010**
	Revenue	**Revenue mix**	**Gross Profit**	**Margin**	**Revenue**	**Revenue mix**	**Gross Profit**	**Margin**
	£m	%	£m	%	£m	%	£m	%
New Car	**146.5**	**39.2**	**10.5**	**7.2**	158.6	40.4	10.9	6.9
Used Car	**184.0**	**49.3**	**15.1**	**8.2**	190.4	48.6	15.4	8.1
Aftersales	**51.4**	**13.8**	**22.0**	**42.8**	51.5	13.1	21.8	42.3
Internal sales	**(8.6)**	**(2.3)**	**-**	**-**	(8.4)	(2.1)	-	-
Total	**373.3**	**100.0**	**47.6**	**12.7**	392.1	100.0	48.1	12.3
Operating expenses			**(41.9)**				(43.4)	
Operating profit before non underlying expenses			**5.7**				4.7	
Non underlying expenses			**(0.2)**				(1.5)	
Operating profit			**5.5**	**1.5**			**3.2**	**0.8**

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

	2011	2010

	£000	£000
Profit Before Tax	**4,656**	2,607
Non underlying costs (note 5)	**231**	1,544
Underlying Profit Before Tax	**4,887**	4,151
Net finance expense	**844**	576
Depreciation and amortization	**1,422**	1,338
Underlying EBITDA	**7,153**	6,066
Non underlying costs	**(231)**	(1,544)
EBITDA	**6,922**	4,522

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

5 Non underlying costs

	2011 £000	2010 £000
Listing costs	**-**	1,474
Transaction and new franchising costs	**169**	70
Cost rationalisation programme	**62**	-
	231	1,544

6 Expenses and auditors' remuneration

Included in profit are the following:

	2011 £000	2010 £000
Impairment loss recognised/(reversed) on other trade receivables and prepayments	**56**	(261)

Auditors' remuneration:

	2011 £000	2010 £000
Audit of these financial statements	**20**	20
Audit of financial statements of subsidiaries pursuant to legislation	**90**	90
Other services relating to taxation	**29**	25
All other services	**23**	30

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	
	2011	2010
Sales	**299**	281
Service	**382**	339
Parts	**107**	165
Administration	**172**	161
	960	946

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	**25,796**	26,761
Social security costs	**2,748**	2,860
Expenses related to defined contribution plans	**154**	161
	28,698	29,782

8 Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to equity shareholders by the number of ordinary shares in issue in the year. There is one class of ordinary share with 100,000,000 shares in issue.

There are no dilutive share options in issue.

	2011 **£000**	2010 £000
Profit attributable to shareholders	**3,466**	1,950
Non underlying costs (Note 5)	**231**	1,544
Tax on adjustments (at 27.16% (2010:28%))	**(63)**	(432)
Adjusted profit attributable to equity shareholders	**3,634**	3,062
Number of shares in issue (‘000)	**100,000**	100,000
Basic earnings per share	**3.47p**	1.95p
Adjusted earnings per share	**3.63p**	3.06p

9 Finance income and expense

Recognised in profit or loss

	2011 **£000**	2010 £000
Finance income		
Rent deposit interest	**8**	-

Interest receivable	**30**	12
Total finance income	**38**	12
Finance expense		
Interest payable on bank borrowings	**351**	355
Consignment and used stocking interest	**531**	233
Total finance expense	**882**	588
Total interest expense on financial liabilities held at amortised cost	**351**	355
Total other interest expense	**531**	233
	882	588

10 Taxation

Recognised in the income statement

	2011	2010
	£000	£000
Current tax expense		
Current year	**1,040**	519
	1,040	519
Deferred tax		
Utilisation of tax losses paid to previous owner of subsidiary undertaking	**150**	215
Adjustment in respect of prior years	**-**	(77)
Origination and reversal of temporary differences	**(45)**	-
Change in tax rate of tax losses due to previous owner of subsidiary undertaking	**45**	-
	150	138
Total tax expense	**1,190**	657

