

Caffyns plc

Preliminary Results for the year ended 31 March 2026

Summary

	2026 £'000	2025 £'000
Revenue	270,661	275,464
Underlying EBITDA (see note below)	3,605	5,639
Underlying (loss)/profit before tax (see note below)	(1,487)	606
(Loss)/profit before tax	(1,721)	246
	pence	pence
Underlying (losses)/earnings per share	(40.7)	16.4
(Losses)/earnings per share	(47.2)	6.4
Proposed final dividend per Ordinary share	5.0	5.0
Dividend per ordinary share for the year	10.0	10.0

Note: Underlying results exclude items that have non-trading attributes due to their size, nature or incidence or are unrelated to the primary motor trade business of the Company and which management therefore consider should be disclosed separately to enable a full understanding of the operating results. Non-underlying items for the year totalled a charge of £234,000 (2025: £360,000) and are detailed in note 5 to these condensed consolidated financial statements. Underlying EBITDA of £3,605,000 (2025: £5,639,000) represents operating profit before non-underlying items of £1,478,000 (2025: £3,498,000) adding back depreciation and amortisation of £2,127,000 (2025: £2,141,000).

Overview

- Revenue down 2% to £270.7 million (2025: £275.5 million)
- New car unit deliveries down by 11%
- Used car unit sales up by 4%
- Aftersales revenues up by 6% to £32.7 million (2025: £30.7 million)
- Underlying loss before tax of £1.5 million (2025: profit of £0.6 million)
- Final dividend of 5.0 pence per Ordinary share (2025: 5.0 pence per Ordinary share)
- Net bank borrowings at 31 March 2026 of £7.3 million (2025: £8.5 million), as disclosed in note 22
- Property portfolio valuation at 31 March 2026 showed a reduced surplus to net book value of £10.7 million (2025: £11.2 million); this surplus is not recognised in the Company's financial statements.

Commenting on the results Simon Caffyn, Chief Executive, said: *"We faced significant trading headwinds during the financial year ended 31 March 2026 and have taken a number of actions to increase order take and reduce costs. These actions are delivering improvement."*

Enquiries:

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Operational and Business Review

Summary

The Company encountered significant trading headwinds during the financial year ended 31 March 2026 (the “year”), resulting in turnover falling by 2% to £270.7 million (2025: £275.5 million) and a loss before tax position.

Volumes of new cars sold in the year fell by 11%. Used cars and aftersales fared better with both achieving volume growth in the year despite a very competitive marketplace. However, profits from used car sales declined and inflationary pressures on the cost base remained high. The underlying loss before tax for the year of £1.5 million, which included income of £0.3 million from the sale at auction of a veteran car and a personalised number plate, compared to an underlying profit before tax of £0.6 million in the prior year, which included £0.1 million from the sale at auction of a personalised number plate.

The statutory loss before tax for the year was £1.7 million (2025: profit before tax of £0.2 million) with the Company incurring certain non-underlying costs, primarily associated with the financing and service costs of its defined-benefit pension scheme (the “scheme”). Actuarial adjustments arising on the scheme have been taken direct to reserves. The basic losses per share for the year were 47.2 pence (2025: earnings per share of 6.4 pence). The underlying losses per share for the year were 40.7 pence (2025: earnings per share of 16.4 pence).

The Company has taken a number of actions to increase order take and reduce costs and these are delivering improvements. Key areas are the procurement of quality used car stock at sensible prices, better management on new and used inventory to reduce both stocking interest and depreciation costs of ageing stock, together with general control on vehicle sales costs such as marketing.

The Company’s defined benefit pension scheme deficit, calculated in accordance with the requirements of IAS 19 Pensions, reduced to £1.4 million at 31 March 2026 (2025: £4.5 million). During the year the Company made cash contributions to the scheme of £1.3 million (2025: £4.2 million). Contributions in the prior year were boosted from the sale of a surplus freehold premises in Lewes.

The Company continues to own all but two of the freeholds of the dealership and office premises from which it operates, and this provides the dual strengths of a strong asset base and minimal exposure to rent reviews.

The board declared an interim dividend of 5.0 pence per Ordinary share (2025: 5.0 pence), which was paid in January 2026. Despite the losses incurred in the year the board remains confident in the prospects of the Company and is declaring a final dividend for the year of 5.0 pence per Ordinary share (2025: 5.0 pence).

Net bank borrowings at 31 March 2026 were £7.3 million (2025: £8.5 million), which equated to gearing of 24% (2025: 29%).

New and used car sales

The Company’s total revenues fell by £4.8 million over the prior year (2025: increase of £13.4 million), which arose from the sale of fewer new cars.

Total UK new car registrations in the year increased by 3% to 2.05 million as the market was buoyed by new Chinese brands entering the UK market, although customers remained careful with their discretionary spending. Within this total new car registrations in the private and small business sector, in which we principally operate, rose by 5%. Our own retail new car deliveries fell by 11% as many of the brands that we represent suffered from a decline in their retail performance against strong competition from new market entrants. We already represent a number of Chinese-owned brands and are in discussions which could lead to the addition of further Chinese brands to our portfolio.

Our volume of used car sales in the year rose by 4% with our performance boosted by rising volumes from the expansion to our representation for the CUPRA and SEAT brands. However, overall unit margins in the year fell by 5% against their level in the prior year. Lower volumes of new car registrations in the years following the covid pandemic in 2020 have reduced the number of less than 4-year-old used cars available in the market. In recognition of this scarcity, procedures were further strengthened to broaden our sources for replenishing inventory but the sourcing of good quality, well-priced used cars remains challenging.

Great efforts have been made over the last twelve months to further enhance and develop our omni-channel used car offering, which allows customers to interact with us in the way that suits them best, from the traditional showroom discussion through to an online experience, and any combination in between. We continue to see our used car offering providing a major opportunity for stronger growth. Whilst market conditions have been volatile, we have continued to actively monitor and control used car stock turn and yield. The number of used cars sold in the year again exceeded the number of new cars sold, and by an increased multiple than in the prior year.

Aftersales

Our aftersales business performed well during the year with service revenues rising by 8%. We continue to place great emphasis on our customer retention programmes and in growing sales of service plans. Our parts business also reported higher sales, up by 4% from the prior year.

Our people

I am very grateful for the dedication of our employees and their efforts throughout the year to provide our customers with a first-class experience. The Company benefits from a dedicated workforce with more than a quarter of employees having more than ten years' service. As a result of their hard work and professionalism, the business remains in a strong position in the competitive retail environment in which we operate, and we continue to be an employer of choice in Kent and Sussex.

