# Caffyns plc
## Preliminary Results for the year ended 31 March 2025

### Summary

| | 2025 £'000 | 2024 £'000 |
|---|---|---|
| Revenue | **275,464** | 262,084 |
| Underlying EBITDA (see note below) | **5,639** | 4,212 |
| Underlying profit/(loss) before tax (see note below) | **606** | (566) |
| Profit/(loss) before tax | **246** | (1,545) |
| | **pence** | **pence** |
| Underlying earnings/(loss) per share | **16.4** | (17.3) |
| Earnings/(loss) per share | **6.4** | (44.3) |
| 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 £360,000 (2024: £979,000) and are detailed in note 5 to these condensed consolidated financial statements. Underlying EBITDA of £5,639,000 (2024: £4,212,000) represents operating profit before non-underlying items of £3,498,000 (2024: £2,114,000) adding back depreciation and amortisation of £2,141,000 (2024: £2,098,000).

### Overview

- Revenue up 5% to £275.5 million (2024: £262.1 million)
- New car unit deliveries up by 2%
- Used car unit sales up by 1%
- Aftersales revenues up by 8% to £30.7 million (2024: £28.5 million)
- Underlying profit before tax of £0.6 million (2024: loss of £0.6 million), including income of £0.1 million from the sale of a personalised numberplate
- Final dividend of 5.0 pence per Ordinary share (2024: 5.0 pence per Ordinary share)
- Net bank borrowings at 31 March 2025 of £8.5 million (2024: £11.3 million)
- Property portfolio valuation at 31 March 2025 showed an increased surplus to net book value of £11.2 million (2024: £10.7 million). This surplus is not recognised in the Company's financial statements.

**Commenting on the results Simon Caffyn, Chief Executive, said:** "*A strong performance from new cars and aftersales generated an improved gross profit and, despite inflationary pressures on the cost base, a significant turnaround in underlying profit before tax.*"


**Enquiries:**

| | | | |
|---|---|---|---|
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| | Mike Warren, Finance Director | Tel: | 01323 730201 |

# Operational and Business Review

**Summary**
Turnover in the financial year ended 31 March 2025 (the "year") increased by 5% to £275.5 million (2024: £262.1 million) and the Company reported a welcome return to profitability.

A strong performance from new cars and aftersales generated an additional £3.1 million of gross profit, a 10% increase, which was pleasing given the competitive marketplace. However, profits from used car sales declined and inflationary pressures on the cost base remained high, which negated some of the improvement in gross profits. The underlying profit before tax of £0.6 million for the year, which included income of £0.1 million from the sale at auction of a personalised numberplate, compared to an underlying loss of £0.6 million in the prior year.

Statutory profit before tax for the year was £0.2 million (2024: loss of £1.5 million). The Company incurred certain non-underlying costs, primarily associated with the financing and service costs of its defined-benefit pension scheme which were partly offset by property disposal profits. Actuarial adjustments arising on its defined-benefit pension scheme have been taken direct to reserves. Basic earnings per share for the year were 6.4 pence (2024: loss of 44.3 pence). Underlying earnings per share for the year were 16.4 pence (2024: loss of 17.3 pence).

The Company's defined benefit pension scheme deficit, calculated in accordance with the requirements of IAS 19 Pensions, reduced to £4.5 million at 31 March 2025 (2024: £10.0 million). During the year the Company made cash contributions to the scheme of £4.2 million (2024: 0.8 million).

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 (2024: 5.0 pence), which was paid in January 2025. 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 (2024: 5.0 pence).

Net bank borrowings at 31 March 2025 were £8.5 million (2024: £11.3 million), which equated to gearing of 29% (2024: 39%).

**New and used car sales**
The Company's total revenues increased by £13.5 million over the previous year, of which £11.3 million arose from the sale of new and used cars.

Total UK new car registrations in the year increased by 2% to 1.99 million as the major car manufacturers continued to lift new car production levels 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, actually fell by 4%. Our own retail new car deliveries rose by 2%, a better outcome than for the comparable motor retail sector.

Our volume of used cars sales rose in the year by 1%. Our performance in the year was held back by falling volumes at our Motorstore non-franchised businesses in Ashford and Lewes. Overall unit margins in the year were stable against their level in the prior year. Lower volumes of new car registrations since the covid pandemic in 2020 have also 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 remained challenging.

Great efforts have been made over the last twelve months to further enhance and develop our omni-channel used car offering for our customers, 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. With market conditions volatile we continue 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, although by a reduced 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, also up by 8% from the previous 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.

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 continue to grow.

**Operations**

Our Audi businesses produced a satisfactory financial performance in the year, although with profits reduced from the prior year. The franchise continues to be boosted by the strength of the brand, the excellent model range, and exciting new products.