Reconciliation of total tax

	2011	2010
	£000	£000
Profit for the year	**3,466**	1,950
Total tax expense	**1,190**	657
Profit excluding taxation	**4,656**	2,607
Tax using the UK corporation tax rate of 27.16 % (2010: 28%)	**1,265**	730
Non-deductible expenses	**25**	168
Accounting deprecation for which no tax relief is due	**156**	144
Utilisation of tax losses	**-**	(523)
Tax payment due to previous owners of subsidiary in relation to utilisation of pre-acquisition losses	**150**	215
Change in tax rate in respect of deferred tax on utilisation of pre-acquisition		

losses due to previous owner of subsidiary	**45**	-
Change in tax rate	**216**	
Adjustment in respect of prior years deferred tax*	**(667)**	(77)
Total tax expense	**1,190**	657

*The 2011 adjustment in respect of prior years deferred tax is comprised of the following; recognising a deferred tax asset in respect of trading losses carried forward, reducing the deferred tax asset in respect of a capital loss, and other small differences in relation to accelerated capital allowances.

The applicable tax rate for the current year is 27.16% following the reduction in the main rate of UK corporation tax from 28% to 26% with effect from 1 April 2011.

On 23 March 2011 the Chancellor announced the reduction in the main rate of UK corporation tax to 26 per cent with effect from 1 April 2011 and a further reduction to 25 per cent with effect from 1 April 2012. These changes became substantively enacted on 29 March 2011 and 5 July 2011 respectively and therefore the effect of these rate reductions creates a reduction in the deferred tax asset which has been included in the figures above.

11 Property, plant and equipment

	Freehold land & buildings £000	Long leasehold land & buildings £000	Short leasehold improvements £000	Plant & equipment £000	Fixtures, fittings & computer equipment £000	Total £000
Cost						
Balance at 1 September 2009	14,606	5,058	3,654	2,825	6,329	32,472
Additions	580	-	82	169	622	1,453
Acquired through business combinations	3,738	-	-	150	-	3,888
Disposals	-	-	-	(445)	(837)	(1,282)
Balance at 1 September 2010	18,924	5,058	3,736	2,699	6,114	36,531
Additions	463	-	320	186	526	1,495
Disposals	-	-	(161)	(284)	(172)	(617)
Balance at 31 August 2011	**19,387**	**5,058**	**3,895**	**2,601**	**6,468**	**37,409**
Depreciation						
Balance at 1 September 2009	836	318	2,530	2,359	4,963	11,006
Charge for the year	256	83	184	280	481	1,284
Disposals	-	-	-	(444)	(835)	(1,279)
Balance at 1 September 2010	1,092	401	2,714	2,195	4,609	11,011
Depreciation charge for the year	241	75	268	239	515	1,338
Disposals	-	-	(161)	(284)	(171)	(616)
Balance at 31 August 2011	**1,333**	**476**	**2,821**	**2,150**	**4,953**	**11,733**
Net book value						
At 31 August 2010	17,832	4,657	1,022	504	1,505	25,520
At 31 August 2011	**18,054**	**4,582**	**1,074**	**451**	**1,515**	**25,676**

Security

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

Property, plant and equipment under construction

At 31 August 2011 there were no assets in the course of construction *(2010: £nil)*.