On 5 January 2026 Mike Warren, our Finance Director since May 2016, stood down from the board. Mike has played a hugely significant role in the Company over the last decade and the board and I would like to thank him for his outstanding contribution throughout this period. Joelle Timperley was appointed as the Company's new Chief Financial Officer on 5 January 2026. Joelle is a chartered accountant and CIMA Fellow has many years of relevant finance experience. Subsequent to the year-end, the board has agreed with Joelle to modify her contract to allow her to concentrate on the strategic and operational aspects of her role over a three-day week and Mike Warren has agreed to extend his employment, two days a week, as a Financial Controller for Joelle. We are fortunate to have the wisdom and experience of both Joelle and Mike going forward.

The Company has a long tradition of investing in apprenticeship programmes. Despite the pressures on the business, we have kept our apprenticeship numbers at a high level and continue to see the benefits flow through the business as more apprentices complete their training. Due to our apprentice numbers, we continued to fully utilise our apprenticeship levy payments within the stipulated time limits. We remain firmly committed to the long-term benefits of apprenticeships and our recruitment programme continues with the aim of maintaining a healthy complement in the current year, which will assist the Company to grow.

Operations

Our franchise businesses have experienced a very difficult year as many of the manufacturers we represent have been adversely impacted by new entrants to the UK market. Our Audi and MG businesses fared the best, with both businesses improving their financial performance in comparison with the prior year.

In June 2025, we closed our Caffyns Motorstore used car business in Lewes. Trading at our remaining Caffyns Motorstore business in Ashford remained subdued as the business struggled to source high-quality used cars. However, the concept continues to be well received by our customers, who particularly value the Caffyns brand.

Groupwide projects

We remain focused on generating further improvements in the levels of used car sales, used car finance income and service labour sales. These three areas will be key to achieving increases in profitability in the coming years. In addition, we continue to make very good progress utilising technology to enhance customers' experience throughout their buying journey, as well as improving our aftersales retention.

Zero-emission vehicle ("ZEV") targets

With effect from 1 January 2024, the Government announced that vehicle manufacturers would be required to meet annual minimum registration targets for ZEV cars, with the target for the 2024 calendar year set at 22% of registrations. For the 2025 calendar year, this minimum registration target increased to 28% and for 2026 to 33%. Failure to achieve the set target could result in potential financial penalties being levied on the manufacturer, although manufacturers were provided with potential relief against penalties by being able to carry forward shortfalls into future years. Registrations of ZEV cars in the first calendar quarter of 2026 amounted to 23% of the market, some way below the stipulated minimum of 33%.

Climate-related emissions

The board is acutely aware of the impact that the Company's operations have on the environment, its responsibility to minimise these wherever possible, and to supporting the Government's efforts to transition towards net zero carbon emissions. To assist with this process an Environmental, Sustainability and Efficiency Committee operated during the year, headed by a senior operational manager who reports directly to the Chief Executive. The remit of the Committee was to scrutinise and seek to reduce the Company's energy usage. The Committee was able to achieve year-on-year savings in electricity, gas and fuel usage of some 2% in the 2025 calendar year. The Company purchases all its electricity from sources that are certified as generating 100% renewable electricity and investments were made in the year to improve the efficiency of lighting and heating equipment. Further energy savings are expected in future periods.

Property

We operate primarily from freehold sites, which provides additional stability to our business model. As in previous years, our freehold premises were valued at the balance sheet date by chartered surveyors CBRE Limited, based on an existing use valuation. The excess of the valuation over net book value of our freehold properties at 31 March 2026 was £10.7 million (2025: £11.2 million), reflecting adjustments in the commercial property market. No impairment charges were deemed necessary in the year (2025: £Nil). In accordance with our accounting policies, this surplus of £10.7 million has not been incorporated into our accounts.

During the year, we incurred capital expenditure of £0.8 million (2025: £1.1 million). The Company's spend in the year related primarily to the replacement of existing assets that had reached the end of their economic life.

The Company operates two of its franchised businesses from leased premises as well as having two leased vehicle storage compounds, which are shown on the balance sheet as right of use assets.

Bank facilities and borrowings

The Company's banking facilities with HSBC comprise a term loan, originally of £7.5 million, repayable by instalments over a twenty-year period to 2038 and a revolving credit facility of £6.0 million, both of which were next scheduled to come up for their periodic review in April 2027. The Company's bankers recognise the current difficulties being experienced by the motor retail sector and remain very supportive and, subsequent to the end of the year, this review date was extended by twelve months to April 2028. HSBC also provides an overdraft facility of £3.5 million, reviewed annually.

In addition to its facilities with HSBC, the Company also has a revolving credit facility of £4.0 million (2025: £4.0 million) provided by Volkswagen Bank, reviewed annually with the next periodic review due in October 2026. At 31 March 2026 the Company was utilising £1.0 million of this facility (2025: £1.0 million).

The Company continues to enjoy supportive relationships with both HSBC and Volkswagen Bank.

The term loan and revolving credit facilities provided by HSBC include certain covenant tests covering interest, borrowing and security levels. In the light of the underlying trading losses incurred in the year, HSBC agreed to waive the covenant tests covering interest and borrowing levels at 30 September and 31 December 2025 and replaced them with a new covenant test, solely for the year under review, which required the Company to achieve an EBITDA hurdle for the full financial year, which was achieved. The covenant test relating to security levels, which continued unchanged in the year, was passed at each quarter-end during the year. EBITDA hurdles have been agreed for each of the financial quarters in the coming year ending 31 March 2027, which the directors are confident of achieving. The previous covenant tests relating to interest and borrowing levels will then be reapplied with effect from 30 June 2027. The Group is reliant on the HSBC borrowing facility of £14.2 million. Any failure of a covenant test would render the borrowing facilities from HSBC to become repayable on demand, at the option of the lender, and would put the going concern assessment at risk.

During the year, cash generated from operating activities was £2.5 million (2025: cash absorbed of £0.3 million), predominantly due to reduced contributions to the Company's defined-benefit pension scheme. Changes in net working capital generated cash of £3.3 million (2025: £1.2 million), with inventories and payables both increasing from higher levels of new cars held on consignment from manufacturers. Other significant cash movements in the year included capital expenditure of £0.8 million (2025: £1.1 million), repayments of bank term loans of £0.4 million (2025: net receipt of £0.6 million), repayments on leases of £0.4 million (2025: £0.5 million) and dividends paid to shareholders of £0.3 million (2025: £0.3 million). Cash balances held at 31 March 2026 were £4.6 million, an increase of £0.8 million from the prior year-end.

Bank borrowings, net of cash balances, at 31 March 2026 were £7.3 million (2025: £8.5 million) and as a proportion of shareholders' funds at 31 March 2026 were 24% (2025: 29%). In addition to the year-end cash balances held, available but undrawn banking facilities with HSBC and Volkswagen Bank at 31 March 2026 were £6.5 million (2025: £7.5 million).

