Cambria Automobiles (Swindon) Limited

Directors' report and financial statements

for the year ended 31 August 2012

Registered number 05135183

Contents

Company information

Directors	M J J Lavery J A Mullins
Secretary	J A Mullins
Auditor	KPMG Audit plc Arlington Business Park Reading Berkshire RG7 4SD
Banker	Bank of Scotland plc PO Box 54873 London SW1Y 5WX
Registered office	Dorcan Way Swindon SN3 3RA
Company registered number	05135183

Directors' report

The directors present their directors' report and financial statements for the year ended 31 August 2012

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 on ordinary activities before taxation for the year ended 31 August 2012 was £ 266,000 *(2011 £444 000)* as set out on page 7

New car sales totalled 372 units in 2012 compared with 453 in 2011 Used car sales totalled 1,844 units in 2012 compared with 1,990 in 2011 Service labour hours sold totalled 19,046 in 2012 compared with 18,485 in 2011

Dividend

The directors do not recommend the payment of a dividend for 2012 *(2011 £nil)*

Primary risks

As with all retail businesses, the primary risk is considered to be a downturn in the UK economy, and volatility in the new and used car markets Through ongoing monitoring and cost control, the directors believe that they are taking all possible steps to protect the business

Political and charitable contributions

The company made no political contributions during the year *(2011 £nil)* Donations to UK charities amounted to £nil *(2011 £nil)*

Directors and directors' interests

The following directors have held office since 1 September 2011 and up to the date of approval of these financial statements

M J J Lavery
J A Mullins

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

Employees

The company recognises the benefit of keeping employees informed of group affairs and the views of employees are given full consideration at regular meetings with their representatives

Full and fair consideration is given to the employment of disabled persons, who are treated no differently from other employees as regards recruiting, training, career development and promotion opportunities For people who may become disabled in the course of employment, the group will make every effort to accommodate them in suitable alternative employment

Directors' report *(continued)*

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company s auditor is aware of that information

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG Audit plc will therefore continue in office

By order of the board

J A Mullins
Director

Dorcan Way
Swindon
SN3 3RA

4/3/ **2013**

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)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 adequate accounting records that are sufficient to show and explain the company s transactions and 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 2006 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

Independent auditor's report to the members of Cambria Automobiles (Swindon) Limited

We have audited the financial statements of Cambria Automobiles (Swindon) Limited for the year ended 31 August 2012 set out on pages 7 to 16 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 August 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditor's report to the members of Cambria Automobiles (Swindon) Limited *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ian Brokenshire

Ian Brokenshire (Senior Statutory Auditor)
for and on behalf of KPMG Audit plc, Statutory Auditor
Chartered Accountants
Arlington Business Park
Reading
RG7 4SD

7 March **2013**

Profit and loss account
for the year ended 31 August 2012

	Note	2012 £000	2011 £000
Turnover	1	**20,776**	23 140
Cost of sales		**(17,984)**	(20 069
Gross profit		**2,792**	3,071
Administrative expenses		**(2,444)**	(2,533)
Operating profit		**348**	538
Interest payable and similar charges	5	**(82)**	(94)
Profit on ordinary activities before taxation and non-recurring expenses		**272**	444
Non-recurring expenses		**(6)**	-
Profit on ordinary activities before taxation	2	**266**	444
Tax on profit on ordinary activities	6	**(42)**	(122)
Profit for the financial year		**224**	322

All results arose from continuing operations

There were no recognised gains or losses for the years ended in 2012 and 2011 other than the profits shown above

Reconciliation of movements in shareholders' funds
for the year ended 31 August 2012

	2012 £000	2011 £000
Profit for the financial year	**224**	322
Net addition to shareholders' funds	**224**	322
Opening shareholders funds	**768**	446
Closing shareholders' funds	**992**	768

Balance sheet
at 31 August 2012

	Note	2012		2011	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	7		37		61
Current assets					
Stocks	8	3,147		2,486	
Debtors	9	1,160		894	
Cash at bank and in hand		8		216	
		4,315		3 596	
Creditors amounts falling due within one year	10	(3,360)		(2 899)	
Net current assets			955		707
Net assets			992		768
Capital and reserves					
Called up share capital	12		150		150
Profit and loss account	13		842		618
Shareholders' funds			992		768