12 Intangible assets

	Goodwill £000	Software £000	Other £000	Total £000
Cost				
Balance at 1 September 2009	346	589	176	1,111
Other acquisitions – externally purchased	-	57	-	57
Balance at 1 September 2010	346	646	176	1,168
Other acquisitions – externally purchased	-	74	-	74
Balance at 31 August 2011	**346**	**720**	**176**	**1,242**
Amortisation and impairment				
Balance at 1 September 2009	-	458	176	634
Amortisation	-	54	-	54
Balance at 1 September 2010	-	512	176	688
Amortisation for the year	-	84	-	84
Balance at 31 August 2011	**-**	**596**	**-**	**772**
At 31 August 2010 and 1 September 2010	346	134	-	480
At 31 August 2011	**346**	**124**	**-**	**470**

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

* Owned directly by Cambria Automobiles Acquisitions Limited

** Owned directly by Cambria Automobiles Group Limited

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

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

Translease Vehicle Management Limited	England and Wales	Dormant	100% Ordinary
Invicta Motors (Maidstone) Limited*	England and Wales	Motor retailer	100% Ordinary

Amortisation charge

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

	2011	2010
	£000	£000
Administrative expenses	**84**	54

Impairment loss and subsequent reversal

Goodwill and indefinite life intangible assets considered significant in comparison to the Group's total carrying amount of such assets have been allocated to cash generating units or groups of cash generating units as follows:

	Goodwill	
	2011	2010
	£000	£000
Grange Motors (Swindon) Ltd and Cambria Automobiles (Swindon) Ltd	**261**	261
Thoranmart Ltd	**85**	85
	346	346

The recoverable amount of each CGU has been calculated with reference to its value in use. The key assumptions of this calculation are a review of one year's EBITDA.

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

13 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

The amount of temporary differences, unused tax losses and tax credits for which a deferred tax asset is recognised is set out below. The asset would be recovered if offset against future taxable profits of the group.

The Group has an arrangement with the vendors of Cambria Automobiles (South East) Limited, which was acquired in the year ended 31 August 2008, under which an amount equal to any tax benefit received by the Group in relation to tax losses that existed at the date of acquisition must be paid to the vendors as additional consideration. At the date of acquisition, the utilisation of tax losses was not probable and therefore no deferred tax asset was recognised as part of the acquisition accounting, and the fair value of the liability for contingent consideration was immaterial. Subsequent to the acquisition, in the period to 31 August 2009, the utilisation of pre-acquisition losses became probable and, as a result, a deferred tax asset has been recognised. A liability for the contingent consideration payable to the vendors has been recognised at its fair value.

	Assets	
	2011	2010
	£000	£000
Tax value of losses carry-forwards (pre-acquisition losses)	**311**	508
Property, plant and equipment	**(846)**	-
Provisions	**19**	-
Tax value of loss carry-forwards	**872**	-
Recognised net tax assets	**356**	508

Unrecognised deferred tax assets and liabilities

In the prior year, the deferred tax liability relating to plant, property and equipment and provisions had not been recognised as it was not material.

	2011 £000	2010 £000
Property, plant and equipment	-	(407)
Provisions	-	132
Tax value of loss carry-forwards	-	261
Tax assets/(liabilities)	-	(14)
Unrecognised net tax assets/(liabilities)	-	(14)

On 23 March 2011 the Chancellor announced the reduction in the main rate of UK corporation tax to 26 per cent with effect from 1 April 2011 and a further reduction to 25 per cent with effect from 1 April 2012. These changes became substantively enacted on 29 March 2011 and 5 July 2011 respectively and therefore the effect of these rate reductions creates a reduction in the deferred tax asset which has been included in the figures above.

The Chancellor proposed changes to further reduce the main rate of corporation tax by one per cent per annum to 23 per cent by 1 April 2014, but these changes have not yet been substantively enacted and therefore are not included in the figures above. The overall effect of the further reductions from 25 per cent to 23 per cent, if these applied to the deferred tax balance at 31 August 2011, would be to further reduce the deferred tax asset by approximately £28k.

14 Inventories

	2011 £000	2010 £000
Vehicle consignment stock	**33,747**	40,040
Motor vehicles	**21,621**	20,044
Parts and other stock	**2,092**	2,351
	57,460	62,435

Included within inventories is £nil *(2009: £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 £321 million *(2010: £341 million)*.