Taxation

The year produced a tax credit against losses of £0.4 million (2025: tax charge on profits of £0.1 million). The effective tax rate for the year, at 25%, was in line with the standard rate of corporation tax in force for the year.

The Company has outstanding trading losses of £4.0 million (2025: £0.7 million) available for relief against profits in future accounting periods as well as a corporate interest restriction carried forward of £1.3 million (2025: £1.1 million). There are no capital losses awaiting relief. Capital gains which remain unrealised, where potentially taxable gains arising from the sale of properties and goodwill have been rolled over into replacement assets, amounted to £3.5 million (2025: £3.9 million), which could equate to a future potential tax liability of £0.9 million (2025: £1.0 million). The Company was unable to utilise any of its Advanced Corporation Tax in the year, leaving an unchanged amount carried forward to future trading periods of £0.3 million (2025: £0.3 million).

Pension scheme

The Company's defined benefit scheme was closed to future accrual in 2010. The board has little control over the key assumptions in the valuation calculations as required by accounting standards and movements in yields of gilts and bonds can have a significant impact on the net funding position of the scheme. At 31 March 2026, the deficit of the scheme was £1.4 million (2025: £4.5 million). The deficit, net of deferred tax, was £1.1 million (2025: £3.4 million). During the year, the Company made cash contributions to the scheme of £1.3 million (2025: £4.2 million).

The scheme operates with a fiduciary manager and the board, together with the independent pension fund trustees, continues to review options to reduce the cost of operation and its deficit. Actions that could further reduce the risk profile of the assets and more closely match the nature of the scheme's assets to its liabilities continue to be considered.

The pension cost under IAS 19 is charged as a non-underlying cost and amounted to £0.2 million in the year (2025: £0.4 million).

The latest triennial valuation was at 31 March 2023 and was formally submitted to the Pensions Regulator in June 2024. A recovery plan to address the scheme deficit identified from this triennial valuation was agreed with the trustees under which the annual recovery plan payment was set at a base level of £0.8 million for the year ended 31 March 2024, to be increased in each subsequent year thereafter by 2.25%. Additional cash contributions to the scheme were agreed, being £1.0 million in the year ended 31 March 2025, £0.5 million in the years ending 31 March 2026 and 2027 and an additional contribution of £0.1 million in the year ending 31 March 2028. Contributions in future years beyond 2028 would then continue at the base level until superseded by any future new recovery plan to be agreed between the Company and the trustees until the projected end of the recovery plan in the year ending 31 March 2031. As at 31 March 2026 all contributions as required under the recovery plan had been paid.

A new triennial valuation will take place as at 31 March 2026 and will be submitted to the Pensions Regulator before the end of June 2027.

Dividend

The board declared an interim dividend of 5.0 pence per Ordinary share (2025: 5.0 pence), which was paid in January 2026. The board remains confident in the prospects of the Company and is declaring a final dividend for the year of 5.0 pence per Ordinary share (2025: 5.0 pence). This will be paid on 11 August 2026 to shareholders on the register at close of business on 10 July 2026 if approved by shareholders at the Company's Annual General Meeting on 6 August 2026. The Ordinary shares will be marked ex-dividend on 9 July 2026.

Strategy

Our continuing strategy is to focus on growing our loyal customer base through representing premium and premium-volume franchises, maximising opportunities for premium used cars and delivering an excellent aftersales service. We recognise that we operate in a rapidly changing environment and continue to carefully monitor the appropriateness of this strategy. We continue to seek opportunities to invest in the future growth of our business, with particular focus on the new entrants to the UK marketplace.

We are concentrating on business opportunities that deliver higher returns from fewer but larger sites. We continue to seek to deliver performance improvement, in particular in our used car and aftersales operations, and to enhance both the purchasing and aftersales experience for our customers.

Annual General Meeting

The Annual General Meeting will be held on 6 August 2026 and will be an open meeting, to which shareholders will be invited to attend in person.

Outlook

The Company has taken a number of actions to increase order take and reduce costs and these are delivering improvements. Key areas are the procurement of quality used car stock at sensible prices, better management on new and used inventory to reduce both stocking interest and depreciation costs of ageing stock, together with general control on vehicle sales costs such as marketing.

The new car forward-order book is steady, although trading conditions in the early part of the current financial year have remained challenging, with inflationary pressures and high interest rates continuing to impact on our cost base.

We have appointed a new marketing agent across the business having seen increased levels of enquiry during a trial period. Enquiry rates from retail customers for electric cars have increased as retail offers become more attractive and prices are closer to petrol and diesel equivalents. Customers' confidence levels in the product have increased and the ongoing war in Iran has made electric cars more desirable, although much of the demand for these continues to come through the fleet channel. Our manufacturers are well placed for the future with a pipeline of market-leading electric new car products due to come to market.

Our Company enjoys an exceptional workforce who represent excellent brands. We also continue to enjoy supportive relationships with our banking partners, HSBC and Volkswagen Bank, with undrawn facilities at 31 March 2026 of £6.5 million. The balance sheet is appropriately funded, and our freehold property portfolio is a source of stability. We remain confident in the prospects of the Company and are ready to benefit from future business opportunities.

S G M Caffyn

Chief Executive

18 June 2026

Group Income Statement

for the year ended 31 March 2026

	Note	2026 £'000	2025 £'000
Revenue		270,661	275,464
Cost of sales		(236,899)	(240,774)
Gross profit		33,762	34,690
Operating expenses			
Distribution costs		(23,105)	(21,572)
Administration expenses		(9,772)	(10,101)
Operating profit before other income		885	3,017
Other income		578	530
Operating profit		1,463	3,547
Operating profit before non-underlying items		1,478	3,498
Non-underlying items within operating profit	5	(15)	49
Operating profit		1,463	3,547
Finance expense	6	(2,965)	(2,892)
Finance expense on pension scheme		(219)	(409)
Net finance expense		(3,184)	(3,301)
(Loss)/profit before taxation		(1,721)	246
(Loss)/profit before tax and non-underlying items		(1,487)	606
Non-underlying items within operating profit	5	(15)	49
Non-underlying items within finance expense on pension scheme	5	(219)	(409)
(Loss)/profit before taxation		(1,721)	246
Taxation	7	435	(70)
(Loss)/profit for the year		(1,286)	176
(Losses)/earnings per share			
Basic	8	(40.7)p	6.4p
Diluted	8	(40.7)p	6.4p
Underlying (losses)/earnings per share			
Basic	8	(47.2)p	16.4p
Diluted	8	(47.2)p	16.4p