Our Volkswagen businesses underperformed in the year, partly as a result of operational issues at one of our four dealerships. The manufacturer is the market leader in the UK and, as a result of our internal actions, we expect a markedly improved financial performance in the coming year.

Our Volvo businesses performed well in the year, with our Worthing business returning to profitable trading. The brand enjoys an excellent model range of cars, which continue to be positively received by customers.
The performance of our two Lotus businesses, in Ashford and Lewes, was strong with high levels of customer demand for the Eletre and Emira new car product in the year.

Our combined CUPRA/SEAT/Skoda businesses continued to perform satisfactorily and were boosted in the year by the addition of the Skoda brand to our existing Volkswagen dealership in Eastbourne and the CUPRA and SEAT brands to our existing Volkswagen dealership in Worthing.

Our MG business in Ashford moved into its fourth year of operation. The business was able to generate significant growth in the year, reflecting the increasing market share of the brand, and performed well.

Our Vauxhall business in Ashford underperformed in the year. A review of operational performance, is expected to lead to a brighter future for this brand.

Trading at Caffyns Motorstore, our used car businesses in Ashford and Lewes, 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%. 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 2025 amounted to 21% of the market, some way below the stipulated minimum of 28%. We believe that the manufacturers that we represent are well placed to meet the challenges of the transition to zero-emission vehicles.

**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, headed by a senior operational manager who reports directly to the Chief Executive, operated during the year, with the remit of scrutinising and reducing the Company's energy usage. The Committee was able to achieve year-on-year savings in electricity, gas and fuel usage of some 4% in the 2024 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 2025 was £11.2 million (2024: £10.7 million). No impairment charges were deemed necessary in the year (2024: £0.6 million). In accordance with our accounting policies, this surplus of £11.2 million has not been incorporated into our accounts.

During the year, we incurred capital expenditure of £1.1 million (2024: £2.6 million). The Company added additional franchises to two existing sites at a cost of £0.6 million alongside replacement spend on existing assets and further installations of electric charging points.

In December, the Board completed the sale process of our freehold premises in Lewes for a cash consideration of £4.7 million, before costs of disposal. Under the terms of the sale, the Company has been granted a nil-cost lease to keep its Lotus Sussex and Motorstore Performance businesses operating from the site until October 2025.

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. During the year, the lease for one of those premises was extended for a further five years. As a result, the carrying value of the associated right of use asset was increased by £0.2 million, equal and opposite to an increase in its lease liability.

**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 will next come up for their periodic review in April 2026. HSBC also provides an overdraft facility of £3.5 million, reviewed annually. The Company continues to enjoy a supportive relationship with HSBC.

In addition to its facilities with HSBC, the Company also has a revolving credit facility of £4.0 million provided by Volkswagen Bank, reviewed annually with the next periodic review due in October 2025.

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 prior year, HSBC implemented a new covenant test solely for the year under review, which required the Company to achieve certain quarterly EBITDA hurdles, all of which were achieved. The covenant test relating to security levels, which continued unchanged in the year, was also passed at each quarter-end during the year. The previous covenant tests relating to interest and borrowing levels will then be reapplied with effect from 30 June 2025. The interest covenant will be tested quarterly on a rolling twelve-month basis and will require the Company to exceed stipulated EBITDA hurdles, based on the level of interest incurred on its bank borrowings. The borrowing covenant will also be tested quarterly and will require secured bank borrowings to be maintained below stipulated multiples of EBITDA. Any failure of a covenant test could result, at the option of HSBC, in the borrowing becoming repayable on demand.

During the year, cash absorbed by operating activities was £0.3 million (2024: cash generated of £0.1 million), predominantly due to the increased contribution in the year to the Company's defined-benefit pension scheme. Changes in net working capital generated cash of £1.2 million (2024: £0.5 million), with inventories and payables both increasing as levels of new cars held on consignment from manufacturers continued to return to more normal levels. Other significant cash movements in the year included disposal proceeds from the sale of freehold properties of £4.7 million (2024: £Nil), capital expenditure of £1.1 million (2024: £2.6 million), net receipts of bank term loans of £0.6 million (2024: repayments of £0.9 million) and dividends paid to shareholders of £0.3 million (2024: £0.5 million). Cash balances held at 31 March 2025 were £3.8 million, an increase of £3.3 million from the previous year-end.

Bank borrowings, net of cash balances, at 31 March 2025 were £8.5 million (2024: £11.3 million) and as a proportion of shareholders' funds at 31 March 2025 were 29% (2024: 39%). This reduction in gearing level reflected cash received from the property sale in the year combined with a lower requirement for capital expenditure in the year and a positive movement in the deficit of the Company's defined-benefit pension scheme. In addition to the year-end cash balances held, available but undrawn banking facilities with HSBC and Volkswagen Bank at 31 March 2025 were £6.5 million (2024: £7.5 million).