The notes on pages 9 to 16 form part of these financial statements

These financial statements were approved by the board of directors on 4/3/ 2013 and were signed on its behalf by

M J J Lavery
Director

Company registered number 05135183

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

Going Concern

The directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis in preparing the annual financial statements

Further information regarding the company's business activities together with the factors likely to affect its future development, performance and position is set out in the Directors Report on page 1

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 plc, 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 The consolidated financial statements of Cambria Automobiles plc, within which this Company is included can be obtained from Dorcan Way, Swindon, Wiltshire, SN3 3RA

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and VAT

Sales of motor vehicles, parts and accessories are recognised when the significant risks and rewards of ownership have been transferred to the buyer In general this occurs when vehicles or parts are delivered to the customer and title has passed Manufacturer incentives are recognised as turnover when earned Servicing and bodyshop sales, including warranty work, are recognised on completion of the agreed work Finance commission turnover is recognised as the related vehicles are sold All turnover generated is attributable to UK operations only

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	-	5 to 10 years
Fixtures and fittings	-	5 to 10 years
Computers	-	3 to 5 years

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

Notes *(continued)*

1 Accounting policies *(continued)*

Stocks

Stocks are stated at the lower of cost and net realisable value In determining the cost of motor vehicles, the actual amount paid and payable to date for each vehicle is used For spare parts and service items, 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 from the day that they are consigned by the manufacturer as this is considered to be when the company bears the risks and rewards of ownership

Consignment stock is held for a maximum of 180 days before becoming due for payment, with the first 60 days being interest free and the remaining 120 days interest bearing

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

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the timing difference can be utilised

Pension Costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year The difference between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

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, are dealt with as appropriations in the reconciliation of movements in shareholders' funds

Notes *(continued)*

2 Notes to the profit and loss account

	2012 £000	2011 £000
Profit on ordinary activities before taxation is stated after charging		
Depreciation and other amounts written off tangible fixed assets		
Owned	**38**	42
Operating lease rentals – land and buildings (intra-group)	**252**	252

Auditors remuneration

	2012 £000	2011 £000
Audit of these financial statements	**6**	6
Services relating to taxation	**2**	2

3 Remuneration of directors

The directors of the Company are remunerated through the parent company, Cambria Automobiles plc The following directors benefited from qualifying third party indemnity provisions during the financial period

- M J J Lavery
- J A Mullins

4 Staff numbers and costs

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

	Number of employees 2012	2011
Sales	**20**	21
Services	**18**	20
Parts	**4**	4
Administrative	**6**	6
	48	51

The aggregate payroll costs of these persons were as follows

	2012 £000	2011 £000
Wages and salaries	**1,398**	1 380
Social security costs	**149**	131
Other pension costs	**3**	3
	1,550	1 514

Notes *(continued)*

5 Interest payable and similar charges

	2012 £000	2011 £000
Consignment and used vehicle stocking interest	**67**	86
Intercompany interest	**15**	8
	82	94

6 Taxation

	2012 £000	£000	2011 £000	£000
Current tax				
Current tax charge for the year	**67**		122	
Adjustments in respect of prior years	**(223)**		-	
Adjustments in respect of prior years group relief	**218**		-	
Total current tax		**62**		122
Deferred tax				
Origination/reversal of timing differences	**2**		-	
Adjustment in respect of previous years	**(22)**		-	
Total deferred tax		**(20)**		-
Tax on profit on ordinary activities		**42**		122

Factors affecting the tax charge for the year

The current tax charge for the year is lower *(2011 higher)* than the standard rate of corporation tax in the UK 25 16% *(2011 27 16 %)* The differences are explained below