See accompanying notes to these condensed financial statements

Group Statement of Comprehensive Income

for the year ended 31 March 2026

	Note	2026 £'000	2025 £'000
(Loss)/profit for the year		(1,286)	176
Items that will never be reclassified to profit and loss:			
Remeasurement of net defined benefit liability		2,015	1,707
Deferred tax on remeasurement	17	(504)	(427)
Total other comprehensive income, net of taxation		1,511	1,280
Total comprehensive income for the year		225	1,456

See accompanying notes to these condensed financial statements

Group Statement of Financial Position

at 31 March 2026

	Note	2026 £'000	2025 £'000
Non-current assets			
Right-of-use assets	10	1,820	2,200
Property, plant and equipment	11	37,183	38,080
Investment properties	12	2,457	2,513
Interest in lease	13	286	—
Goodwill	14	155	286
Deferred tax asset	17	1,820	224
		41,901	43,303
Current assets			
Inventories	15	52,362	44,425
Trade and other receivables		9,961	10,113
Interest in lease	13	—	65
Current tax recoverable		—	39
Cash and cash equivalents		4,605	3,762
		66,928	58,404
Total assets		108,829	101,707
Current liabilities			
Interest-bearing bank overdrafts and loans		1,445	1,445
Trade and other payables	16	62,901	51,781
Lease liabilities		328	642
		64,674	53,868
Net current assets		2,254	4,536
Non-current liabilities			
Interest-bearing bank loans		10,418	10,863
Lease liabilities		1,630	1,720
Preference shares		812	812
Retirement benefit obligations		1,422	4,523
		14,282	17,918
Total liabilities		78,956	71,786
Net assets		29,873	29,921
Capital and reserves			
Share capital		1,439	1,439
Share premium account		272	272
Capital redemption reserve		707	707
Non-distributable reserve		1,531	1,531
Retained earnings		25,924	25,972
Total equity attributable to shareholders		29,873	29,921

Group Statement of Changes in Equity

for the year ended 31 March 2026

	Note	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Non-distributable reserve £'000	Retained Earnings £'000	Total £'000
At 1 April 2025		1,439	272	707	1,531	25,972	29,921
Total comprehensive Income/(expense)							
Loss for the year		—	—	—	—	(1,286)	(1,286)
Other comprehensive income		—	—	—	—	1,511	1,511
Total comprehensive income for the year		—	—	—	—	225	225
Transactions with owners:							
Dividends	11	—	—	—	—	(273)	(273)
At 31 March 2026		1,439	272	707	1,531	25,924	29,873

for the year ended 31 March 2025

		Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Non-distributable reserve £'000	Retained Earnings £'000	Total £'000
At 1 April 2024		1,439	272	707	1,724	24,594	28,736
Total comprehensive expense							
Profit for the year		—	—	—	—	176	176
Other comprehensive expense		—	—	—	—	1,280	1,280
Total comprehensive expense		—	—	—	—	1,456	1,456
Transactions with owners:							
Dividends		—	—	—	—	(273)	(273)
Issue of shares - SAYE		—	—	—	—	2	2
Transfer arising from disposal of Held for Sale Asset		—	—	—	(193)	193	—
At 31 March 2025		1,439	272	707	1,531	25,972	29,921

Group Cash Flow Statement

for the year ended 31 March 2026

	Note	2026 £'000	2025 £'000
Net cash inflow/(outflow) from operating activities	18	2,532	(303)
Investing activities			
Proceeds on disposal of investment property		—	4,620
Proceeds on disposal of property, plant and equipment		183	93
Purchases of property, plant and equipment		(827)	(1,063)
Receipt from investment in lease		77	185
Net cash (outflow)/inflow from investing activities		(567)	3,835
Financing activities			
Revolving-credit facility utilised		4,000	6,500
Revolving-credit facility repaid		(4,000)	(6,500)
Secured loan received		—	1,000
Secured loans repaid		(375)	(375)
Unsecured loan repaid		(70)	(70)
Issue of shares – SAYE scheme		—	2
Dividends paid		(273)	(273)
Repayment of lease liabilities		(404)	(492)
Net cash outflow from financing activities		(1,122)	(208)
Net increase in cash and cash equivalents		843	3,324
Cash and cash equivalents at beginning of year		3,762	438
Cash and cash equivalents at end of year		4,605	3,762

Notes

for the year ended 31 March 2026

1. GENERAL INFORMATION

Caffyns plc is a company domiciled in the United Kingdom. The address of the registered office is Saffrons Rooms, Meads Road, Eastbourne BN20 7DR. The registered number of the Company is 105664.

This financial information has been extracted from the consolidated financial statements which were approved by the directors on 18 June 2026.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with International Financial Reporting Standards ("IFRS") as adopted in the United Kingdom.

Whilst the financial information included in this announcement has been computed in accordance with IFRSs, this announcement does not itself contain sufficient information to comply with IFRSs.

The financial information set out does not constitute the Company's statutory accounts for the year ended 31 March 2025, but is derived from those accounts. Statutory accounts for the year ended 31 March 2025 have been delivered to the Registrar of Companies and those for the year ended 31 March 2026 will be delivered following the Company's annual general meeting. The auditors have reported on those accounts: their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under section 498(2) or (3) Companies Act 2006 or equivalent preceding legislation.

A copy of the annual report for the year ended 31 March 2026 will be available at www.caffynsplc.co.uk and will be posted to shareholders by 4 July 2026.

3. GOING CONCERN

The directors have considered the going concern basis and have undertaken a detailed review of trading and cash flow forecasts for a period of one year from the date of approval of this Annual Report. This has focused primarily on the achievement of the banking covenants associated with the term loan and revolving credit facilities provided by HSBC, which cover levels of interest, borrowing and freehold property security. HSBC have agreed to implement a new earnings covenant test solely for the year ending 31 March 2027 that will require the Company to achieve certain minimum cumulative quarterly Senior EBITDA hurdles.

Under the Company's interest cover covenant test, to be reapplied from 30 June 2027, it will be required to make underlying profits before Senior Interest (that being paid to HSBC and VW Bank on its term loan and revolving credit facility borrowings), corporation tax, depreciation and amortisation ("Senior EBITDA") for a rolling twelve-month period which is at least three times the level of Senior Interest. Under the borrowings test, also to be reapplied from 30 June 2027, the Company's borrowings from HSBC and VW Bank on its term loan and revolving credit facilities must be less than 400% of its Senior EBITDA.

The Company's final covenant test over its levels of freehold property security requires that the level of its bank borrowings at each quarter-end do not exceed 70% of the independently assessed value of its charged freehold properties. This covenant test will remain in force in the coming year.