**Taxation**

The year produced a tax charge against profits of £0.1 million (2024: credit of £0.3 million). The effective tax rate for the year, at 28%, was higher than the standard rate of corporation tax in force for the year of 25% due to the effect of items disallowable for corporation tax.

The Company has outstanding trading losses of £0.7 million (2024: £1.3 million) available for relief against profits in future accounting periods as well as a corporate interest restriction carried forward of £1.1 million (2024: £Nil). 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 £3.9 million (2024: £5.9 million) which could equate to a future potential tax liability of £1.0 million (2024: £1.5 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 (2024: £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 2025, the deficit of the scheme was £4.5 million (2024: £10.0 million). The deficit, net of deferred tax, was £3.4 million (2024: £7.5 million). During the year the Company made cash contributions to the scheme of £4.2 million (2024: £0.8 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 £0.4 million in the year (2024: £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 2025, along with an additional contribution of £1.0 million which was paid in the year. The recurring annual recovery plan payment for each subsequent year thereafter will increase by 2.25%, with additional contributions of £0.5 million in each of the years ending 31 March 2026 and 2027 and an additional contribution of £125,000 in the year ended 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. In accordance with the recovery plan, the Company made deficit reduction contributions into the Scheme during the year of £1.8 million (2024: £0.8 million).

During the year, the Company sold a freehold property in Lewes, which was charged to the Scheme, for a cash consideration of £4.7 million. In return for releasing its security charge over the property, the Scheme received a cash contribution of £2.4 million, in December 2024.

**Dividend**
The board declared an interim dividend of 5.0 pence per Ordinary share (2024: 5.0 pence), which was paid in January 2025. 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 (2024: 5.0 pence). This will be paid on 8 August 2025 to shareholders on the register at close of business on 11 July 2025 if approved by shareholders at the Company's Annual General Meeting on 7 August 2025. The Ordinary shares will be marked ex-dividend on 10 July 2025.

**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 after sales 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.

We are concentrating on business opportunities in stronger sectors to deliver higher returns from fewer but bigger 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 7 August 2025 and will be an open meeting, to which shareholders will be invited to attend in person.

**Outlook**
The Company has a healthy new car forward-order book but 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, and on our customers' confidence levels.

Enquiry rates from retail customers for electric cars have increased as retail offers become more attractive and customers confidence levels in the product increase although much of the demand for electric cars continues to come through the fleet channel. However, 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 2025 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

10 June 2025

# Group Income Statement

**for the year ended 31 March 2025**

| | Note | 2025 £'000 | 2024 £'000 |
|---|---|---|---|
| **Revenue** | | **275,464** | 262,084 |
| Cost of sales | | **(240,774)** | (230,389) |
| **Gross profit** | | **34,690** | 31,695 |
| **Operating expenses** | | | |
| Distribution costs | | **(21,572)** | (19,913) |
| Administration expenses | | **(10,101)** | (10,605) |
| **Operating profit before other income** | | **3,017** | 1,177 |
| Other income | | **530** | 356 |
| Operating profit | | **3,547** | 1,533 |
| | | | |
| Operating profit before non-underlying items | | **3,498** | 2,114 |
| Non-underlying items within operating profit | 5 | **49** | (581) |
| **Operating profit** | | **3,547** | 1,533 |
| | | | |
| Finance expense | 6 | **(2,892)** | (2,680) |
| Finance expense on pension scheme | | **(409)** | (398) |
| Net finance expense | | **(3,301)** | (3,078) |
| | | | |
| Profit/(loss) before taxation | | **246** | (1,545) |
| | | | |
| (Loss)/profit before tax and non-underlying items | | **606** | (566) |
| Non-underlying items within operating profit | 5 | **49** | (581) |
| Non-underlying items within finance expense on pension scheme | 5 | **(409)** | (398) |
| **Profit/(loss) before taxation** | | **246** | (1,545) |
| | | | |
| Taxation | 7 | **(70)** | 341 |
| **Profit/(loss) for the year** | | **176** | (1,204) |
| | | | |
| Earnings/(loss) per share | | | |
| Basic | 8 | **6.4p** | (44.3)p |
| Diluted | 8 | **6.4p** | (44.3)p |
| Underlying earnings/(loss) per share | | | |
| Basic | 8 | **16.4p** | (17.3)p |
| Diluted | 8 | **16.4p** | (17.3)p |

See accompanying notes to these condensed financial statements

# Group Statement of Comprehensive Income

**for the year ended 31 March 2025**

| | Note | **2025**<br>**£'000** | 2024<br>£'000 |
|---|---|---|---|
| **Profit/(loss) for the year** | | **176** | (1,204) |
| **Items that will never be reclassified to profit and loss:** | | | |
| Remeasurement of net defined benefit liability | | **1,707** | (1,652) |
| Deferred tax on remeasurement | 17 | **(427)** | 413 |
| **Total other comprehensive income/(expense), net of taxation** | | **1,280** | (1,239) |
| **Total comprehensive income/(expense) for the year** | | **1,456** | (2,443) |

