

Thoranmart Limited

**Annual report and financial
statements
for the year ended 31 August 2018
Registered number 02017117**



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Company information

Directors	M J J Lavery J A Mullins T A Duckers
Secretary	J A Mullins
Auditor	KPMG LLP Arlington Business Park Theale Reading RG7 4SD
Banker	Bank of Scotland plc 25 Gresham Street London EC2V 7HN
Registered office	Dorcan Way Swindon SN3 3RA
Company registered number	02018117

Strategic report

Business review

The result for the year was a loss before tax of £429,522 (2017: loss of £219,000). New car sales totalled 1,610 units in 2018 compared with 2,495 in 2017. Used car sales totalled 4,060 units in 2018 compared with 3,766 in 2017. Service labour hours sold totalled 47,070 in 2018 compared with 48,579 in 2017.

The Group took the decision to close its loss-making Blackburn site in July 2018, the site formerly represented Fiat, Alfa Romeo, Renault and Volvo. The site comprised a leasehold showroom for Fiat and Alfa Romeo and the break clause in the lease has been exercised. The Renault and Volvo showrooms are owned freehold and are currently held for sale. In addition, Peugeot was added into Warrington to replace Fiat in September 2018.

The directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors continue to adopt the going concern basis in preparing the financial statements.

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.

Strategic report *(continued)*

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
28 January 2019

Directors' report

The directors present their Directors' report and financial statements for the year ended 31 August 2018.

Principal activities

The principal activity of the Company in the year under review was that of the sale and service of new and used motor vehicles together with the sale of spares and accessories.

Proposed dividend

The directors do not recommend the payment of a dividend (2017: £nil).

Directors

The following directors have held office since 1 September 2017 and up to the date of approval of these financial statements:

M J J Lavery
J A Mullins
T A Duckers

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

Going concern

The Company's business activities, together with a review of its financial position and its exposure to principal risks and uncertainties are described in the Strategic Report. The Company has considerable financial resources along with a good sales record across geographic areas. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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.

Political and charitable contributions

The Company made no charitable donations or incurred any political expenditure during the year (2017: £nil).


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 reappointed and KPMG LLP will therefore continue in office.

By order of the board


J A Mullins
Director

Dorcan Way
Swindon
SN3 3RA

28 January 2019

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

The directors are responsible for preparing the Annual 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), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 judgements 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 Thoranmart Limited

Opinion

We have audited the financial statements of Thoranmart Limited ("the company") for the year ended 31 August 2018 which comprise the Profit and loss account and other comprehensive income, the Balance sheet, the Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.
- We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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



Derek McAllan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Arlington Business Park
Theale, Reading
RG7 4SD
21st March 2019

Profit and loss account and other comprehensive income
for the year ended 31 August 2018

	<i>Note</i>	2018 £000	2017 £000
Turnover	1	81,577	93,273
Cost of sales		(71,456)	(82,732)
Gross Profit		10,121	10,541
Administrative expenses		(10,422)	(10,662)
Operating (loss)/profit	2	(301)	(121)
Interest receivable	5	-	38
Interest payable and similar expenses	6	(129)	(136)
Profit before tax from operations before non-recurring income/ (expenses)		(102)	(219)
Net non-recurring income and expenses		(328)	-
(Loss)/profit before taxation		(430)	(219)
Tax on (loss)/profit	7	54	21
(Loss)/profit for the financial period		(376)	(198)

There are no recognised gains and losses other than the loss of £376,000 attributable to the shareholders for the year ended 31 August 2018 (*year ended 31 August 2017: loss of £198,000*).

The non-recurring expenses relate to the closure costs of the Blackburn location.

The notes on pages 11 to 22 form an integral part of these financial statements

Balance sheet
at 31 August 2018

	<i>Note</i>	2018	2017
		£000	£000
Fixed assets			
Intangible assets	8	-	3
Tangible assets	9	641	921
		<hr/>	<hr/>
		641	924
Current assets			
Stocks	10	6,372	11,854
Debtors	11	2,483	2,710
Cash at bank and in hand		-	815
		<hr/>	<hr/>
Creditors: amounts falling due within one year	12	8,855 (8,942)	15,379 (15,373)
		<hr/>	<hr/>
Net current assets		(87)	6
		<hr/>	<hr/>
Total assets less current liabilities		554	930
		<hr/>	<hr/>
Net assets		554	930
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	16	2,500	2,500
Profit and loss account	17	(1,946)	(1,570)
		<hr/>	<hr/>
Shareholders' funds		554	930
		<hr/>	<hr/>

The notes on pages 11 to 22 form part of these financial statements.