Financial modelling for the coming twelve-month period has allowed the directors to conclude that there is satisfactory headroom in the Company's banking covenants.

The Group is reliant on the HSBC borrowing facility of £14.2 million. Any failure of a covenant test would render the borrowing facilities from HSBC to become repayable on demand, at the option of the lender, and would put the going concern assessment at risk.

The directors have also given consideration to the current uncertainties in the state of the UK economy, as well as to cost pressures that have impacted businesses such as increases to staffing costs from the rise in the National Minimum and National Living Wages, from higher energy costs, from business rates and from increases to funding costs from continuing high interest base rates.

The directors have also considered the Company's working capital requirements. The Company meets its day-to-day working capital requirements through short-term stocking loans, bank overdraft and revolving-credit facility, and medium-term revolving credit facilities and term loans. At the year-end, the medium-term banking facilities included a term loan with an outstanding balance of £4.7 million (2025: £5.1 million) and a revolving credit facility of £6.0 million (2025: £6.0 million) from HSBC, its primary bankers, with both facilities next scheduled for renewal during the going concern period in April 2027. The Company's bankers recognise the current difficulties being experienced by the motor retail sector and remain very supportive and, subsequent to the end of the year, this review date was extended by twelve months to April 2028. HSBC also make available a short-term overdraft facility of £3.5 million (£3.5 million), which is renewed annually each August. The Company also has a short-term revolving-credit facility from Volkswagen Bank of £4.0 million (2025: £4.0 million), which is renewed annually each October. The Company maintains strong relationships with HSBC and VW Bank and, based on the discussions to date regarding the renewal of the facilities, the directors are of the opinion that there is a reasonable expectation that all facilities will be renewed at their scheduled expiry dates.

At 31 March 2026, the Company held cash in hand balances of £4.6 million and had undrawn borrowing facilities of £6.5 million, all of which would be immediately available.

The directors have a reasonable expectation that the Company has adequate resources and headroom against the covenant tests to be able to continue in operational existence for the foreseeable future and for a period of one year from the date of approval of the Annual Report. For those reasons, they have concluded that there is no material uncertainty and they continue to adopt the going concern basis in preparing this Annual Report.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

These judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Certain critical accounting estimates in applying the Company's accounting policies are listed below.

Retirement benefit obligation

The Company has a defined benefit pension scheme. The obligations under this scheme are recognised in the balance sheet and represent the present value of the obligation calculated by independent actuaries, with input from management. These actuarial valuations include assumptions such as discount rates, return on assets and mortality rates. These assumptions vary from time to time, depending on prevailing economic conditions. Details of the assumptions used are provided in note 24 to the 2026 Annual Report. At 31 March 2026, the net liability of the scheme included in the Statement of Financial Position was £1.4 million (2025: £4.5 million).

Impairment

The carrying value of property, plant and equipment and goodwill are tested annually for impairment as described in notes 12, 13, 14 and 16 to the 2026 Annual Report. For the purposes of the annual impairment testing, the directors recognise Cash Generating Units (CGUs) to be those assets attributable to an individual dealership, which represents the smallest group of assets which generate cash inflows that are independent from other assets or CGUs. The recoverable amount of each CGU is based on the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell of each CGU is based upon the market value of any property contained within it and is determined by an independent valuer, and its value in use is determined through discounting future cash inflows (as described in detail in note 16 to the 2026 Annual Report). As a result of this review, the directors considered that no impairments (2025: no impairments) were required to the carrying value of its property assets.

Inventory provisions

The Company carries significant inventories of new and used cars, as well as operating its own fleet of sales demonstrators and courtesy cars for service customers. These cars are valued at the lower of cost and net realisable value by reference to trade valuation guides, after adjusting for the mileage and condition of the cars. At the year-end, the Company held a provision against the cost of its used inventory of £0.4 million (2025: £0.3 million). The directors considered that this provision was sufficient to ensure that inventories were shown at the lower of cost and net realisable value.

Taxation

The Company has significant deferred tax assets with a carrying value of £2.4 million (2025: £2.5 million). These primarily relate to carried forward corporation tax losses, Advanced Corporation Tax and carried forward Corporate Interest Restriction and are detailed in note 25 to these financial statements. Management have assessed the recoverability of these amounts based on the future forecast financial performance and results as the recoverability of these amounts is dependent on future taxable profits. The directors considered that no impairments were required to the carrying value of these deferred tax assets (2025: no impairments required).

5. Non-underlying items

The following amounts have been presented as non-underlying items in these financial statements:

	2026 £'000	2025 £'000
Net gain on disposal of freehold property	—	64
Other income, net	—	64
Within operating expenses:		
Service cost on pension scheme	(15)	(15)
	(15)	(15)
Non-underlying items within operating profit	(15)	49
Net finance expense on pension scheme	(219)	(409)
Non-underlying items within net finance expense	(219)	(409)
Total non-underlying items before taxation	(234)	(360)
Taxation credit on non-underlying items	58	90
Total non-underlying items after taxation	(176)	(270)

Underlying results exclude items that, in the judgement of the directors, have non-trading attributes, being unrelated to the primary motor trade business of the Company. Management therefore consider these items should be disclosed separately in order to enable a full understanding of the operating results. Non-underlying items comprise only profits and losses from disposal of freehold property, gains arising from lease extensions from freehold property, impairment charges against non-current assets, costs attributable to vacant properties held pending their disposal, net financing return and service cost on pension obligations in respect of the defined benefit pension scheme, which is closed to future accrual, and company-wide operational restructuring and redundancy costs. All other activities are treated as underlying but are not designed to replace the requirements of International Financial Reporting Standards.

6. Finance expense

	2026 £'000	2025 £'000
Interest payable on bank borrowings	819	955
Interest payable on inventory stocking loans	1,874	1,612
Interest on lease liabilities	143	150
Finance costs amortised	66	124
Preference dividends (see note 9)	72	72
Other miscellaneous interest	5	5
Finance income on interest in lease	(12)	(26)
Finance expense	2,965	2,892

7. Tax

	2026 £'000	2025 £'000
Current tax		
UK corporation tax	—	—
Adjustments recognised in the period for current tax of prior periods	—	152
Total charge/(credit)	—	152
Deferred tax (see note 17)		
Origination and reversal of temporary differences	(343)	(33)
Adjustments recognised in the period for deferred tax of prior periods	(92)	(49)
Total credit	(435)	(82)
Tax (credit)/charge in the Income Statement	(435)	70

	2026 £'000	2025 £'000
The tax charge/(credit) arises as follows:		
On normal trading	(377)	160
On non-underlying items (see note 5)	(58)	(90)
Tax (credit)/charge in the Income Statement	(435)	70

The (credit)/charge for the year can be reconciled to the profit per the Income Statement as follows:

	2026 £'000	2025 £'000
(Loss)/profit before tax	(1,721)	246
Tax at the UK corporation tax rate of 25% (2025: 25%)	(430)	62
Tax effect of expenses that are not deductible in determining taxable profit	197	326
Movement in rolled over and held over gains	(110)	(490)
Other differences	—	69
Adjustment to tax charge in respect of prior periods	(92)	103
Tax (credit)/charge for the year	(435)	70

The current year total tax credit is impacted by the effect of non-deductible expenses, which includes non-qualifying depreciation.