See accompanying notes to these condensed financial statements

# Group Statement of Financial Position
**at 31 March 2025**

| | Note | **2025 £’000** | 2024 £’000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Right-of-use assets | 10 | **2,200** | 2,343 |
| Property, plant and equipment | 11 | **38,080** | 38,714 |
| Investment properties | 12 | **2,513** | 7,216 |
| Interest in lease | 13 | **—** | 65 |
| Goodwill | 14 | **286** | 286 |
| Deferred tax asset | 17 | **224** | 568 |
| | | **43,303** | 49,192 |
| **Current assets** | | | |
| Inventories | 15 | **44,425** | 42,251 |
| Trade and other receivables | | **10,113** | 7,310 |
| Interest in lease | 13 | **65** | 160 |
| Current tax recoverable | | **39** | 190 |
| Cash and cash equivalents | | **3,762** | 438 |
| | | **58,404** | 50,349 |
| **Total assets** | | **101,707** | 99,541 |
| **Current liabilities** | | | |
| Interest-bearing bank overdrafts and loans | | **1,445** | 1,445 |
| Trade and other payables | 16 | **51,781** | 45,597 |
| Lease liabilities | | **642** | 501 |
| | | **53,868** | 47,543 |
| **Net current assets** | | **4,536** | 2,806 |
| **Non-current liabilities** | | | |
| Interest-bearing bank loans | | **10,863** | 10,308 |
| Lease liabilities | | **1,720** | 2,106 |
| Preference shares | | **812** | 812 |
| Retirement benefit obligations | | **4,523** | 10,036 |
| | | **17,918** | 23,262 |
| **Total liabilities** | | **71,786** | 70,805 |
| | | | |
| **Net assets** | | **29,921** | 28,736 |
| | | | |
| **Capital and reserves** | | | |
| Share capital | | **1,439** | 1,439 |
| Share premium account | | **272** | 272 |
| Capital redemption reserve | | **707** | 707 |
| Non-distributable reserve | | **1,531** | 1,724 |
| Retained earnings | | **25,972** | 24,594 |
| **Total equity attributable to shareholders** | | **29,921** | 28,736 |

# Group Statement of Changes in Equity

**for the year ended 31 March 2025**

| | Note | 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 Income** | | | | | | | |
| Profit for the year | | — | — | — | — | 176 | 176 |
| Other comprehensive income | | — | — | — | — | 1,280 | 1,280 |
| **Total comprehensive income for the year** | | — | — | — | — | 1,456 | 1,456 |
| Transactions with owners: | | | | | | | |
| Dividends | 11 | — | — | — | — | (273) | (273) |
| Issue of shares – SAYE | 27 | — | — | — | — | 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** |

**for the year ended 31 March 2024**

| | Share capital £'000 | Share premium £'000 | Capital redemption reserve £'000 | Non-distributable reserve £'000 | Retained Earnings £'000 | Total £'000 |
|---|---|---|---|---|---|---|
| At 1 April 2023 | 1,439 | 272 | 707 | 1,724 | 27,520 | 31,662 |
| **Total comprehensive expense** | | | | | | |
| Profit for the year | — | — | — | — | (1,204) | (1,204) |
| Other comprehensive expense | — | — | — | — | (1,239) | (1,239) |
| **Total comprehensive expense** | — | — | — | — | (2,443) | (2,443) |
| Transactions with owners: | | | | | | |
| Dividends | — | — | — | — | (539) | (539) |
| Issue of shares - SAYE | — | — | — | — | 220 | 220 |
| Purchase of own shares | — | — | — | — | (195) | (195) |
| Share-based payment | — | — | — | — | 31 | 31 |
| **At 31 March 2024** | **1,439** | **272** | **707** | **1,724** | **24,594** | **28,736** |

