

Cambria Automobiles Limited

**Directors' report and financial
statements**

Registered number 05135183

31 August 2007

TUESDAY



A30 18/12/2007 312
COMPANIES HOUSE

Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	3
Independent auditors' report to the members of Cambria Automobiles Limited	4
Profit and loss account	6
Balance sheet	7
Reconciliation of movements in shareholders' funds	8
Notes	9

Directors' report

The directors present their directors' report and financial statements for the year ended 31 August 2007

Principal activities

The company's principal activity continued to be the sale and servicing of motor cars and the provision of ancillary services

Business review

The profit for the year, after taxation, was £323,000 (2006 loss of £406,000)

Proposed dividend

The directors do not recommend the payment of a dividend for 2007 (2006 £nil)

Directors and directors' interests

The directors who held office during the year and up to the date of this report were as follows

R P Smith	(resigned 23 May 2007)
M J J Lavery	(resigned 13 November 2006)
M A Brown	(resigned 13 November 2006)
J A Mullins	(appointed 23 May 2007)

None of the directors held any interest in shares or debentures of the company at the beginning or end of the financial period

Messrs Mullins and Lavery are also directors of Cambria Automobiles Acquisitions Limited

None of the directors held any interest in shares or debentures of Cambria Automobiles Acquisitions Limited at the beginning or end of the financial period. Mr Lavery is a shareholder of the ultimate parent company, Cambria Automobiles Holdings Limited, and his shareholding is disclosed in the financial statements of that company

None of the directors had any beneficial interest in any contract to which the company was a party during the period

Certain directors benefited from qualifying third party indemnity provisions in place during the financial period and at the date of this report

Directors' report *(continued)*

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information

Political and charitable contributions

The Company made no political contributions during the period (2006 *£nil*) Donations to UK charities amounted to *£nil* (2006 *£nil*)

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By order of the board



JA Mullins
Director

Dorcan Way, Swindon, SN3 3RA

2007

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

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing these 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities



KPMG LLP

Plym House
3 Longbridge Road
Plymouth
PL6 8LT
United Kingdom

Independent auditors' report to the members of Cambria Automobiles Limited

We have audited the financial statements of Cambria Automobiles Limited for the period ended 31 August 2007 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of Cambria Automobiles Limited *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 August 2007 and of its profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG WP

KPMG LLP
Chartered Accountants
Registered Auditor

13/12 2007

Profit and loss account
for the year ended 31 August 2007

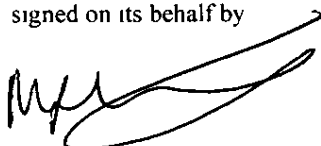
	<i>Note</i>	2007 £000	10 month period Ended 31 August 2006 £000
Turnover	2	14,165	4 150
Cost of sales		(11,849)	(3 490)
		<hr/>	<hr/>
Gross profit		2,316	660
Distribution costs		(1,235)	(558)
Administrative expenses		(682)	(467)
		<hr/>	<hr/>
Operating profit/(loss)		399	(365)
Interest receivable and similar		2	-
Interest payable and similar charges	6	(78)	(41)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation	3	323	(406)
Tax on profit/(loss) on ordinary activities	7	-	-
		<hr/>	<hr/>
Profit/(loss) for the financial year		323	(406)
		<hr/>	<hr/>

There were no recognised gains or losses for either financial year other than the results shown above. All results arose from continuing operations.

Balance sheet
at 31 August 2007

	<i>Note</i>	2007	2006 as restated
		£000	£000
Fixed assets			
Tangible assets	8	123	108
		<u>123</u>	<u>108</u>
Current assets			
Stocks	9	2,064	1,634
Debtors	10	535	522
Cash at bank and in hand		151	160
		<u>2,750</u>	<u>2,316</u>
Creditors amounts falling due within one year	11	(2,793)	(2,667)
Net current liabilities		<u>(43)</u>	<u>(351)</u>
Net assets/(liabilities)		<u>80</u>	<u>(243)</u>
Capital and reserves			
Called up share capital	13	150	150
Profit and loss account		(70)	(393)
Shareholders' funds/(deficit)		<u>80</u>	<u>(243)</u>

These financial statements were approved by the board of directors on
signed on its behalf by