The total tax charge for the year is made up as follows:

	2026 £'000	2025 £'000
Total current tax (credit)/charge	—	152
Deferred tax charge/(credit)		
Credited in the Income Statement	(435)	(82)
Charged/(credited) against other comprehensive income	504	427
Total deferred tax charge	69	345
Total tax charge for the year	69	497

Factors affecting the future tax charge

The Company has unrelieved trading losses of £4.0 million (2025: £0.7 million) and a Corporate Interest Restriction of £1.3 million (2025: £1.1 million), both of which will be available for offset against profits made in future periods.

A deferred tax asset totalling £1.3 million (2025: £0.4 million) has been accounted for in deferred tax (see note 17).

The Company also has unrelieved advance corporation tax of £0.3 million (2025: £0.3 million), which is available to be utilised against future mainstream corporation tax liabilities and is accounted for in deferred tax (see note 17).

8. Earnings per ordinary share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year.

Treasury shares are treated as cancelled for the purposes of this calculation.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the pots-tax effect of dividends and/or interest on the assumed conversion of all dilutive options and other dilutive potential ordinary shares.

Reconciliations of earnings and weighted average number of shares used in the calculations are set out below.

	Underlying		Basic	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
(Loss)/profit before tax	(1,721)	246	(1,721)	246
Adjustments:				
Non-underlying items (note 5)	234	360	—	—
(Loss)/profit before tax	(1,487)	606	(1,721)	246
Tax (note 7)	377	(160)	435	(70)
(Loss)/profit after tax	(1,110)	446	(1,286)	176
(Losses)/earnings per share (pence)	(40.7)p	16.4p	(47.2)p	6.4p
Diluted (losses)/earnings per share (pence)	(40.7)p	16.4p	(47.2)p	6.4p

	2026 £'000	2025 £'000
Underlying (losses)/earnings after tax	(1,110)	446
Underlying (losses)/earnings per share (pence)	(40.7)	16.4
Underlying diluted (losses)/earnings per share (pence)	(40.7)	16.4
Non-underlying losses after tax	(176)	(270)
Losses per share (pence)	(6.5)	(10.0)
Diluted losses per share (pence)	(6.5)	(10.0)
Total (losses)/earnings	(1,286)	176
(Losses)/earnings per share (pence)	(47.2)p	6.4p
Diluted (losses)/earnings per share (pence)	(47.2)p	6.4p

The number of fully paid Ordinary shares in circulation at the year-end was 2,726,811 (2025: 2,726,811). The weighted average number of shares in issue for the purposes of the earnings per share calculation were 2,726,811 (2025: 2,726,797). Shares granted under the Company's SAYE scheme have been treated as dilutive. For the purposes of this calculation, the weighted average number of shares in issue for the purposes of the earnings per share calculation were 2,726,811 (2025: 2,726,959).

9. Dividends

	2026 £'000	2025 £'000
Preference shares		
7% Cumulative First Preference	12	12
11% Cumulative Preference	48	48
6% Cumulative Second Preference	12	12
Included in finance expense (see note 6)	72	72
Ordinary shares		
Interim dividend of 5.0 pence per ordinary share paid in respect of the current year (2025: 5.0 pence)	136	136
Final dividend paid of 5.0 pence per Ordinary share in respect of the March 2025 year end (2024: 15.0 pence)	137	137
	273	273

The Board is declaring a final dividend of 5.0 pence per ordinary share in respect of the year ended 31 March 2026.

10. Right-of-use assets

	£'000
Deemed cost	
At 1 April 2025 and 31 March 2026	4,269
Accumulated depreciation	
At 1 April 2025	2,069
Depreciation for the year	380
At 31 March 2026	2,449
Net book value	
At 31 March 2026	1,820

The right-of-use assets above represent four long-term property leases for premises from which the Company operates a Volkswagen dealership in Brighton, a Volvo dealership in Worthing and two car storage compounds in Eastbourne and Tunbridge Wells.

Depreciation charges of £380,000 (2025: £388,000) in respect of right-of-use assets were recognised within Administration Expenses in the Income Statement.

The interest expense on the associated lease liability of £143,000 (2025: £150,000) is disclosed in note 6. Payments made in the year on the above leases were £470,000 (2025: £456,000), representing repayments of both capital and interest.

Payments made in the year under other leases with contractual periods of 12 months or less, which have not been required to be capitalised, were £86,000 (2025: £68,000).

11. Property, plant and equipment

	Freehold property £'000	Leasehold improvements £'000	Fixtures & fittings £'000	Plant & machinery £'000	Total £'000
Cost or deemed cost					
At 1 April 2025	43,611	2,005	5,908	4,943	56,467
Additions at cost	—	15	612	200	827
Disposals	—	—	(250)	(193)	(443)
At 31 March 2026	43,611	2,020	6,270	4,950	56,851
Accumulated depreciation					
At 1 April 2025	9,218	838	4,629	3,702	18,387
Depreciation charge	760	86	469	376	1,691
Disposals	—	—	(247)	(163)	(410)
At 31 March 2026	9,978	924	4,851	3,915	19,668
Net book value					
31 March 2026	33,633	1,096	1,419	1,035	37,183

Short-term leasehold property for both the Company and the Group comprises net book value of £1,096,000 in the Statement of Financial Position (2025: £1,167,000).

Depreciation charges of £1,691,000 (2025: £1,671,000) in respect of property, plant and equipment was recognised within Administration Expenses in the Income Statement. Based on the valuation of the Company's freehold properties undertaken by CBRE, no impairment charges (2025: no impairment charges) were required to be taken in the year.

The Company valued its portfolio of freehold premises and investment properties as at 31 March 2026. The valuation was carried out by CBRE Limited, Chartered Surveyors, in accordance with the Royal Institution of Chartered Surveyors valuation – global and professional standards requirements. The valuation is based on existing use value which has been calculated by applying various assumptions as to tenure, letting, town planning, and the condition and repair of buildings and sites including ground and groundwater contamination. Management are satisfied that this valuation is materially accurate. The excess of the valuation over net book value as at 31 March 2026 of those sites was £10.7 million (2025: £11.2 million). In accordance with the Company's accounting policies, this surplus has not been incorporated into these financial statements.