15 Trade and other receivables

	2011 £000	2010 £000
Trade receivables	**5,134**	5,443
Prepayments and other receivables	**1,771**	2,495
	6,905	7,938

Included within trade and other receivables is £nil *(2009: £nil)* expected to be recovered in more than 12 months.

16 Cash and cash equivalents

	2011 £000	2010 £000
Cash and cash equivalents per balance sheet	**11,702**	9,266
Cash and cash equivalents per cash flow statement	**11,702**	9,266

17 Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate risk, see note 22.

	2011 £000	2010 £000
Non-current liabilities		
Secured bank loans	**11,358**	12,672
Current liabilities		
Secured bank loans	**1,352**	1,024

Terms and debt repayment schedule

All debt is in GBP currency

	Nominal interest rate	Year of Maturity	Face Value and Carrying Amount 2011 £000	Face Value and Carrying Amount 2010 £000
Loan 31/07/06	Bank of England Base Rate +1.25%	2019	**2,281**	2,530
Loan 01/08/07	Bank of England Base Rate +1.25%	2020	**653**	725
Loan 31/12/2007	LIBOR +1.75%	2020	**7,407**	7,866
Loan 01/03/2011	LIBOR +3.00%	2017	**2,369**	2,575
			12,710	13,696

Finance lease liabilities

There were no finance lease liabilities at 31 August 2010 or 2011.

18 Trade and other payables

	2011 £000	2010 £000
Current		
Vehicle consignment creditor	**39,644**	46,148
Other trade payables	**8,350**	8,881
Non-trade payables and accrued expenses	**7,159**	7,820
Vehicle funding	**13,956**	12,047

	2011	2010
	69,109	74,896

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

19 Employee benefits

Pension plans

Defined contribution plans

The Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £154,000 (*2010: £161,000).*

20 Provisions

Restructuring provision	**Onerous leases/ contracts £000**	**Staff costs £000**	**Total £000**
Balance at 1 September 2010	192	301	493
Provisions used during the year	(56)	(301)	(357)
Balance at 31 August 2011	**136**	**-**	**136**
Current	41	301	342
Non current	151	-	151
Balance at 31 August 2010	192	301	493
Current	41	-	41
Non current	95	-	95
Balance at 31 August 2011	**136**	**-**	**136**

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

21 Capital and reserves

Share capital

	2011 £000	2010 £000
Authorised		
Ordinary shares of 10 pence each	**10,000**	10,000
	10,000	10,000
Allotted, called up and fully paid		
Ordinary shares of 10 pence each	**10,000**	10,000

	10,000	10,000
Shares classified in shareholders funds	**10,000**	10,000
	10,000	10,000

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

22 Financial instruments

22 (a) Fair values of financial instruments

Trade and other receivables

The fair value of trade and other receivables, is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

Interest-bearing borrowings

Fair value, which after initial recognition is determined for disclosure purposes only, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date.

The interest rates used to discount estimated cash flows, where applicable are based on the weighted cost of capital and were as follows:

	2011 %	2010 %
Loans and borrowings	**2.2**	2.2

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 2011 £000	As at 31 August 2010 £000
Financial assets		
Loans and receivables at amortised cost including cash and cash equivalents		
Trade receivables(net) (note 15)	**5,134**	5,443
Other receivables (note 15)	**1,771**	2,495
Cash and cash equivalents	**11,702**	9,266
Total Financial assets	**18,607**	17,204
Financial liabilities		
Financial liabilities at amortised cost		
Other interest-bearing loans and borrowings (note 17)	**12,710**	13,696
Trade and other payables (note 18)	**69,109**	74,896

	2011	2010
Total Financial liabilities	**81,819**	88,592

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

22 (b) Credit risk

Credit risk management

The Group is exposed to credit risk primarily in respect of its trade receivables and financial assets. Trade receivables are stated net of provision for estimated impairment losses. Exposure to credit risk in respect of trade receivables is mitigated by the Group's policy of only granting credit to certain customers after an appropriate evaluation of risk coupled with the findings from external reference agencies. Credit risk arises in respect of amounts due from vehicle manufacturers in relation to bonuses and warranty receivables. This risk is mitigated by the number of manufacturers for which the group holds franchises, procedures to ensure timely collection of debts and management's belief that it does not expect any manufacturer to fail to meet its obligations. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Exposure to credit risk

The carrying amount of trade receivables represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date was £5,134,000 (*2010: £5,443,000)* being the total of the carrying amount of financial assets, excluding equity investments, shown in the table below.