M J J Lavery
Director

12/12/ 2007 and were

Reconciliation of movements in shareholders' funds
for the year ended 31 August 2007

	2007 £000	2006 £000
Profit/(loss) for the financial year	323	(406)
Net addition/(reduction) to shareholders' funds	323	(406)
Opening shareholders' funds	(243)	163
Closing shareholders' funds/(deficit)	80	(243)

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

Consignment stock

The directors have reviewed the policy on consignment stock in the year. Although consigned vehicles can be returned, in practice they are not. In substance this transfers the risks and rewards of ownership to the company so all consigned vehicles are now included in the balance sheet. Comparatives have been restated to reflect this change in policy and as a result stock and creditors have increased by £892,000.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Cambria Automobiles Holdings Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Cambria Automobiles Holdings Limited, within which this Company is included, can be obtained from Dorcan Way, Swindon, Wiltshire, SN3 3RA.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery	-	20%-25% per annum
Fixtures and fittings	-	10%-33 3% per annum

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of motor vehicles, the actual amount paid to date for each car is used. For spare parts and service items, stocks are valued at invoiced cost on a first-in, first-out basis. Appropriate provision is made for obsolete or slow-moving items.

New vehicles on consignment from manufacturers are included in the balance sheet where it is considered that the company bears the risks and rewards of ownership.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes (continued)

1 Accounting policies (continued)

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions

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

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

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

2 Turnover

Turnover, which arises solely in the United Kingdom, represents the invoiced value of goods and services after deducting value-added tax.

3 Notes to the profit and loss account

	2007 £000	2006 £000
<i>Loss on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation and other amounts written off tangible fixed assets		
Owned	33	31
Leased	-	-
Operating lease rentals – land and buildings	248	123
	<hr/>	<hr/>
<i>Auditors' remuneration</i>		
	2007 £000	2006 £000
Audit	9	10
Services relating to taxation	4	-
	<hr/>	<hr/>

Notes (continued)

4 Remuneration of directors

	2007 £000	2006 £000
Directors' emoluments	-	-
Company contributions to money purchase pension schemes	-	-
	<u> </u>	<u> </u>

The directors of the Company are remunerated through the parent company, Cambria Automotive Holdings Limited. Mr Sudbury was remunerated via Swindon Automobiles Limited, an associated company prior to the change of ownership.

The following directors benefited from qualifying third party indemnity provisions during the financial period:

- M J J Lavery
- R P Smith
- J A Mullins

5 Staff numbers and costs

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

	Number of employees 2007	2006
Management	4	2
Sales and service	36	18
Administrative and clerical	9	7
	<u> </u>	<u> </u>
	49	27
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	2007 £000	10 month Period ended 31 August 2006 £000
Wages and salaries	1,248	659
Social security costs	121	40
Other pension costs	5	3
	<u> </u>	<u> </u>
	1,379	702
	<u> </u>	<u> </u>

Notes (continued)

6 Interest payable and similar charges

	2007 £000	10 month Period ended 31 August 2006 £000
Bank overdraft	11	14
Consignment and used vehicle stocking interest	67	27
	<u>78</u>	<u>41</u>

7 Taxation

Analysis of charge in period

	2007 £000	£000	2006 £000	£000
<i>UK corporation tax</i>				
Current tax on income for the period	-		-	
Adjustments in respect of prior periods	-		-	
	<u>-</u>	-	<u>-</u>	-
Total current tax		-		-
<i>Deferred tax (see note 12)</i>				
Origination/reversal of timing differences	-		-	
Adjustment in respect of previous years	-		-	
	<u>-</u>	-	<u>-</u>	-
Total deferred tax		-		-
Tax on profit on ordinary activities		<u>-</u>		<u>-</u>

Factors affecting the tax credit for the current period

The current tax charge/(credit) for the period is lower (2006 lower) than the standard rate of corporation tax in the UK (2007 30%, 2006 30 %). The differences are explained below

	2007 £000	2006 £000
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before tax	323	(406)
Current tax at 30% (2006 30%)	97	(122)
<i>Effects of</i>		
Utilisation of losses brought forward/losses carried forward	(108)	121
Depreciation in excess of capital allowances	10	1
Expenses not deductible for tax purposes	1	-
Total current tax charge/(credit) (see above)	<u>-</u>	<u>-</u>