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

28 January 2019 and were



J A Mullins
Director

Company registered number: 02017117

Statement of changes in equity
For the year ended 31 August 2018

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 September 2016	2,500	(1,372)	1,128
Total comprehensive income for the year			
Profit or loss	-	(198)	(198)
Total comprehensive income for the year	-	(198)	(198)
Balance at 31 August 2017	2,500	(1,570)	930
Balance at 1 September 2017	2,500	(1,570)	930
Total comprehensive income for the year			
Profit or loss	-	(376)	(376)
Total comprehensive income for the year	-	(376)	(376)
Balance at 31 August 2018	2,500	(1,946)	554

Notes

(forming part of the financial statements)

1 Accounting policies

Thorannmart Limited (the "company") is a private company incorporated and domiciled and registered in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets ;
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

The Company's ultimate parent undertaking, Cambria Automobiles plc includes the Company in its consolidated financial statements. The consolidated financial statements of Cambria Automobiles plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Cambria Automobiles plc, Dorcan Way Swindon SN3 3RA.

As the consolidated financial statements of Cambria Automobiles plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments;
- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*;
- Certain disclosures required by IFRS 3 *Business Combinations* in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 21.

Notes *(continued)*

1 **Accounting policies** *(continued)*

Measurement convention

The financial statements are prepared on the historical cost basis.

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 continue to adopt the going concern basis in preparing the 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 pages 2 to 3.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

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

Interest-bearing borrowings

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

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 body shop 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.

Notes (continued)

1 Accounting policies (continued)

Other intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of an intangible asset acquired in a business combination is its fair value at the acquisition date.

Amortisation

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Intangible asset - 10 years

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, by equal instalments over their estimated useful lives as follows:

Improvements to property	- 10 years
Plant and machinery	- 10 years
Fixtures and fittings	- 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.

Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Interest receivable and Interest payable - Interest payable and similar charges include interest payable. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the

unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes *(continued)*

1 **Accounting policies** *(continued)*

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

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. For Fiat stock the first 60 days are interest free and the remaining 120 days interest bearing. For Renault stock the first 90 days are interest free and the remaining 90 days interest bearing.

Taxation

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

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

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

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

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Notes (continued)

2 Expenses and auditor's remuneration

	2018 £000	2017 £000
<i>Included in profit/loss are the following:</i>		
Depreciation – owned assets	244	239
Amortisation	3	7
Operating lease rentals – vehicles	3	-
Operating lease rentals – land and buildings (intra-group)	483	558
Operating lease rentals – land and buildings (external)	305	268
Auditor's remuneration:		
Audit of these financial statements	17	17
Other services relating to taxation	4	4
	<u> </u>	<u> </u>

3 Remuneration of directors

The remuneration of directors of the Company during this financial year was borne by the ultimate parent company, Cambria Automobiles plc. However an apportionment of the cost has been made based on time spent totalling £108,974 (2017: £108,974).

The following directors benefited from qualifying third party indemnity provisions:

- M J J Lavery
- J A Mullins
- T A Duckers

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	
	2018	2017
Sales and distribution	76	80
Administration	34	35
Servicing	54	59
Parts	20	23
	<u> </u>	<u> </u>
	184	197
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	2018 £000	2017 £000
Wages and salaries	4,968	5,136
Social security costs	514	541
Pension costs	41	30
	<u> </u>	<u> </u>
	5,523	5,707
	<u> </u>	<u> </u>

Notes (continued)

5 Interest receivable

	2018 £000	2017 £000
Receivable from group undertakings	-	38
	<u>-</u>	<u>38</u>

6 Interest payable and similar expenses

	2018 £000	2017 £000
Payable to group undertakings	30	-
Consignment and used vehicle stocking interest	99	136
	<u>129</u>	<u>136</u>

7 Taxation

	2018 £000	2017 £000
<i>Current tax</i>		
Current tax charge for the year	-	-
Adjustments in respect of prior years	(4)	8
Payment for group relief current year	(33)	(21)
Payment for group relief prior year	1	-
	<u>(36)</u>	<u>(13)</u>
<i>Total current tax</i>		
	(36)	(13)
<i>Deferred tax</i>		
Origination/reversal of timing differences (note 15)	(23)	-
Adjustments in respect of prior years	5	(8)
	<u>(18)</u>	<u>(8)</u>
<i>Total deferred tax</i>		
	(18)	(8)
<i>Total tax</i>	<u>(54)</u>	<u>(21)</u>

Notes (continued)

Reconciliation of effective tax rate

	2018 £000	2017 £000
(Loss)/profit before tax	(430)	(219)
Tax at 19% (2017: 19.58%)	(81)	(43)
<i>Effects of</i>		
Depreciation on assets not qualifying for capital allowances	19	16
Non-deductible expenses	4	4
Change in tax rates	3	2
Adjustments in respect of prior years	1	-
Total tax	(54)	(21)

The applicable tax rate for the current year is 19% (2017: 20%) following the reduction in the main rate of UK corporation tax from 20% to 19% with effect from 1 April 2018. A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax [asset/liability] at [balance sheet date] has been calculated based on these rates.