	2012 £000	2011 £000
Current tax reconciliation		
Profit on ordinary activities before tax	**266**	444
Current tax at 25 16% *(2011 27 16%)*	**67**	121
Effects of		
Difference between depreciation and capital allowances	**2**	2
Payment for group relief utilised in prior years	**218**	-
Expenses not deductible for tax purposes	**1**	1
Other short term timing differences	**(3)**	(1)
Adjustment in respect of prior years	**(223)**	-
Total current tax charge (see above)	**62**	122

The applicable tax rate for the current year is 25 16% following the reduction in the main rate of UK corporation tax from 26% to 24% with effect from 1 April 2012 See further notes on change in tax rate in note 11

Notes *(continued)*

7 Tangible fixed assets

	Plant and machinery £000	Fixtures, fittings & computers £000	Total £000
Cost			
At 1 September 2011	208	466	674
Additions	7	7	14
Disposals	(37)	(203)	(240)
At 31 August 2012	178	270	448
Depreciation			
At 1 September 2011	170	443	613
Disposals	(37)	(203)	(240)
Charge for year	20	18	38
At 31 August 2012	153	258	411
Net book value			
At 31 August 2012	**25**	**12**	**37**
At 31 August 2011	38	23	61

8 Stocks

	2012 £000	2011 £000
Consignment vehicles	**1,604**	1 018
Other new & used vehicles	**1,478**	1 401
Other stocks	**65**	67
	3,147	2,486

9 Debtors

	2012 £000	2011 £000
Trade debtors	**152**	266
Amounts owed by group undertakings	**779**	582
Other debtors	**53**	46
Corporation tax	**156**	-
Deferred tax (note 11)	**20**	-
	1,160	894

Notes *(continued)*

10 Creditors: amounts falling due within one year

	2012 £000	2011 £000
Vehicle consignment creditors	**1,604**	1,018
Vehicle funding	**1,036**	767
Trade creditors	**432**	625
Other creditors	**41**	74
Accruals	**115**	180
Taxation and social security	**132**	103
Corporation tax	**-**	122
	3,360	2 889

Vehicle funding is secured on the stock to which it relates

11 Deferred taxation

The elements of the deferred taxation asset are as follows

	2012 £000	2011 £000
Timing differences resulting from depreciation in excess of capital allowances	**21**	20
Other short term timing differences	**(1)**	2
Total deferred tax asset	**20**	22
Unrecognised deferred tax asset	**-**	(22)
Recognised deferred tax asset	**20**	-

The Chancellors Autumn Statement issued on 5 December 2012 announced that the UK corporation tax rate will reduce to 21% by April 2014 A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively

This will reduce the company's future current tax charge accordingly The deferred tax asset at 31 August 2012 has been calculated based on the rate of 23% substantively enacted at the balance sheet date

It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly

Notes *(continued)*

12 Called up share capital

	2012	2011
	£000	£000
Allotted, called up and fully paid		
75 000 Ordinary shares of £1 each	75	75
75 000 Preference shares of £1 each	75	75
	150	150

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 2006 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 and redemption has been permanently and irrevocably waived and as a result the shares are classed as equity

13 Reserves

	Profit and loss Account £000
At beginning of the year	618
Profit for year	224
At end of the year	**842**

14 Contingent liabilities

The company benefits from participation in the Cambria Automobiles plc amalgamated group overdraft facility with Bank of Scotland

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 Properties 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 (Maidstone) Limited Cambria Vehicle Services Limited and Invicta Motors Limited

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

Notes *(continued)*

15 Commitments

Annual commitments under non-cancellable operating leases are as follows

	2012 Land and buildings £000	2011 Land and Buildings £000
Operating leases which expire		
Over five years (intra-group)	**252**	252
	252	252

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

The immediate parent company is Cambria Automobiles Acquisitions Limited, a company registered in England and Wales

The ultimate holding company is Cambria Automobiles plc, a company registered in England and Wales

The ultimate parent company and parent of the largest and smallest group in which the company's results are included is Cambria Automobiles plc, a company registered in England and Wales The address from which group accounts can be obtained from is Dorcan Way, Swindon, SN3 3RA

In the opinion of the directors, the distribution of the ordinary shares in Cambria Automobiles plc and the rights attributing to them means there is no overall controlling party of the company