Notes (continued)

8 Tangible fixed assets

	Plant and machinery £000	Fixtures and fittings £000	Total £000
<i>Cost or valuation</i>			
At 1 September 2006	75	64	139
Additions	9	39	48
	<hr/>	<hr/>	<hr/>
At 31 August 2007	84	103	187
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 September 2006	13	18	31
Charge for year	9	24	33
	<hr/>	<hr/>	<hr/>
At 31 August 2007	22	42	64
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 August 2007	62	61	123
	<hr/>	<hr/>	<hr/>
At 31 August 2006	62	46	108
	<hr/>	<hr/>	<hr/>

Notes (continued)

9 Stocks

	2007	2006 as restated
	£000	£000
Consignment vehicle stocks	1,025	892
Motor vehicles	991	697
Spare parts and stores	48	45
	<u>2,064</u>	<u>1 634</u>

10 Debtors

	2007	2006
	£000	£000
Trade debtors	197	181
Amounts owed by group undertakings	249	279
Other debtors	89	62
	<u>535</u>	<u>522</u>

11 Creditors: amounts falling due within one year

	2007	2006 as restated
	£000	£000
Vehicle consignment creditors	1,025	892
Bank overdraft	-	221
Trade creditors	828	567
Vehicle funding	594	402
Amounts owed to group undertakings	165	420
Other creditors	181	165
	<u>2,793</u>	<u>2 667</u>

Included within other creditors is £44,000 in respect of tax and social security

Notes (continued)

12 Deferred taxation

The elements of the deferred taxation asset are as follows

	2007 £000	2006 £000
Timing differences resulting from depreciation in excess of capital allowances	8	1
Losses carried forward for use in future years	17	121
	<hr/>	<hr/>
Total deferred tax	25	122
Unrecognised deferred tax asset	(25)	(122)
	<hr/>	<hr/>
Recognised deferred tax asset	-	-
	<hr/>	<hr/>

The deferred tax asset not recognised, which consists primarily of tax losses carried forward, would be recovered if set off against future profits of the company

13 Called up share capital

	2007 £000	2006 £000
<i>Authorised</i>		
75,000 Ordinary shares of £1 each	75	75
75,000 Preference shares of £1 each	75	75
	<hr/>	<hr/>
	150	150
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
75 000 Ordinary shares of £1 each	75	75
75 000 Preference shares of £1 each	75	75
	<hr/>	<hr/>
	150	150
	<hr/>	<hr/>

The redeemable preference shares shall be redeemed at the company's option at par within a 5 year period from the date of issue, 18 October 2004, and have the right to a fixed cumulative preferential cash dividend of 7% per annum of the nominal value. The redeemable preference shares have no voting rights and on winding up with surplus assets, the redeemable preference shares are paid up to the original subscription price. The right to dividend has been permanently and irrevocably waived and as a result the shares are classed as equity.

14 Reserves

	Profit and loss account £000
At beginning of year	(393)
Profit for year	323
	<hr/>
At end of year	(70)
	<hr/>

Notes (continued)

15 Contingent liabilities

The company has a £500,000 overdraft facility with Bank of Scotland

The company has £50,000 held on deposit with Bank of Scotland as security in favour of Volkswagen Financial Services Limited

In addition, the company has entered into a joint agreement with Sudbury (Swindon) Limited, Cambria Automobiles Properties Limited, Cambria Automobiles Holdings Limited, Cambria Automobiles Group Limited and Cambria Automobiles Acquisitions Limited to guarantee liabilities with banks and finance houses of the motor manufacturers that provide new and used vehicles to the Group

The company accounts for intra group guarantees as insurance contracts per FRS 12

16 Commitments

Annual commitments under non-cancellable operating leases are as follows

	2007		2006	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire Over five years	248	-	248	-
	<u>248</u>	<u>-</u>	<u>248</u>	<u>-</u>

17 Ultimate parent company and parent undertaking of larger group of which the company is a member

The Company is a subsidiary undertaking of Cambria Automobiles Holdings Limited, which is the ultimate parent company incorporated in England and Wales

The largest and smallest group in which the results of the Company are consolidated is that headed by Cambria Automobiles Holdings Limited. The consolidated financial statements of this group are available to the public and may be obtained from the Registrar of Companies

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