# Group Cash Flow Statement
**for the year ended 31 March 2025**

| | Note | **2025** **£'000** | 2024 £'000 |
|---|---|---|---|
| **Net cash (outflow)/inflow from operating activities** | 18 | **(303)** | 119 |
| | | | |
| **Investing activities** | | | |
| Proceeds on disposal of investment property | | **4,620** | — |
| Proceeds on disposal of property, plant and equipment | | **93** | 57 |
| Purchases of property, plant and equipment | | **(1,063)** | (2,575) |
| Receipt from investment in lease | | **185** | 185 |
| **Net cash inflow/(outflow) from investing activities** | | **3,835** | (2,333) |
| | | | |
| **Financing activities** | | | |
| Revolving-credit facility utilised | | **6,500** | 1,000 |
| Revolving-credit facility repaid | | **(6,500)** | (1,000) |
| Secured loan received | | **1,000** | — |
| Secured loans repaid | | **(375)** | (875) |
| Unsecured loan received | | **—** | 350 |
| Unsecured loan repaid | | **(70)** | (35) |
| Issue of shares – SAYE scheme | | **2** | 220 |
| Purchase of own shares for treasury | | **—** | (195) |
| Dividends paid | | **(273)** | (539) |
| Repayment of lease liabilities | | **(492)** | (500) |
| **Net cash outflow from financing activities** | | **(208)** | (1,574) |
| | | | |
| **Net increase/(decrease) in cash and cash equivalents** | | **3,324** | (3,788) |
| | | | |
| Cash and cash equivalents at beginning of year | | **438** | 4,226 |
| | | | |
| **Cash and cash equivalents at end of year** | | **3,762** | 438 |

# Notes
**for the year ended 31 March 2025**

## 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 10 June 2025.

## 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 2024 have been delivered to the Registrar of Companies and those for the year ended 31 March 2025 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 2025 will be available at www.caffynsplc.co.uk and will be posted to shareholders by 4 July 2025.

## 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. Following the underlying loss made in the previous financial period agreement was reached with HSBC to implement a new covenant test solely for the current year which required the Company to achieve minimum cumulative Senior EBITDA hurdles, which were £Nil for the quarter ended 30 June 2024, £1.0 million for the half-year ended 30 September 2024, £1.5 million for the nine months ended 31 December 2024 and £3.0 million for the full financial year ended 31 March 2025. These covenant tests were passed for all quarters of the year.

Under the Company's interest cover covenant test, to be reapplied from 30 June 2025, 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 2025 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 do not exceed 70% of the independently assessed value of its charged freehold properties. This test was passed at 31 March 2025.

Once reapplied on 30 June 2025, these covenants will then continue to be tested quarterly. 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.

Any failure of a covenant test would render the borrowing facilities from HSBC to become repayable on demand, at the option of the lender.

The directors have also given consideration to the current uncertainties in the state of the UK economy, as well as to cost pressures which have impacted businesses such as increases to staffing costs from the rise in the National Minimum and National Living Wages, 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 £5.1 million and a revolving credit facility of £6.0 million from HSBC, its primary bankers, with both facilities being next renewable during the going concern period in April 2026. HSBC also make available a short-term overdraft facility of £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, which is next scheduled for renewal in October 2025. 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 2025 the Company held cash in hand balances of £3.8 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 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 2025 Annual Report. At 31 March 2025, the net liability of the scheme included in the Statement of Financial Position was £4.5 million (2024: £10.0 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 2025 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 2025 Annual Report). As a result of this review, the directors considered that no impairments (2024: £0.6 million) 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 £0.3 million (2024: £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.

## 5. Non-underlying items

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

| | **2025** | 2024 |
|---|---|---|
| | **£'000** | £'000 |
| Net gain on disposal of freehold property | **64** | 41 |
| Other income, net | **64** | — |
| Within operating expenses: | | |
| Service cost on pension scheme | **(15)** | (18) |
| Property impairments | — | (604) |
| | **(15)** | (622) |
| **Non-underlying items within operating profit** | **49** | (581) |
| Net finance expense on pension scheme | **(409)** | (398) |
| Non-underlying items within net finance expense | **(409)** | (398) |
| Total non-underlying items before taxation | **(360)** | (979) |
| Taxation credit on non-underlying items | **90** | 245 |
| **Total non-underlying items after taxation** | **(270)** | (734) |

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 companywide 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

| | **2025** | 2024 |
|---|---|---|
| | **£'000** | £'000 |
| Interest payable on bank borrowings | **955** | 920 |
| Interest payable on inventory stocking loans | **1,612** | 1,454 |
| Interest on lease liabilities | **150** | 133 |
| Finance costs amortised | **124** | 122 |
| Preference dividends (see note 9) | **72** | 72 |
| Other miscellaneous interest | **5** | — |
| Finance income on interest in lease | **(26)** | (21) |
| **Finance expense** | **2,892** | 2,680 |

## 7. Tax

| | 2025 £'000 | 2024 £'000 |
|---|---|---|
| Current tax | | |
| UK corporation tax | **—** | (152) |
| Adjustments recognised in the period for current tax of prior periods | **152** | — |
| Total charge/(credit) | **152** | (152) |
| Deferred tax (see note 17) | | |
| Origination and reversal of temporary differences | **(33)** | (201) |
| Change in corporation tax rate | **—** | 36 |
| Adjustments recognised in the period for deferred tax of prior periods | **(49)** | (24) |
| Total credit | **(82)** | (189) |
| **Tax charge/(credit) in the Income Statement** | **70** | (341) |

| The tax charge/(credit) arises as follows: | 2025 £'000 | 2024 £'000 |
|---|---|---|
| On normal trading | **160** | (96) |
| On non-underlying items (see note 5) | **(90)** | (245) |
| **Tax charge/(credit) in the Income Statement** | **70** | (341) |