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

	2011 £000	2010 £000
United Kingdom	**5,134**	5,443

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

	2011 £000	2010 £000
Vehicle debtors	**1,999**	2,475
Non vehicle debtors	**2,246**	2,029
Manufacturer debtors	**889**	939
	5,134	5,443

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 2011 £000	**Impairment 2011 £000**	Gross 2010 £000	Impairment 2010 £000
Trade receivables not past due	**5,134**	**-**	5,443	-
Trade receivables past due	**46**	**46**	135	135

5,180	**46**	5,578	135

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	£000
Balance at 31 August 2010	135
Impairment loss recognised	56
Allowance for impairment utilised	(145)
Balance at 31 August 2011	**46**

The allowance account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly.

22 (c) Liquidity risk

Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Liquidity is managed by the Group's central treasury function within policy guidelines set by the Board with prime areas of focus being liquidity and interest rate exposure. The group is financed primarily by bank loans, vehicle stocking credit lines and operating cash flow. The directors have assessed the future funding requirements of the Group and compared them to the level of committed available borrowing facilities. These committed facilities are maintained at levels in excess of planned requirements and are in addition to short term uncommitted facilities that are also available to the Group. The assessment included a review of financial forecasts, financial instruments and cash flow projections. These forecasts and projections show that the Group, taking account of reasonably possible scenarios, should be able to operate within the level of its borrowing facilities for the foreseeable future.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements: Interest is payable on loans of £2,934,000 (*2010: £3,255,000*) at Bank of England base rate plus 1.25%, loans of £7,407,000 (*2010: £7,866,000*) at LIBOR plus 1.75% and on loans of £2,369,000 *(2010: £2,575,000)* at LIBOR plus 3%.

2010

	Carrying amount £000	**Contractual cash flows £000**	**1 year or less £000**	**1 to <2years £000**	**2 to <5years £000**	**5years and over £000**
Non-derivative financial liabilities						
Secured bank loans	13,696	15,267	1,384	1,619	2,902	9,362

2011

	Carrying amount £000	**Contractual cash flows £000**	**1 year or less £000**	**1 to <2years £000**	**2 to <5years £000**	**5years and over £000**
Non-derivative financial liabilities						
Secured bank loans	**12,710**	**14,205**	**1,358**	**1,591**	**3,024**	**8,232**

22 (d) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as interest rates will affect the Group's income or the value of its holdings of financial instruments

Market risk - Foreign currency risk

The Group does not have any exposure to foreign currency risk

Market risk – Interest rate risk

Profile

At the balance sheet date the interest rate profile of the Group's interest-bearing financial instruments was:

	2011	2010
	£000	£000
Variable rate instruments		
Cash and cash equivalents	**11,702**	9,266
Vehicle funding	**(13,956)**	(12,047)
Loans and overdrafts	**(12,710)**	(13,696)
	(14,964)	(16,477)

The objectives of the Group's interest rate policy are to minimise interest costs. The Group does not actively manage cash flow interest risk as the directors believe that the retail sector in which the Group operates provides a natural hedge against interest rate movements. Consequently, it is Group policy to borrow on a floating rate basis.

Whilst there are no hedging instruments, the Board reviews its hedging policy on a regular basis.

Sensitivity analysis

An increase of 0.5 basis points in interest rates at the balance sheet date would have decreased equity and profit or loss by the amounts shown below.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates, financial instrument at fair value through profit or loss or available for sale with fixed interest rates and the fixed rate element of interest rate swaps. The analysis is performed on the same basis for comparative periods.