Notes (continued)

8 Intangible fixed assets

	£000
Cost	
At beginning and end of year	67
Amortisation	
At beginning of year	64
Charged in year	3
At end of year	67
Net book value	
At 31 August 2018	-
At 31 August 2017	3

9 Tangible fixed assets

	Short leasehold improvements £000	Plant and machinery £000	Fixtures, fittings and computers £000	Totals £000
Cost				
At 1 September 2017	1,461	455	1,172	3,088
Additions	-	39	47	86
Transfers – Inter-Group	-	(5)	(4)	(9)
Disposals	(353)	(171)	(361)	(885)
At 31 August 2018	1,108	318	854	2,280
Depreciation				
At 1 September 2017	988	350	829	2,167
Charge for year	88	46	110	244
Transfers – Inter-Group	-	(1)	(1)	(2)
Disposals	(264)	(160)	(346)	(770)
At 31 August 2018	812	235	592	1,639
Net book value				
At 31 August 2018	296	83	262	641
At 31 August 2017	473	105	343	921

Notes (continued)

10 Stocks

	2018 £000	2017 £000
Consignment vehicles	2,412	7,156
Other new and used vehicles	3,656	4,250
Other stocks	304	448
	<u>6,372</u>	<u>11,854</u>

11 Debtors

	2018 £000	2017 £000
Trade debtors	1,141	1,130
Amounts owed by group undertakings	1,035	1,208
Prepayments	252	198
Deferred taxation (note 15)	51	33
Corporation tax	4	141
	<u>2,483</u>	<u>2,710</u>

12 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Used vehicle funding	2,801	3,527
Consignment stock creditor	2,669	8,166
Trade creditors	1,439	1,892
Bank overdraft	155	-
Other taxes and social security	534	112
Other creditors	131	593
Accrued expenses	1,144	823
Customer deposits	69	260
	<u>8,942</u>	<u>15,373</u>

Notes (continued)

13 Operating lease commitments

Non-cancellable operating lease rentals (land and buildings) are payable as follows:

	2018 £000	2017 £000
Within one year	483	483
Between two and five years	1,961	1,433
In more than five years	1,202	1,741
	<u>3,646</u>	<u>3,657</u>

14 Secured debts

The following secured debts are included within creditors:

	2018 £000	2017 £000
Used vehicle funding	<u>2,801</u>	<u>3,527</u>

15 Deferred taxation

	Deferred tax asset £000
Balance at 1 September 2017	33
Credit to the profit and loss account	18
Balance at 31 August 2018	<u>51</u>

The elements of the deferred taxation asset are as follows:

	2018 £000	2017 £000
Tangible fixed assets	51	33
Total deferred tax asset	<u>51</u>	<u>33</u>
Recognised deferred tax	<u>51</u>	<u>33</u>

The deferred tax asset at 31 August 2018 has been calculated based on the rate of 17% substantively enacted at the balance sheet date.

Notes (continued)

16 Called-up share capital

	2018 £000	2017 £000
<i>Called up, allotted and fully paid</i>		
2,500,000 ordinary shares of £1 each	2,500	2,500

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

17 Reserves – profit and loss account

	2018 £000
At 1 September 2017	(1,570)
Loss for the year	(376)
At 31 August 2018	(1,946)

18 Pension commitments

Contributions to the Group defined contribution scheme amounted to £ 40,809 (2017: £30,206) and are charged to the profit and loss account as incurred.

19 Other commitments

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 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 (Maidstone) Limited, Cambria Vehicle Services Limited, Invicta Motors Limited and Repair and Maintenance Plans Limited.

20 Ultimate parent company and controlling party

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, Wiltshire, 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.

Notes (continued)

21 Accounting estimates and judgements

Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives of the assets so these are re-assessed annually and amended when necessary to reflect current estimates. See note 9 for the carrying amount of the property plant and equipment, and note 1 for the useful economic lives for each class of assets.

Net realisable value of stock

The Company makes an estimate of the net realisable values of stock which is based on assessments of current costs and prevailing market conditions. These are re-assessed annually and amended where necessary to reflect current estimates. See note 10 for the carrying value of stock and changes to any net realisable value provision made in the year.

Impairment of debtors

The Company makes an estimate for the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 11 for the net carrying amount of the debtors.