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

| | 2025 £'000 | 2024 £'000 |
|---|---|---|
| Profit/(loss) before tax | **246** | (1,545) |
| Tax at the UK corporation tax rate of 25% (2024: 25%) | **62** | (386) |
| Tax effect of expenses that are not deductible in determining taxable profit | **326** | 232 |
| Movement in rolled over and held over gains | **(490)** | (226) |
| Effect of change in corporation tax rate | **—** | 36 |
| Other differences | **69** | 27 |
| Adjustment to tax charge in respect of prior periods | **103** | (24) |
| **Tax charge/(credit) for the year** | **70** | (341) |

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:

| | 2025 £'000 | 2024 £'000 |
|---|---|---|
| Total current tax charge/(credit) | **152** | (152) |
| Deferred tax charge/(credit) | | |
| Credited in the Income Statement | **(82)** | (189) |
| Charged/(credited) against other comprehensive income | **427** | (413) |
| Total deferred tax credit | **345** | (602) |
| **Total tax charge/(credit) for the year** | **497** | (754) |

**Factors affecting the future tax charge**

The Company has unrelieved trading losses of £0.7 million (2024: £1.3 million) and a Corporate Interest Restriction of £1.1 million (2024: £Nil), both of which will be available for offset against profits made in future periods.

A deferred tax asset totalling £0.4 million (2024: £0.3 million) has been accounted for in deferred tax (see note 17).

The Company also has unrelieved advance corporation tax of £0.3 million (2024: £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** | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | **£'000** | £'000 | **£'000** | £'000 |
| Profit/(loss) before tax | **246** | (1,545) | **246** | (1,545) |
| Adjustments: | | | | |
| Non-underlying items (note 5) | **360** | 979 | **—** | — |
| Profit/(loss) before tax | **606** | (566) | **246** | (1,545) |
| Tax (note 7) | **(160)** | 96 | **(70)** | 341 |
| **Profit/(loss) after tax** | **446** | (470) | **176** | (1,204) |
| Earnings/(loss) per share (pence) | **16.4p** | (17.3)p | **6.4p** | (44.3)p |
| Diluted earnings/(loss) per share (pence) | **16.4p** | (17.3)p | **6.4p** | (44.3)p |

| | **2025** | 2024 |
|---|---|---|
| | **£'000** | £'000 |
| Underlying earnings/(loss) after tax | **446** | (470) |
| Underlying earnings/(loss) per share (pence) | **16.4** | (17.3) |
| Underlying diluted earnings/(loss) per share (pence) | **16.4** | (17.3) |
| Non-underlying losses after tax | **(270)** | (734) |
| Loss per share (pence) | **(10.0)** | (27.0) |
| Diluted loss per share (pence) | **(10.0)** | (27.0) |
| **Total earnings/(loss)** | **176** | (1,204) |
| Earnings/(loss) per share (pence) | **6.4p** | (44.3)p |
| Diluted earnings/(loss) per share (pence) | **6.4p** | (44.3)p |

The number of fully paid Ordinary shares in circulation at the year-end was 2,726,811 (2024: 2,726,306). The weighted average number of shares in issue for the purposes of the earnings per share calculation were 2,726,797 (2024: 2,717,861). The 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 2,726,959 (2024: 2,718,023).

## 9. Dividends

| | **2025** | 2024 |
|---|---|---|
| | **£'000** | £'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 (2024: 5.0 pence) | **136** | 135 |
| Final dividend paid of 5.0 pence per Ordinary share in respect of the March 2024 year end (2023: 15.0 pence) | **137** | 404 |
| | **273** | 539 |

The Board is declaring a final dividend of 5.0 pence per ordinary share in respect of the year ended 31 March 2025.

## 10. Right-of-use assets

| | **£'000** |
|---|---|
| Deemed cost | |
| At 1 April 2024 | 4,024 |
| Additions in the year | 245 |
| **At 31 March 2025** | **4,269** |
| Accumulated depreciation | |
| At 1 April 2024 | 1,681 |
| Depreciation for the year | 388 |
| **At 31 March 2025** | **2,069** |
| Net book value | |
| **At 31 March 2025** | **2,200** |

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. During the year one of these leases was extended by a further five years.

Depreciation charges of £388,000 (2024: £398,000) 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 £150,000 (2024: £133,000) is disclosed in note 6. Payments made in the year on the above leases were £456,000 (2024: £448,000).

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 £68,000 (2024: £112,000).