	2011	2010
	£000	£000
Equity		
Decrease	**133**	130
Profit or loss		
Decrease	**133**	130

22 (e) Capital management

Prior to each acquisition, the Board considers its funding options and the appropriate mix of secured debt and equity.

The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders. The Group must ensure that sufficient capital resources are available for working capital requirements and meeting principal and interest payment obligations as they fall due.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio, which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as total shareholders' equity.

The gearing ratios for each year are as follows:

	As at 31 August 2011 £000	As at 31 August 2010 £000
Total borrowings	**12,710**	13,696
Less: cash and cash equivalents	**(11,702)**	(9,266)
Net debt	**1,008**	4,430
Total equity	**19,501**	16,035
Gearing ratio	**5.2%**	27.6%

23 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2011 £000	2010 £000
Less than one year	**2,533**	2,434
Between one and five years	**7,885**	8,197
More than five years	**24,769**	25,617
	35,187	36,248

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 £ 2,434,000 was recognised as an expense in the income statement in respect of operating leases *(2010: £2,394,000).*

24 Contingencies

The Group is jointly and severally liable in respect of value added tax liabilities arising in other group undertakings. The related fellow subsidiary undertakings and the parent company were is a repayment situation at 31 August 2010 and 2011.

In recognition of the Cambria Automobiles plc group bank and used vehicle funding facilities, the following companies have entered into a joint agreement to guarantee liabilities with banks and finance houses of the motor manufacturers that provide new and used vehicles to the group:

Cambria Automobiles plc, Cambria Automobiles Property Limited, Cambria Automobiles Group Limited, Cambria Automobiles Acquisitions Limited, Cambria Automobiles (Swindon) Limited, Grange Motors (Swindon) Limited, Thoranmart Limited, Cambria Automobiles (South East) Limited, Grange Motors (Brentwood) Limited, Invicta Motors Limited, Invicta Motors (Maidstone) Limited and Cambria Vehicle Services Limited.

Intra-group guarantees are accounted for as insurance contracts.

25 Related parties

Identity of related parties with which the Group has transacted

Key management personnel are considered to be the board of directors for the purposes of this disclosure.

Transactions with key management personnel

At the year end, the Directors of the Company and their immediate relatives controlled 49.1% per cent of the voting shares of the Company.

The compensation of key management personnel is as follows:

	2011 £000	2010 £000
Directors' emoluments		
Salaries and consultancy fees	**587**	**507**
Annual bonus	**463**	**525**
Non-contractual bonuses	**-**	**910**
	1,050	**1,942**

The emoluments consist of:

Directors' emoluments	Salaries 2011 £000	Consultancy fees 2011 £000	Bonus 2011 £000	Total 2011 £000	Total 2010 £000
James Mullins	**125**	**-**	**88**	**213**	319
Rodney Smith	**50**	**37**	**-**	**87**	288
Mark Lavery	**300**	**-**	**375**	**675**	1,290
Warren Scott	**25**	**-**	**-**	**25**	25
Sir Peter Burt	**25**	**-**	**-**	**25**	10
Michael Burt	**25**	**-**	**-**	**25**	10
	550	**37**	**463**	**1,050**	1,942

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

During the year Mark Lavery, James Mullins, Rodney Smith and Warren Scott each bought 4 vehicles from the Group and each sold 4 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.

Other related party transactions

The Company is quoted on the AIM Market. Promethean own 33% of the company. During the year the company paid £nil (*2010: £44,000)* in management fees to Promethean.

26 Ultimate parent company and parent company of larger group

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

27 Post balance sheet events

Acquisition

On 1 September 2011, the Group acquired the trade and assets of the Vauxhall dealership in Southampton from Hartwell PLC. The total consideration payable for the business and assets acquired was £323,601 there was no goodwill payable on the acquisition.

Dividend

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