12. Investment properties

	£'000
Cost	
At 1 April 2025 and 31 March 2026	3,385
Accumulated depreciation	
At 1 April 2025	2,434
Depreciation charge	56
At 31 March 2026	928
Net book value	
At 31 March 2026	2,457

Depreciation charges of £56,000 (2025: £82,000) in respect of Investment properties were recognised within Administration Expenses in the Income Statement. Based on the valuation of the Company's freehold properties undertaken by CBRE, no impairment charges (2025: no impairment charges) were required to be taken in the year.

As described in note 11, the total excess of the valuation of all of the Company's freehold properties over net book value as at 31 March 2026 was £10.7 million (2025: £11.2 million). Investment properties accounted for £0.6 million (2025: £0.6 million) of this surplus.

13. Net investment in lease

	2026 £'000	2025 £'000
Due after more than one year	—	—
Due within one year	—	65
At 31 March	—	65

The premises shown above were sub-let to a third-party under a lease which has the same terms and duration as the Company's own lease. The lease ended in the year.

14. Goodwill

Group and Company:	£'000
Cost	
At 1 April 2025 and 31 March 2026	481
Provision for impairment	
At 1 April 2025 and 31 March 2026	195
Carrying amounts allocated to CGUs	
Volkswagen, Brighton	200
Audi, Eastbourne	86
At 31 March 202	286

For the purposes of the annual impairment testing, goodwill is allocated to a CGU. Each CGU is allocated against the lowest level within the entity at which goodwill is monitored for management purposes. Consequently, the directors recognise CGUs to be those assets attributable to individual dealerships and the table above sets out the allocation of goodwill into the individual dealership CGUs. The carrying amount of goodwill allocated to the Volkswagen, Brighton CGU is the only amount considered significant in comparison with the Group's total carrying amount of goodwill.

Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable and a potential impairment may be required. Impairment reviews have been performed for all CGUs for the years ended 31 March 2025 and 2026.

Valuation basis

The recoverable amount of each CGU is based on the higher of its fair value less selling costs and value in use. The fair value less selling costs of each CGU is based initially upon the market value of any property contained within it and is determined by an independent valuer as described in note 13. Where the fair value less selling costs of a CGU indicates that an impairment may have occurred, a discounted cash flow calculation is prepared in order to assess the value in use of that CGU, involving the application of a pre-tax discount rate to the projected, risk-adjusted pre-tax cash inflows and terminal value.

The two CGUs noted below both relate to leasehold premises and therefore only the value-in-use calculation is appropriate.

Period of specific projected cash flows (Volkswagen, Brighton CGU)

The recoverable amount of the Volkswagen, Brighton CGU is based on value in use. Value in use is calculated using cash flow projections for a five-year period from 1 April 2026 to 31 March 2031. These projections are based on the most recent budget that has been approved by the board being the budget for the year ending 31 March 2027. The key assumptions in the most recent annual budget on which the cash flow projections are based relate to expectations of sales volumes and margins, and expectations around changes in the operating cost base. These assumptions are based on past experience, adjusted to expected changes, and on external sources of information. The cash flows include ongoing capital expenditure required to maintain the dealership, but exclude any growth capital expenditure projects to which the Group was not committed at the reporting date.

In the initial year of the impairment test, this CGU is forecast to have net cashflows of £0.2 million growing by 106% over a four-year period to reach £0.5 million by 2031. This anticipated growth reflects the products and markets in which the CGU operates and does not give rise to an impairment. Forecast growth from internal forecasts is based on a combination of internal and external information. Based on these forecasts, the headroom available on the total future profits is £3.2 million (2025: £1.5 million) before an impairment would be necessary.

Period of specific projected cash flows (Volvo, Worthing CGU)

The recoverable amount of the Volvo, Worthing CGU is based on value in use. Value in use is calculated using cash flow projections for a five-year period from 1 April 2026 to 31 March 2031. These projections are based on the most recent budget that has been approved by the board being the budget for the year ending 31 March 2027. The key assumptions in the most recent annual budget on which the cash flow projections are based relate to expectations of sales volumes and margins, and expectations around changes in the operating cost base. These assumptions are based on past experience, adjusted to expected changes, and on external sources of information. The cash flows include ongoing capital expenditure required to maintain the dealership, but exclude any growth capital expenditure projects to which the Group was not committed at the reporting date.

In the initial year of the impairment test, this CGU is forecast to have net cashflows of £0.4 million growing by 11% over a four-year period to reach £0.5 million by 2031. This anticipated growth reflects the products and markets in which the CGU operates and does not give rise to an impairment. Forecast growth from internal forecasts is based on a combination of internal and external information. Based on these forecasts, the headroom available on the total future profits is £1.6 million (2025: £0.3 million) before an impairment would be necessary.

Discount rate

The cash flow projections have been discounted using a rate derived from the Group's pre-tax weighted average cost of capital, adjusted for industry and market risk. The discount rate used was 11.4% (2025: 12.4%).

Terminal growth rate

The cash flows subsequent to the forecast period are extrapolated into the future over the useful economic life of the CGU using a steady or declining growth rate that is consistent with that of the product and industry. These cash flows form the basis of what is referred to as the terminal value. The growth rate to perpetuity beyond the initial budgeted cash flows used in the value in use calculations to arrive at a terminal value is 0.5% (2025: 0.5%). Terminal growth rates are based on management's estimate of future long-term average growth rates.

Conclusion

At 31 March 2026, no impairment charge in respect of goodwill was identified (2025: no impairment charge).

Sensitivity to changes in key assumptions

Impairment testing is dependent on estimates and judgements, particularly as they relate to the forecasting of future cash flows. The outcome of the impairment test is not sensitive to reasonably possible changes in respect of the projected cash flows, the discount rate applied, nor in respect of the terminal growth rate assumed.

15. Inventories

Group and Company:	2026 £'000	2025 £'000
Vehicles	30,560	29,420
Vehicles on consignment	20,452	13,792
Oil, spare parts, materials and work in progress	1,350	1,213
At 31 March	52,362	44,425

Group and Company:	2026 £'000	2025 £'000
Inventories recognised as an expense during the year	233,795	237,494
Inventories stated at net realisable value	1,216	1,072
Carrying value of inventories subject to retention of title clauses	34,167	27,092

Vehicle inventories held under consignment stocking arrangements are deemed to be assets of the Group and are included on the Statement of Financial Position from the date of consignment, with the exception of vehicles allocated by the manufacturer to the Company but physically held in manufacturer-controlled central compounds and which can be called down by any dealer. At 31 March 2026 such vehicles not recognised on the Company's balance sheet amounted to £832,000 (2025: £Nil). The corresponding liabilities to the manufacturers are included within trade and other payables. Inventories can be held on consignment for a maximum consignment period set by the manufacturer, which is generally between 180 and 365 days. Interest is payable in certain cases for part of the consignment period, at various rates indirectly linked to the Bank of England base rate.