## 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 2024 | 43,250 | 1,995 | 5,735 | 4,741 | 55,721 |
| Additions at cost | 388 | 10 | 398 | 269 | 1,065 |
| Disposals | (27) | — | (225) | (67) | (319) |
| **At 31 March 2025** | **43,611** | **2,005** | **5,908** | **4,943** | **56,467** |
| Accumulated depreciation | | | | | |
| At 1 April 2024 | 8,500 | 753 | 4,400 | 3,354 | 17,007 |
| Depreciation charge | 718 | 85 | 453 | 415 | 1,671 |
| Disposals | — | — | (224) | (67) | (291) |
| **At 31 March 2025** | **9,218** | **838** | **4,629** | **3,702** | **18,387** |
| Net book value | | | | | |
| **31 March 2025** | **34,393** | **1,167** | **1,279** | **1,241** | **38,080** |

Short-term leasehold property for both the Company and the Group comprises net book value of £1,167,000 in the Statement of Financial Position (2024: £1, 242,000).

Depreciation charges of £1,671,000 (2024: £1,589,000) 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 (2024: £400,000) were required to be taken against the cost of a freehold property to ensure that the related cash generating unit ("CGU") remained disclosed at its fair value less costs of disposal.

The Company valued its portfolio of freehold premises and investment properties as at 31 March 2025. 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 2025 of those sites was £11.2 million (2024: £10.7 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 2024** | **9,650** |
| Reclassified to Held for Sale Asset | (6,265) |
| **At 31 March 2025** | **3,385** |
| Accumulated depreciation | |
| At 1 April 2024 | 2,434 |
| Depreciation charge | 82 |
| Reclassified to Held for Sale Asset | (1,644) |
| **At 31 March 2025** | **872** |
| Net book value | |
| **At 31 March 2025** | **2,513** |

Depreciation charges of £82,000 (2024: £111,000) 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 (2024: £204,000) were required to be taken against the cost of one freehold property to ensure that the related cash generating unit ("CGU") remained disclosed at its fair value less costs of disposal.

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 2025 was £11.2 million (2024: £10.7 million). Investment properties accounted for £0.6 million (2024: £0.6 million) of this surplus.

On 29 October, the board exchanged contracts for the sale of the Company's freehold premises in Lewes. At that time completion of the sale was dependent on the successful outcome of ground surveys, which had to be completed within a four-month period from exchange. At the half-year management's judgement at the balance sheet date was that the transaction was reasonably certain to complete and would do so within a twelve-month period. Accordingly, the property was reclassified from Investment Properties and shown as an Asset held for sale within Current assets in the Interim Report.

| Group and Company | **2025**<br>**£'000** | 2024<br>£'000 |
|---|---|---|
| Held for Sale asset (Lewes Property) | | |
| Net book value transferred from Investment Properties | **4,621** | — |
| Disposals proceeds (net of costs) | **(4,620)** | — |
| **Loss on disposal** | **(1)** | — |

As a result of the disposal, a transfer of £193,000 was made from the revaluation reserve to retained earnings.

## 13. Net investment in lease

| | **2025**<br>**£'000** | 2024<br>£'000 |
|---|---|---|
| Due after more than one year | **—** | 65 |
| Due within one year | **65** | 160 |
| **At 31 March** | **65** | 225 |

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

## 14. Goodwill

| Group and Company: | £'000 |
|---|---|
| Cost | |
| **At 1 April 2024 and 31 March 2025** | **481** |
| Provision for impairment | |
| **At 1 April 2024 and 31 March 2025** | **195** |
| Carrying amounts allocated to CGUs | |
| Volkswagen, Brighton | **200** |
| Audi, Eastbourne | **86** |
| **At 31 March 2025** | **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 2024 and 2025.

### 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 2025 to 31 March 2030. These projections are based on the most recent budget which has been approved by the board being the budget for the year ending 31 March 2026. 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 £0.3 million growing by 39% over a four year period to reach £0.4 million by 2030. 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 are based on a combination of internal and external information. Based on these forecasts, the headroom available on the total future profits is £1.5 million (2024: £1.4 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 2025 to 31 March 2030. These projections are based on the most recent budget which has been approved by the board being the budget for the year ending 31 March 2026. 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 £0.3 million growing by 31% over a four year period to reach £0.5 million by 2030. 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 are based on a combination of internal and external information. Based on these forecasts, the headroom available on the total future profits is £0.3 million (2024: £0.5 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 12.4% (2024: 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% (2024: 0.5%). Terminal growth rates are based on management's estimate of future long-term average growth rates.

