Cambria Automobiles (Swindon) Limited

Annual report and financial statements

for the year ended 31 August 2015

Registered number 05135183

Contents

Company information

Directors	M J J Lavery J A Mullins
Secretary	J A Mullins
Auditor	KPMG LLP Plym House 3 Longbridge Road Plymouth PL6 8LT
Banker	Bank of Scotland plc 25 Gresham Street London EC2V 7HN
Registered office	Dorcan Way Swindon SN3 3RA
Company registered number	05135183

Strategic report

Business review

The profit on ordinary activities before taxation for the year ended 31 August 2015 was £283,000 *(2014: £290,000 profit)* as set out on page 7.

New car sales totalled 323 units in 2015 compared with 473 in 2014. Used car sales totalled 1,123 units in 2015 compared with 1,203 in 2014. This was primarily due to the withdrawal from the Citroen franchise during the year. However, service labour hours sold increased by 392 to 17,225 in 2015 compared with 16,833 in 2014. Overall, there was a reduction of £1,839,000 in turnover with a corresponding reduction in profit before tax of £7,000.

Primary risks

The primary risk to the Company is the volatility in the new and used car markets and the changes made by our manufacturer brand partners to the pricing and margin structure on the new vehicles that we sell. Through implementing tight controls and building a strong operational Group infrastructure, the Directors believe they are taking all possible steps to protect the business.

Interest rate risk

The Group finances its operations through a combination of bank funding and shareholders' funds. The interest rate on bank funding is variable with base rate.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The funding for significant new ventures is secured before commitments are made. Cash flows are monitored on a monthly basis.

Price risk

The principal price risks arise from vehicle stocks which are either inappropriate for resale, or are bought at too high a price, relative to a fast moving marketplace. The Group's purchasing staff are trained and developed to be aware of the current marketplace. They are also provided with all the latest available market data. The managers of each business unit consider their stock books and purchasing patterns on a very regular basis, with a higher level of review by the Directors.

Credit risk

The principal credit risk arises from trade debtors. In order to manage credit risk, the Directors set limits for customers and ensure a regular review is made of trade debtors outstanding. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. All potential areas of financial risk are monitored regularly and reviewed by the Directors and local management. Any preventative or corrective measures are taken as necessary.

Associate involvement

During the year, the policy of providing associates with information about the Group has been continued through internal media methods in which associates have also been encouraged to present their suggestions and views on the Group's performance. Regular meetings are held between local management and associates to allow a free flow of information and ideas. Through implementing tight controls and building a strong operational Group infrastructure, the Directors believe they are taking all possible steps to protect the business

By order of the board.

J A Mullins
Director

Dorcan Way
Swindon
SN3 3RA

20/12/ 2015

Directors' report

The directors present their Directors' report and financial statements for the year ended 31 August 2015.

Principal activities

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

Dividend

The directors do not recommend the payment of a dividend for 2015 *(2014: £nil)*.

Political and charitable contributions

The Company made no political contributions during the year *(2014: £nil)*. Donations to UK charities amounted to £nil *(2014: £nil)*.

Directors and directors' interests

The following directors have held office since 1 September 2013 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.

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 LLP will therefore continue in office.

By order of the board

J A Mullins
Director

Dorcan Way
Swindon
SN3 3RA

24/11/2015

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

The directors are responsible for preparing the Strategic report, 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.

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 2015 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 4, 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

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 2015 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 Strategic Report and 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 LLP, Statutory Auditor
Chartered Accountants
Plym House
3 Longbridge Road
Plymouth
PL6 8LT

29 December 2015

Profit and loss account
for the year ended 31 August 2015

	Note	2015 £000	2014 £000
Turnover	1	**17,109**	18,948
Cost of sales		**(14,479)**	(16,175)
Gross profit		**2,630**	2,773
Administrative expenses		**(2,286)**	(2,441)
Operating profit		**344**	332
Interest payable and similar charges	5	**(61)**	(42)
Profit on ordinary activities before taxation	2	**283**	290
Tax on profit on ordinary activities	6	**(56)**	(96)
Profit for the financial year		**227**	194

All results arose from continuing operations.

There were no recognised gains or losses for the years ended in 2015 and 2014 other than the profits shown above.

Reconciliation of movements in shareholders' funds
for the year ended 31 August 2015

	2015 £000	2014 £000
Profit for the financial year	**227**	194
Net addition to shareholders' funds	**227**	194
Opening shareholders' funds	**1,150**	956
Closing shareholders' funds	**1,377**	1,150

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

Balance sheet
at 31 August 2015

	Note	2015 £000	2015 £000	2014 £000	2014 £000
Fixed assets					
Tangible assets	7		**419**		479
Current assets					
Stocks	*8*	**1,720**		2,645	
Debtors	*9*	**1,155**		1,412	
Cash at bank and in hand	*9*	**6**		-	
		2,881		4,057	
Creditors: amounts falling due within one year	*10*	**(1,921)**		(3,377)	
Net current assets			**960**		680
Total assets less current liabilities			**1,379**		1,159
Provisions	*11*		**(2)**		(9)
Net assets			**1,377**		1,150
Capital and reserves					
Called up share capital	*12*		**150**		150
Profit and loss account	*13*		**1,227**		1,000
Shareholders' funds			**1,377**		1,150

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

These financial statements were approved by the board of directors on 29 / 12/ 2015 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 Strategic Report on page 2.