During the year, £21,000 (2025: £20,000) was recognised in respect of the write-down of inventories of spare parts due to general obsolescence.

16. Trade and other payables

	2026 £'000	2025 £'000
Trade payable	28,506	23,727
Obligations relating to consignment stock	20,452	13,792
Vehicle stocking loans	9,531	8,623
Social security and other taxes	1,522	1,769
Accruals	2,244	2,444
Deferred income	403	411
Other creditors	243	1,015
At 31 March	62,901	51,781

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for these trade-related purchases was 34 days (2025: 28 days).

The directors consider that the carrying amount of trade payables approximates to fair value.

The Group finances the purchases of new car inventory through the use of consignment funding facilities provided by its manufacturer partners and which are shown above as Obligations relating to consignment stock. Vehicles are physically supplied by the manufacturers with payment deferred until the earlier of the registration of the vehicle or the end of the consignment period, generally between 180 and 365 days. In certain circumstances, consignment periods can be extended with the agreement of the manufacturer. The consignment funding facilities attract interest at a commercial rate.

The Group utilises vehicle stocking loans to assist with the purchase of certain used car inventory. Facilities are available from both its manufacturer partners and a third-party finance provider and are generally available for a period of 90 days from the date of purchase. These vehicle stocking loans attract interest at a commercial rate. Interest charges on consignment stocking loans and vehicle stocking loans described above for the year ended 31 March 2026 were £1,874,000 (2025: £1,612,000).

The obligations relating to consignment stock are all subject to retention of title clauses for the vehicles to which they relate. Obligations for used and demonstrator cars, that have been funded are secured on the vehicles to which they relate and are shown above as vehicle stocking loans. From a risk perspective, the Company's funding is split between manufacturers through their related finance arms and that funded by the Company through bank borrowings.

The movements in deferred income in the year were as follows:

	2026 £'000	2025 £'000
At 1 April	411	452
Utilisation of deferred income in the year	(943)	(1,015)
Income received and deferred in the year	935	974
At 31 March	403	411

17. Deferred tax

The following are the major deferred tax assets and liabilities recognised and the movements thereon during the current and prior reporting period.

	Accelerated tax depreciation £'000	Unrealised capital gains £'000	Retirement benefit obligations £'000	Short-term temporary differences £'000	Trading Losses and CIR £'000	Recoverable ACT £'000	Total £'000
At 1 April 2025	(1,324)	(975)	1,130	601	449	343	224
Prior year adjustments	(4)	—	—	—	96	—	92
Arising from origination and reversal of temporary differences	(72)	108	(272)	(202)	781	—	343
Recognised in other comprehensive income	—	—	(504)	—	—	—	(504)
At 31 March 2026	(1,400)	(867)	354	399	1,326	343	155

The movement in items arising from origination and reversal of temporary difference in the table above arise primarily from the requirement to spread forward the pension contributions made in the year ended 31 March 2025 of £4.2 million to the defined-benefit Caffyns Pension Scheme, as required under tax legislation.

The Company carries a balance of surplus unrelieved advanced corporation tax (“ACT”), which can be utilised to reduce corporation tax payable subject to a restriction of 25% of taxable profits less shadow ACT calculated at 25% of shareholder Ordinary dividends. Shadow ACT has no effect on the corporation tax payable itself but any surplus shadow ACT on dividends must be fully absorbed before surplus unrelieved ACT can be utilised. At the commencement of the financial year under review on 1 April 2025, there was Shadow ACT outstanding of £203,00. During the year, Shadow ACT generated by the payment of dividends was unable to be utilised, so no surplus ACT could be utilised in the year. The remaining value of surplus ACT available for utilisation in future periods at 31 March 2026 was £343,000 (2025: £343,000). Shadow ACT carried forward at 31 March 2026 was £271,000 (2025: £203,000).

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and it is considered that this requirement is fulfilled. The offset amounts are as follows:

	2026 £'000	2025 £'000
Deferred tax liabilities	(2,267)	(2,299)
Deferred tax assets	2,422	2,523
At 31 March	155	224

The unrealised capital gains include deferred tax on gains recognised on revaluing the land and buildings in 1995 and where potentially taxable gains arising from the sale of properties have been rolled over into replacement assets. Such tax would become payable only if such properties were sold without it being possible to claim rollover relief.

Trading losses and Corporate Interest restrictions available for use in future periods amounted to £5.3 million (2025: £1.8 million). Based on forecasts prepared, the Directors conclude that these losses will reverse against future profitability.

18. Notes to the cash flow statement

	2026 £'000	2025 £'000
(Loss)/profit before tax for the year	(1,721)	246
Adjustments for net finance expense	3,184	3,301
	1,463	3,547
Adjustments for:		
Depreciation of property, plant and equipment, investment properties and right-of-use assets	2,129	2,141
Cash payments into the defined-benefit pension scheme	(1,320)	(4,230)
Profit on disposal of property, plant and equipment	(151)	(64)
Operating cash flows before movements in working capital	2,121	1,394
Increase in inventories	(7,938)	(2,173)
Decrease/(increase) in receivables	154	(2,802)
Increase in payables	11,133	6,194
Cash generated by operations	5,470	2,613
Tax paid, net of refunds	39	—
Interest paid	(2,977)	(2,916)
Net cash generated from/(absorbed by) operating activities	2,532	(303)

All interest payments are treated as operating cash movements as they arise from movements in working capital.

Reconciliation of debt

Group and Company:	Bank and other loans £'000	Revolving credit facilities £'000	Lease liabilities £'000	Preference shares £'000	Liabilities arising from financing activities £'000	Bank and cash balances £'000	Net debt £'000
At 1 April 2025	5,308	7,000	2,362	812	15,482	(3,762)	11,720
Cash movement	(445)	—	(547)	—	(992)	(843)	(1,835)
Non-cash movement	—	—	143	—	143	—	143
At 31 March 2026	4,863	7,000	1,958	812	14,633	(4,605)	10,028
Current liabilities	445	1,000	328	—	1,773	(4,605)	(2,832)
Non-current liabilities	4,418	6,000	1,630	812	12,860	—	12,860
At 31 March 2026	4,863	7,000	1,958	812	14,633	(4,605)	10,028

Non-cash movements in lease liabilities relate to an extension in the year of an existing lease and the interest charge.