**Conclusion**

At 31 March 2025, no impairment charge in respect of goodwill was identified (2024: 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: | **2025 £'000** | 2024 £'000 |
|---|---|---|
| Vehicles | **29,420** | 28,547 |
| Vehicles on consignment | **13,792** | 12,569 |
| Oil, spare parts, materials and work in progress | **1,213** | 1,135 |
| **At 31 March** | **44,425** | 42,251 |

| Group and Company: | **2025 £'000** | 2024 £'000 |
|---|---|---|
| Inventories recognised as an expense during the year | **237,494** | 227,959 |
| Inventories stated at net realisable value | **1,072** | 985 |
| Carrying value of inventories subject to retention of title clauses | **27,092** | 25,384 |

All 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. 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, £20,000 (2024: £7,000) was recognised in respect of the write-down of inventories of spare parts due to general obsolescence.

## 16. Trade and other payables

| | **2025** | 2024 |
|---|---|---|
| | **£'000** | £'000 |
| Trade payable | **23,727** | 21,206 |
| Obligations relating to consignment stock | **13,792** | 12,569 |
| Vehicle stocking loans | **8,623** | 8,058 |
| Social security and other taxes | **1,769** | 856 |
| Accruals | **2,444** | 1,838 |
| Deferred income | **411** | 452 |
| Other creditors | **1,015** | 618 |
| **At 31 March** | **51,781** | 45,597 |

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 28 days (2024: 27 days).

During the current year, vehicle deposits in the prior year of £512,000 have been reclassified from trade payables to other creditors.

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 180 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 2025 were £1,612,000 (2024: £1,454,000).

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 which 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:

| | **2025** | 2024 |
|---|---|---|
| | **£’000** | £’000 |
| At 1 April | **452** | 493 |
| Utilisation of deferred income in the year | **(1,015)** | (865) |
| Income received and deferred in the year | **974** | 824 |
| **At 31 March** | **411** | 452 |

## 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 2024 | (1,124) | (1,465) | 2,509 | (21) | 326 | 343 | 568 |
| Prior year adjustments | (163) | — | — | — | 212 | — | 49 |
| Arising from origination and reversal of temporary differences | (37) | 490 | (952) | 622 | (89) | — | 34 |
| Recognised in other comprehensive income | — | — | (427) | — | — | — | (427) |
| **At 31 March 2025** | **(1,324)** | **(975)** | **1,130** | **601** | **449** | **343** | **224** |

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 of £4.2 million (2024: £0.8 million) to the defined-benefit Caffyns Pension Scheme, as required under tax legislation, and the disposal of freehold property in the year.

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 2024, there was no Shadow ACT outstanding. 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 2025 was £343,000 (2024: £343,000). Shadow ACT carried forward at 31 March 2025 was £203,000 (2024: £135,000).

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:

| | **2025** | 2024 |
|---|---|---|
| | **£’000** | £’000 |
| Deferred tax liabilities | **(2,299)** | (2,610) |
| Deferred tax assets | **2,523** | 3,178 |
| **At 31 March** | **224** | 568 |

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 available for use in future periods amounted to £1.8 million (2024: £1.3 million). Based on forecasts prepared the Directors conclude that these losses will reverse against future profitability.

## 18. Notes to the cash flow statement

| | **2025 £'000** | 2024 £'000 |
|---|---|---|
| Profit/(loss) before tax for the year | **246** | (1,545) |
| Adjustments for net finance expense | **3,301** | 3,078 |
| | **3,547** | 1,533 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment, investment properties and right-of-use assets | **2,141** | 2,702 |
| Cash payments into the defined-benefit pension scheme | **(4,230)** | (831) |
| Profit on disposal of property, plant and equipment | **(64)** | (41) |
| Share-based payments | **—** | 31 |
| Operating cash flows before movements in working capital | **1,394** | 3,394 |
| Increase in inventories | **(2,173)** | (2,262) |
| Increase in receivables | **(2,802)** | (189) |
| Increase in payables | **6,194** | 1,944 |
| Cash generated by operations | **2,613** | 2,887 |
| Tax paid, net of refunds | **—** | (68) |
| Interest paid | **(2,916)** | (2,700) |
| **Net cash (absorbed by)/derived from operating activities** | **(303)** | 119 |

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 2024 | 5,753 | 6,000 | 2,607 | 812 | 15,172 | (438) | 14,734 |
| Cash movement | (445) | 1,000 | (642) | — | **(87)** | (3,324) | **(3,411)** |
| Non-cash movement | — | — | 397 | — | **397** | — | **397** |
| **At 31 March 2025** | **5,308** | **7,000** | **2,362** | **812** | **15,482** | **(3,762)** | **11,720** |
| Current liabilities | 445 | 1,000 | 642 | — | **2,087** | (3,762) | **(1,675)** |
| Non-current liabilities | 4,863 | 6,000 | 1,720 | 812 | **13,395** | — | **13,395** |
| **At 31 March 2025** | **5,308** | **7,000** | **2,362** | **812** | **15,482** | **(3,762)** | **11,720** |

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