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
Computer equipment	-	3 to 5 years
Short leasehold improvements	-	Over the life of the lease

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

Profit on ordinary activities before taxation is stated after charging:	**2015 £000**	2014 £000
Depreciation and other amounts written off tangible fixed assets:		
Owned	**78**	73
Operating lease rentals – land and buildings (intra-group)	**252**	252

Auditors' remuneration:

	2015 £000	2014 £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	
	2015	2014
Sales	**19**	17
Service	**14**	16
Parts	**3**	4
Administrative	**14**	18
	50	55

The aggregate payroll costs of these persons were as follows:

	2015 £000	2014 £000
Wages and salaries	**1,064**	1,268
Social security costs	**135**	132
Other pension costs	**10**	9
	1,209	1,409

Notes *(continued)*

5 Interest payable and similar charges

	2015	2014
	£000	£000
Consignment and used vehicle stocking interest	35	25
Intercompany interest	26	17
	61	42

6 Taxation

	2015		2014	
	£000	£000	£000	£000
Current tax				
Current tax charge for the year	26		70	
Payment for group relief current year	38		-	
Adjustments in respect of prior years	-		35	
Adjustments in respect of prior years group relief	(1)		(35)	
Total current tax charge		63		70
Deferred tax				
Origination/reversal of timing differences	(2)		(2)	
Adjustment in respect of previous years	(5)		28	
Total deferred tax charge		(7)		26
Tax charge on profit on ordinary activities		56		96

Factors affecting the tax charge for the year:

The current tax charge for the year is higher *(2014: higher)* than the standard rate of corporation tax in the UK of 20.58% (*2014: 22.16 %*). The differences are explained below.

	2015	2014
	£000	£000
Current tax reconciliation		
Profit on ordinary activities before tax	283	290
Current tax at 20.58% *(2014: 22.16%)*	58	64
Effects of:		
Difference between depreciation and capital allowances	6	2
Expenses not deductible for tax purposes	-	4
Adjustments in respect of prior years	(1)	-
Total current tax charge (see above)	63	70

The applicable tax rate for the current year is 20.58% *(2014: 22.16%)* following the reduction in the main rate of UK corporation tax from 21% to 20% with effect from 1 April 2015.
Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the company's future current tax charge accordingly and reduce the deferred tax asset at 31 August 2015 (which has been calculated based on the rate of 20% substantively enacted at the balance sheet date).

Notes *(continued)*

7 Tangible fixed assets

	Plant and machinery £000	Fixtures, fittings and computers £000	Short leasehold improvements £000	Total £000
Cost				
At 1 September 2014	199	216	439	854
Additions	8	10	-	18
Disposals	(14)	(11)	-	(25)
At 31 August 2015	193	215	439	847
Depreciation				
At 1 September 2014	138	175	62	375
Charge for year	18	16	44	78
Disposals	(14)	(11)	-	(25)
At 31 August 2015	142	180	106	428
Net book value				
At 31 August 2015	**51**	**35**	**333**	**419**
At 31 August 2014	61	41	377	479

8 Stocks

	2015 £000	2014 £000
Consignment vehicles	**573**	1,439
Other new and used vehicles	**1,095**	1,158
Other stocks	**52**	48
	1,720	2,645

9 Debtors

	2015 £000	2014 £000
Trade debtors	**137**	199
Amounts owed by group undertakings	**961**	1,189
Other debtors	**57**	24
	1,155	1,412

Notes *(continued)*

10 Creditors: amounts falling due within one year

	2015 £000	2014 £000
Vehicle consignment creditors	**573**	1,439
Vehicle funding	**670**	949
Trade creditors	**255**	321
Amounts owed to group undertakings	**37**	-
Other creditors	**18**	27
Accruals	**263**	233
Taxation and social security	**79**	79
Corporation tax	**26**	28
Bank overdraft	**-**	301
	1,921	3,377

Vehicle funding is secured on the stock to which it relates.

11 Deferred taxation

	Deferred tax liability £000
Balance at 1 September 2014	(9)
Charge to the profit and loss account	7
Balance at 31 August 2015	**(2)**

The elements of the deferred taxation asset are as follows:

	2015 £000	2014 £000
Timing differences resulting from depreciation in excess of capital allowances	**(2)**	(9)
Total deferred tax liability	**(2)**	(9)

The deferred tax liability at 31 August 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Notes *(continued)*

12 Called up share capital

	2015 £000	2014 £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 could have been 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 the beginning of the year	1,000
Profit for the year	227
At the end of the year	**1,227**

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:

	2015 Land and buildings £000	2014 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.